



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF  
MANULIFE SECURITIES INCORPORATED AND MANULIFE SECURITIES  
INVESTMENT SERVICES INC.**

D. Grant Vingoe, Vice-Chair and Chair of the Panel  
William J. Furlong, Commissioner

July 13, 2017

**ORDER**

Subsections 127(1) and 127(2) of the  
*Securities Act*, RSO 1990, c S.5

THIS APPLICATION, made jointly by Staff of the Commission and Manulife Securities Incorporated and Manulife Securities Investment Services Inc. (the **Manulife Dealers**) for approval of a settlement agreement dated July 10, 2017 (the **Settlement Agreement**), was heard on July 13, 2017 at the offices of the Commission, located at 20 Queen Street West, 17<sup>th</sup> Floor, Toronto, Ontario;

ON READING the Statement of Allegations dated July 10, 2017, the Joint Application Record for a Settlement Hearing dated July 10, 2017, including the Settlement Agreement, and on hearing the submissions of counsel for the Manulife Dealers and Staff;

IT IS ORDERED THAT:

1. pursuant to subsection 127(1) of the Act, the Settlement Agreement is approved;
2. pursuant to subsection 127(2) of the Act, the approval of the Settlement Agreement is subject to the following terms and conditions:
  - a. in respect of inadequacies in the Manulife Dealers' systems of controls and supervision which formed part of their compliance systems (the **Control and Supervision Inadequacies**), within 90 days of receiving comments from Staff regarding the procedures, controls and supervisory and monitoring systems designed to prevent the re-occurrence of the Control and Supervision Inadequacies in the future (the **Enhanced Control and Supervision Procedures**), the Manulife Dealers shall provide to a manager or deputy director in the Compliance and Registrant Regulation Branch (the **OSC Manager**), revised written policies and procedures (the **Revised Policies and Procedures**) that, to the satisfaction of the OSC Manager, are responsive to any remaining issues raised by Staff with regard to the Manulife Dealers' policies and procedures to establish the Enhanced Control and Supervision Procedures (the **Remaining Issues**);

- b. thereafter, the Manulife Dealers shall make such further modifications to their 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;
- c. within eight months of receiving confirmation from the OSC Manager that the Revised Policies and Procedures satisfy the Remaining Issues raised by Staff (the **Confirmation Date**), the Manulife Dealers shall submit a letter (the **Attestation Letter**), signed by the Ultimate Designated Person and the Chief Compliance Officer for each of the Manulife Dealers, to the OSC Manager, expressing their opinion on whether the Enhanced Control and Supervision Procedures were adequately followed, administered and enforced by the Manulife Dealer for the six month period commencing from the Confirmation Date;
- d. 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;
- e. the Manulife Dealers 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 2(c) above is valid;
- f. any of the Manulife Dealers or Staff may apply to the Commission for directions in respect of any issues that may arise with regard to the implementation of subparagraphs 2(a) to (e) above;
- g. the Manulife Dealers shall comply with their undertaking in the Settlement Agreement to:
  - i. pay appropriate compensation to eligible clients and former clients who were harmed by the Control and Supervision Inadequacies in accordance with a plan submitted by the Manulife Dealers to Staff (the **Compensation Plan**) and to report to the OSC Manager in accordance with the Compensation Plan;
  - ii. make voluntary payment of \$25,000 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 \$495,000 to be designated for allocation or use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act; and
- h. the voluntary payment referred to at subparagraph 2(g)(iii) above is designated for allocation or use by the Commission in accordance with paragraphs (b)(i) or (ii) of subsection 3.4(2) of the Act.

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 "D. Grant Vingoe"  
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 "William J. Furlong"  
 William J. Furlong