



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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20 Queen Street West  
Toronto ON M5H 3S8

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20, rue queen ouest  
Toronto ON M5H 3S8

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**IN THE MATTER OF THE SECURITIES ACT,  
R.S.O. 1990, c. S.5, AS AMENDED**

**- AND -**

**QUADRUS INVESTMENT SERVICES LTD.**

**ORDER**

**(Subsections 127(1) and 127(2) and section 127.1)**

**WHEREAS:**

1. on November 6, 2015, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing in relation to the Statement of Allegations filed by Staff of the Commission (“Commission Staff”) on November 6, 2015 with respect to Quadrus Investment Services Ltd. (“Quadrus”);
2. the Notice of Hearing gave notice that on November 10, 2015, the Commission would hold a hearing to consider whether it is in the public interest to approve a settlement agreement between Commission Staff and Quadrus dated November 6, 2015 (the “Settlement Agreement”);
3. in the Statement of Allegations, Commission Staff alleged control and supervision inadequacies relating to the Quadrus Group of Funds which resulted in clients of Quadrus paying excess fees (the “MER Control and Supervision Inadequacy”);
4. Commission Staff are satisfied that Quadrus discovered and self-reported the MER Control and Supervision Inadequacy to Commission Staff;
5. Commission Staff are satisfied that during the investigation of the MER Control and Supervision Inadequacy by Commission Staff, Quadrus provided prompt, detailed and

candid cooperation to Commission Staff and staff of the Mutual Fund Dealers' Association of Canada;

6. Commission Staff are satisfied that Quadrus had formulated an intention to pay appropriate compensation to clients and former clients in connection with its report of the MER Control and Supervision Inadequacy to Commission Staff;
7. as part of the Settlement Agreement, Quadrus undertakes to:
  - a. pay appropriate compensation to eligible clients and former clients that were affected by the MER Control and Supervision Inadequacy (the "Affected Clients") in accordance with a plan submitted by Quadrus to Commission Staff (the "Compensation Plan") and to report to a manager or deputy director in the Compliance and Registrant Regulation Branch of the Commission (the "OSC Manager") in accordance with the Compensation Plan;
  - b. make a voluntary payment of \$20,000, to reimburse the Commission for costs incurred or to be incurred by it in accordance with subsection 3.4(2)(a) of the Act; and
  - c. make a further voluntary payment of \$250,000, to be designated for allocation to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act,  
  
(the "Undertaking");
8. the Commission has received the voluntary payments totalling \$270,000 in escrow pending approval of the Settlement Agreement;
9. the Commission reviewed the Settlement Agreement, the Notice of Hearing and the Statement of Allegations of Commission Staff and heard submissions of counsel for Quadrus and from Commission Staff; and

10. the Commission is of the opinion that it is in the public interest to make this order;

**IT IS ORDERED THAT:**

- a) the Settlement Agreement is approved;
- b) within 90 days of receiving comments from Commission Staff, Quadrus shall provide to the OSC Manager, revised written policies and procedures (the “Revised Policies and Procedures”) that address any remaining issues raised by Commission Staff (the “Remaining Issues”) with regard to Quadrus’ procedures and controls, supervisory and monitoring systems designed to prevent the re-occurrence of the MER Control and Supervision Inadequacy in the future (the “Enhanced Control and Supervision Procedures”);
- c) thereafter, Quadrus shall make such further modifications to its Revised Policies and Procedures as are required to ensure that the Revised Policies and Procedures address any Remaining Issues to the satisfaction of the OSC Manager;
- d) within 8 months of receiving confirmation from the OSC Manager that the Revised Policies and Procedures satisfy the Remaining Issues (the “Confirmation Date”), Quadrus shall submit a letter (the “Attestation Letter”), signed by the Ultimate Designated Person (“UDP”) and the Chief Compliance Officer (“CCO”) of Quadrus, to the OSC Manager, expressing their opinion as to whether the Enhanced Control and Supervision Procedures were adequately followed, administered and enforced by Quadrus for the six month period commencing from the Confirmation Date;
- e) the Attestation Letter shall be accompanied by a report which provides a description of the testing performed to support the conclusions contained in the Attestation Letter;
- f) Quadrus shall submit such additional reports as may be requested by the OSC Manager for the purpose of satisfying the OSC Manager that the opinion expressed in the Attestation Letter described in subparagraph (d) above is valid;

- g) Quadrus or Commission Staff may apply to the Commission for directions in respect of any issues that may arise with regard to the implementation of subparagraphs (b) to (f) above; and
- h) Quadrus shall comply with the Undertaking to:
- i. pay compensation to the Affected Clients in accordance with the Compensation Plan and to report to the OSC Manager in accordance with the Compensation Plan;
  - ii. make a voluntary payment of \$20,000, to reimburse the Commission for costs incurred or to be incurred by it in accordance with subsection 3.4(2)(a) of the Act; and
  - iii. make a further voluntary payment of \$250,000, to be designated for allocation to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

DATED at Toronto, Ontario this “10<sup>th</sup>” day of November, 2015

*“Timothy Moseley”*

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Timothy Moseley