

IN THE MATTER OF
DAX SUKHRAJ, ILIA KATERLI, and
ARGOSY SECURITIES INC.

BETWEEN:

DAX SUKHRAJ
(Applicant)

- and -

ONTARIO SECURITIES COMMISSION
(Respondent)

APPLICATION FOR REVIEW

(Sections 8 and 21.7 of the *Securities Act*, R.S.O.
1990, c. S. 5, as amended)

A. ORDER SOUGHT

The Applicant, Dax Sukhraj (“**Sukhraj**”), requests that the Capital Markets Tribunal (the “**Tribunal**”) make the following orders:

1. An order setting aside the portions of the decision of the Director of the Ontario Securities Commission (“**OSC**”) dated September 8, 2026 (the “**Decision**”):
 - (a) suspending Sukhraj’s registration as Ultimate Designated Person (“**UDP**”) of Keybase Financial Group Inc. (“**Keybase**”); and
 - (b) suspending Sukhraj’s registration as a dealing representative (“**DR**”) of Keybase (collectively, the “**Sukhraj Keybase Decision**”).

Sukhraj is not seeking a hearing and review of the Director’s decision to suspend his registration as UDP at Argosy Securities Inc. (“**Argosy**”).

2. A stay of the Sukhraj Keybase Decision pursuant to sections 8(4) and 21.7(2) of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the “**Act**”) until such time as the Tribunal determines the issues herein; and

3. Such further and other relief as counsel may request and the Tribunal may deem just.

B. BACKGROUND

The Parties

4. Argosy is a registered investment dealer and a dealer member of the Canadian Regulatory Investment Organization (“**CIRO**”).

5. Sukhraj is Argosy’s Chief Executive Officer. Until the issuance of the Director’s Decision, Sukhraj was Argosy’s UPD and acting Chief Compliance Officer (“**CCO**”).

6. From November 11, 2020 to February 2, 2024, Ilya Katerli (“**Katerli**”) was Argosy’s CCO. In June 2024, Katerli rejoined Argosy, and applied for re-registration as its CCO. Katerli also applied for registration as Keybase’s CCO, but subsequently withdrew that application to focus on his proposed role and responsibilities at Argosy. Pursuant to the Decision, Katerli’s application for registration as Argosy’s CCO has now been approved by the Director.

7. Keybase is a mutual fund dealer member of CIRO. It was not subject to the compliance review conducted by Staff of the OSC (“**Staff**”) which gave rise to the recommendations that were the subject of the OTBH (as defined below).

8. Sukhraj is the CEO of Keybase. Until the Decision (under review), he was also the UDP of Keybase and its acting CCO.

9. Sukhraj's conduct at Keybase – as either UDP or DR – was not reviewed by Staff. Rather, the Sukhraj Keybase Decision is based entirely of the Director's findings in relation to historical events at Argosy and the approach to compliance taken by Sukhraj as UDP of Argosy (those findings are disputed as a matter of fact and law on this application for hearing and review).

The OSC Review and Recommendations

10. In or around June 2024, Staff commenced a review of Argosy based on a 2023 Business Conduct Compliance examination report from CIRO dated May 13, 2024.

11. By letter dated January 9, 2026 (the "**Staff Recommendation Letter**"), Staff recommended to the Director that, among other things:

- (a) the registration of Sukhraj as the UDP of Argosy be suspended;
- (b) the registration of Sukhraj as the UDP and DR of Keybase be suspended;
- (c) the application by Katerli for re-registration as CCO of Argosy be refused;
- (d) the registration of Argosy as an investment dealer be suspended; and
- (e) terms and conditions be imposed on Keybase's registration, including that:
 - (i) it could operate for 90 days without a UDP and CCO provided that a Control Person (to act as UDP and CCO in the 90-day window) was designated by the firm within 3 days of the terms and conditions becoming effective, and an independent consultant was made available to the Control Person and Staff (at Keybase's expense);

- (ii) Staff be given free and unfettered access to communicate with the Control Person and the consultant in relation to any matter pertaining to Keybase's compliance with Ontario securities law;
- (iii) Keybase would provide weekly written updates to Staff regarding its efforts to engage a new UDP and CCO; and
- (iv) Keybase would not open any new accounts until a new UDP and CCO were registered with the firm (collectively, the "**Keybase Terms and Conditions**").

12. Following the issuance of the Staff Recommendation Letter, the OSC and Keybase entered into a mutual undertaking (the "**Keybase Undertaking**"), pursuant to which, among other things, it was agreed that if the Director suspended Sukhraj's registration as UDP of Keybase (and that decision was not stayed by the Tribunal), Keybase would consent to the imposition of the Keybase Terms and Conditions.

13. As set out above, given this agreement on the Keybase Terms and Conditions set out in the Keybase Undertaking, Staff formally withdrew its recommendations against Keybase.

The OTBH

14. Argosy, Sukhraj, and Katerli exercised their right to an opportunity to be heard ("**OTBH**") pursuant to section 31 of the *Act*.

15. The OTBH was held on July 17, 2026. Keybase was not a party to and did not participate in the OTBH.

16. On September 8, 2026, the Director issued the Decision which included the following terms:

- (a) suspension of Sukhraj's registration as Argosy's UDP;
- (b) suspension of Sukhraj's registration as the UDP and a DR of Keybase (i.e. the Sukhraj Keybase Decision);
- (c) approval of the reinstatement of Katerli's registration as CCO of Argosy; and
- (d) the imposition of additional terms and conditions on Argosy's registration.

C. GROUNDS FOR HEARING AND REVIEW

17. The Director failed to consider the historical and stale-dated nature of the conduct with which Staff took issue in the OTBH and either ignored or failed to give due consideration and appropriate weight the broader contextual evidence presented by the parties.

18. The Director either ignored or failed to give due consideration and appropriate weight to the voluminous contradictory factual record before her in respect of each of Staff's allegations regarding Sukhraj's conduct as UDP of Argosy.

19. The Director failed to provide adequate reasons for the findings made in support of the Sukhraj Keybase Decision and either ignored or failed to give due consideration and appropriate weight to the voluminous contradictory factual record before her on each of those issues.

20. The Director either ignored or failed to give due consideration and appropriate weight to the uncontested fact that the numerous compliance enhancements made at Argosy, for which the Director appropriately gave both Katerli and Argosy credit, occurred under Sukhraj's leadership and tenure as UDP (of both Argosy and Keybase).

21. The Director similarly erred in failing to give due consideration and appropriate weight to the uncontested evidence that, during Sukhraj's tenure as UDP of Keybase, Keybase's regulatory risk profile improved, and its compliance program strengthened.

22. The Director erred in law in interpreting and applying the "integrity" requirement for suitability for registration under ss. 27 and 28 of the *Act*.

23. The Director erred in fact and law by misconstruing the responsibilities of a UDP as set out in section 5.1 of National Instrument 31-103, and in applying hindsight bias in her assessment of Sukhraj's fulfillment of his regulatory obligations.

24. The Director correctly noted in the Decision that no allegations of fraud, misappropriation or self-dealing were made against Sukhraj in the OTBH proceeding and that there **was no evidence before her that raised these issues**. However, the Director nonetheless found that Sukhraj lacked the requisite "integrity" for registration, exclusively on the basis of her findings (which are contested) that Sukhraj's approach to compliance at Argosy was "reckless or lackadaisical". This was an error of law.

25. Further, the Director had no evidence before her as to Sukhraj's approach to compliance at Keybase, other than the fact that the firm's regulatory risk rating **improved** during his tenure. It was an error of fact, law, and logic to effectively transfer the (contested) factual findings made by the Director in respect of the evidence presented regarding the Argosy firm to an assessment of Sukhraj's approach to compliance at Keybase.

26. The Director erred in applying undue weight to Sukhraj's prior regulatory history at Argosy while, at the same time, failing to give due consideration and appropriate weight to the evidence

before her as to the remediation efforts undertaken and resources dedicated to ensuring regulatory compliance standards under Sukhraj's leadership.

27. The Director addressed Sukhraj's suitability for registration as DR at Keybase in one line in the Decision stating that her findings on Sukhraj's "lack of integrity" (i.e. his approach to compliance at Argosy) are directly relevant to his suitability for registration "generally." This was an error of law. The "integrity" finding made by the Director was fact specific (to Argosy) and tied in no way to conduct giving rise to moral turpitude (conduct the Director expressly found not to be alleged or present in this case).

28. Staff presented **no evidence** at the OTBH as to the approach to compliance taken at Keybase in the relevant period or as to Sukhraj's suitability to be registered as a DR of Keybase. As a matter of procedural fairness, Sukhraj ought to have been given the opportunity to address these issues once identified by the Director. He was not.

29. The Sukhraj Keybase Decision was disproportionate and unsupported by precedent.

30. Sections 8 and 21.7 of the *Act*.

31. Rule 17 of the Capital Markets Tribunal *Rules of Procedure*.

32. Such further and other grounds as counsel may advise and the Tribunal may permit

D. DOCUMENTS AND EVIDENCE

33. In addition to evidence contained in the record of the original proceeding, the Applicant intends to bring a motion to seek to rely on the following documents and evidence at the hearing:

- (a) evidence regarding Sukhraj's performance as the UDP and a DR at Keybase and Keybase's compliance structure and functioning, to be filed; and
- (b) such further and other evidence as counsel may request and the Tribunal deem just.

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