



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
THE *SECURITIES ACT*, RSO 1990, c S.5**

- AND -

**IN THE MATTER OF ARGOSY SECURITIES INC. and
KEYBASE FINANCIAL GROUP INC.**

ORDER

**(Subsection 8(3) of the *Securities Act* and
paragraph 9(1)(b) of the *Statutory Powers Procedure Act*)**

WHEREAS:

1. on September 14, 2015, Argosy Securities Inc. (“Argosy”) and Keybase Financial Group Inc. (“Keybase”) requested, pursuant to subsection 8(2) of the *Securities Act*, RSO 1990, c. S.5 (the “Act”), a hearing and review of a decision of a Director of the Ontario Securities Commission (the “Commission”) dated August 18, 2015 (the “Director’s Decision”) and for a stay of the Director's Decision pending the disposition of the hearing and review, pursuant to subsection 8(4) of the Act;
2. on November 12, 2015, following a hearing, the Commission ordered, pursuant to subsection 8(4) of the Act, that the Director’s Decision be stayed until no later than January 18, 2016, subject to certain conditions, which stay was later continued until January 20, 2016;

3. on December 22, 2015, the Commission issued a Notice of Hearing in which it advised that it would hold a hearing commencing on January 15, 2016, to consider the request made by Argosy and Keybase (the “Hearing”);
4. on January 15, 18 and 20, 2016, the Hearing proceeded before the Commission, with counsel appearing for Argosy and Keybase and for Staff of the Commission (“Staff”);
5. at the Hearing, the Commission received documentary and oral evidence and heard submissions from counsel for Argosy and Keybase and for Staff;
6. having considered that evidence and those submissions, it appears to the Commission that Argosy and Keybase have failed to comply with Ontario securities law;
7. the Commission is of the opinion that the desirability of avoiding disclosure of certain portions of the record of the Hearing, specified below, outweighs the desirability of adhering to the principle that hearings be open to the public; and
8. the Commission considers it proper to make this order, as contemplated by subsection 8(3) of the Act;

IT IS ORDERED:

1. pursuant to subsection 8(3) of the Act, that the terms and conditions set out in Schedule ‘A’ to this order are imposed on the registration of Argosy;
2. pursuant to subsection 8(3) of the Act, that the terms and conditions set out in Schedule ‘B’ to this order are imposed on the registration of Keybase;
3. pursuant to clause 9(1)(b) of the *Statutory Powers Procedure Act*, RSO 1990, c S.22, and rule 5.2 of the Commission’s *Rules of Procedure*, that the following portions of documents comprising evidence at the Hearing are to be kept confidential and not available to the public without further order of the Commission:

- a. in Exhibit “A” to Exhibit 5: the fourth and fifth paragraphs on page one; the first bullet point paragraph (fourth paragraph) on page two; and the second paragraph on page three;
 - b. in Exhibit “A” to Exhibit 6: the second sentence in the third paragraph on page one; the first sentence of the fourth paragraph on page one; the last sentence in the first paragraph on page two and the second last paragraph on page two; and
 - c. in the written submissions filed by the parties, any reference to the passages specified in subparagraphs 3.a and 3.b above; and
4. that within 30 days of this order, the record of the Hearing shall be redacted by the parties in accordance with the Commission’s Practice Guideline of April 24, 2012, *Use and Disclosure of Personal Information in Ontario Securities Commission’s Adjudicative Proceedings* and to maintain the confidentiality ordered in paragraph 3 above.

DATED at Toronto this 20th day of January, 2016.

“Timothy Moseley”

Timothy Moseley

“D. Grant Vingoe”

D. Grant Vingoe

“Deborah Leckman”

Deborah Leckman

Schedule 'A'

**Terms and conditions for the registration
of Argosy Securities Inc. ("Argosy")**

1. By no later than February 19, 2016, Argosy shall retain, at its own expense, the services of an independent consultant (the "Consultant") that is approved by the OSC Manager assigned by the Director from time to time (the "OSC Manager"), to:
 - a. prepare and assist Argosy in implementing a plan (the "Plan") to strengthen Argosy's "compliance system" within the meaning of section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, including the expected dates of completion and person(s) responsible for the implementation. In the Plan, the Consultant will examine Argosy's internal policies, practices and procedures, including but not limited to, in relation to:
 - i. resources allocated to compliance, including whether appropriate staffing levels are maintained and whether individuals have the education, training and experience that a reasonable person would consider necessary to perform the activity competently; and
 - ii. prudent business practices, including developing an enhanced corporate governance structure at Argosy, and at Argosy's affiliate Keybase Financial Group Inc., sufficient to effectively address ongoing compliance with securities legislation; and
 - b. review Argosy's progress with respect to implementation of the Plan; and,
 - c. submit written progress reports ("Progress Reports") to the OSC Manager and to the Investment Industry Regulatory Organization of Canada ("IIROC") detailing Argosy's progress with respect to the implementation of the Plan and stating whether the specific recommendations included in the Plan have been implemented and, if not, the expected date of completion and person(s) responsible for the implementation.
2. The Consultant shall provide the Plan to the OSC Manager for approval no later than March 21, 2016.
3. The Plan and the Progress Reports must be reviewed and approved by Argosy's ultimate designated person ("UDP") and chief compliance officer ("CCO"), and signed by the UDP and the CCO as evidence of their review and approval.

4. The Consultant shall submit Progress Reports to the OSC Manager and to IIROC every thirty days following approval of the Plan by the OSC Manager until the Plan has been fully implemented.
5. Argosy understands and acknowledges that staff of the Commission expects that substantial progress towards the implementation of the Plan must be demonstrated in each of the Progress Reports.
6. Upon the full implementation of the Plan, the Consultant shall submit an attestation letter for approval by the OSC Manager verifying that the Consultant's recommendations have been implemented and tested, and are working effectively.
7. Argosy shall immediately submit to the Commission a direction from Argosy giving unrestricted permission to staff of the Commission and of IIROC to communicate with the Consultant regarding Argosy's progress with respect to the implementation of the Plan or any of its specific recommendations.
8. One year after the full implementation of the Plan, the Consultant shall return, at Argosy's expense, to complete a review of Argosy's compliance system. The Consultant shall submit a report for the OSC Manager's approval that the Consultant's recommendations continue to be implemented, that the compliance system is working effectively, and shall note any deficiencies.
9. These terms and conditions shall remain in place until they are removed by Staff. Staff will not recommend that the terms and conditions be removed until IIROC confirms that Argosy has addressed its internal policies, practices and procedures in respect of trade review and complaint handling to the satisfaction of IIROC, including in respect of complaints referred to the Ombudsman for Banking Services and Investments.

Schedule 'B'

**Terms and conditions for the registration
of Keybase Financial Group Inc.**

1. By no later than February 19, 2016, Keybase shall retain, at its own expense, the services of an independent consultant (the "Consultant") that is approved by the OSC Manager assigned by the Director from time to time (the "OSC Manager"), to:
 - a. prepare and assist Keybase in implementing a plan (the "Plan") to strengthen Keybase's "compliance system" within the meaning of Section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, including the expected dates of completion and person(s) responsible for the implementation. In the Plan, the Consultant will examine Keybase's internal policies, practices and procedures, including but not limited to, in relation to:
 - i. resources allocated to compliance, including whether appropriate staffing levels are maintained and whether individuals have the education, training and experience that a reasonable person would consider necessary to perform the activity competently; and
 - ii. prudent business practices, including developing an enhanced corporate governance structure at Keybase, and at Keybase's affiliate Argosy Securities Inc., sufficient to effectively address ongoing compliance with securities legislation;
 - b. review Keybase's progress with respect to implementation of the Plan; and,
 - c. submit written progress reports ("Progress Reports") to the OSC Manager and to the Mutual Fund Dealers Association of Canada (the "MFDA") detailing Keybase's progress with respect to the implementation of the Plan and stating whether the specific recommendations included in the Plan have been implemented and, if not, the expected date of completion and person(s) responsible for the implementation.
2. The Consultant shall provide the Plan to the OSC Manager for approval no later than March 21, 2016.
3. The Plan and the Progress Reports must be reviewed and approved by Keybase's ultimate designated person ("UDP") and chief compliance officer ("CCO"), and signed by the UDP and the CCO as evidence of their review and approval.

4. The Consultant shall submit Progress Reports to the OSC Manager and to the MFDA every thirty days following approval of the Plan by the OSC Manager until the Plan has been fully implemented.
5. Keybase understands and acknowledges that staff of the Commission expects that substantial progress towards the implementation of the Plan must be demonstrated in each of the Progress Reports.
6. Upon the full implementation of the Plan, the Consultant shall submit an attestation letter for approval by the OSC Manager verifying that the Consultant's recommendations have been implemented and tested, and are working effectively.
7. Keybase shall immediately submit to the Commission a direction from Keybase giving unrestricted permission to staff of the Commission and of the MFDA to communicate with the Consultant regarding Keybase's progress with respect to the implementation of the Plan or any of its specific recommendations.
8. One year after the full implementation of the Plan, the Consultant shall return, at Keybase's expense, to complete a review of Keybase's compliance system. The Consultant shall submit a report for the OSC Manager's approval confirming that the Consultant's recommendations continue to be implemented, that the compliance system is working effectively, and shall note any deficiencies.
9. These terms and conditions shall remain in place until they are removed by Staff. Staff will not recommend that the terms and conditions be removed until the MFDA confirms that Keybase has addressed its internal policies, practices and procedures in respect of trade review and complaint handling to the satisfaction of the MFDA, including in respect of complaints referred to the Ombudsman for Banking Services and Investments.