



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF  
FAWAD UL HAQ KHAN  
carrying on business as FOREX PLUS**

**STATEMENT OF ALLEGATIONS**

(Subsection 127(1) and Section 127.1 of the *Securities Act*, RSO 1990, c S.5)

**A. OVERVIEW**

1. This proceeding is being brought to hold a repeat offender in the capital markets, namely Fawad Khan (“**Khan**”), responsible for illegally trading and advising in securities. Only two years after being sanctioned for violating the *Commodity Futures Act*, Khan began engaging in almost identical misconduct in breach of the *Securities Act* (the “**Act**”). In each case, Khan engaged in registerable trading and advising activities without registration.
2. In 2014, Khan was found to have traded and advised in commodity futures contracts without registration (after undertaking not to do so) in breach of the *Commodities Futures Act*. These findings were made after Khan helped clients set up accounts to trade in commodity futures contracts, and then exercised discretionary trading authority over these accounts in exchange for a portion of the trading profits. Khan gained control over his clients’ accounts by using a power of attorney, obtaining joint ownership or obtaining their passwords. Khan’s clients lost over \$260,000 through his discretionary trading. Khan has not made any payments towards the over \$750,000 in monetary sanctions ordered against him in May 2015 by a panel of the Ontario Securities Commission (the “**Commission**”).

3. During the period of June 2017 to February 2021 (the “**Material Time**”), Khan engaged in the business of trading and advising in securities by assisting three individuals in setting up accounts to trade in contracts for difference (“**CFDs**”)<sup>1</sup> with an online CFD provider and exercising discretionary trading authority over these accounts in exchange for a portion of the trading profits. Khan gained control over the investors’ accounts by obtaining their account credentials including their passwords. Each of the three individuals lost approximately USD \$10,000 from Khan’s discretionary trading.
4. Khan was not registered with the Commission in any capacity under the *Act*.
5. Registration requirements serve an important gate-keeping function by ensuring that only properly qualified persons are permitted to engage in the business of trading and advising in securities. Repeated disregard of registration requirements is serious misconduct that cannot be tolerated. This behaviour undermines confidence in Ontario’s capital markets and harms investors. The Commission will not hesitate to take action against respondents who flagrantly disregard Ontario securities laws.

## **B. FACTS**

Staff of the Enforcement Branch of the Commission (“**Enforcement Staff**”) make the following allegations of fact:

### ***Unregistered Trading and Advising***

6. Khan met with investors to directly solicit their investments, making statements about his own expertise, successful track record and potential investment returns. Khan assisted investors

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<sup>1</sup> A CFD is a type of derivative security that allows an investor an opportunity to profit from price movement without owning the underlying asset.

with opening accounts on a CFD trading platform (“**Accounts**”), instructed them to deposit funds into the Accounts, placed orders and did all the trading in the Accounts. Each investor deposited approximately USD \$10,000 into their account.

7. At Khan’s instruction, investors provided him with the details necessary to access the Accounts, including usernames and passwords. The investors had no experience with CFD trading and relied entirely on Khan’s purported expertise. Khan accessed and monitored the Accounts and traded on the investors’ behalf. Khan exercised discretionary control over trading in the Accounts to determine the amount, timing and price to open or close positions, what currencies to trade and the extent of leverage. Khan was solely responsible for trading in the Accounts.
8. Khan agreed to trade on behalf of each investor in exchange for 50% of the trading profits and received a portion of the profits initially earned in two of the Accounts. In addition, Khan was compensated by the CFD provider for introducing one of the investors to the CFD provider.
9. Khan traded CFDs which are “investment contracts” and therefore securities as defined in subsection 1(1) of the *Act*.
10. In the alternative, Khan’s agreements with investors to trade in the Accounts on their behalf for a share of the profits constitute “investment contracts” and therefore securities as defined in subsection 1(1) of the *Act*.
11. By engaging in the conduct described above, Khan engaged in, or held himself out as engaging in, the business of trading in securities without the necessary registration or an applicable exemption from the registration requirement contrary to s. 25(1) of the *Act*.

12. In addition, by engaging in the conduct described above, Khan engaged in, or held himself out as engaging in, the business of advising in securities without the necessary registration or an applicable exemption from the registration requirement contrary to s.25(3) of the *Act*.

### **C. BREACHES OF THE ACT**

Enforcement Staff allege the following breaches of Ontario securities law:

13. During the Material Time, Khan engaged in, or held himself out as engaging in, the business of trading in securities without being registered to do so, and where no exemption to the registration requirement of Ontario securities law was available, contrary to subsection 25(1) of the *Act*.

14. During the Material Time, Khan engaged in, or held himself out as engaging in, the business of advising in securities without being registered to do so, and where no exemption to the registration requirement of Ontario securities law was available, contrary to subsection 25(3) of the *Act*.

**D.** These allegations may be amended and further and other allegations may be added as Enforcement Staff may advise and the Tribunal may permit.

### **E. ORDERS SOUGHT**

It is requested that the Tribunal make the following orders against Khan:

- a. That he cease trading in any securities or derivatives permanently or for such period as is specified by the Tribunal under paragraph 2 of subsection 127(1) of the *Act*;

- b. That he be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2.1 of subsection 127(1) of the *Act*;
- c. That any exemption contained in Ontario securities law not apply to him permanently or for such period as is specified by the Tribunal, pursuant to paragraph 3 of subsection 127(1) of the *Act*;
- d. That he be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Act*;
- e. That he resign any position he may hold as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the *Act*;
- f. That he be prohibited from becoming or acting as a director or officer of any issuer or registrant permanently or for such period as is specified by the Tribunal, pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the *Act*;
- g. That he be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.5 of subsection 127(1) of the *Act*;
- h. That he pay an administrative penalty of not more than \$1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the *Act*;
- i. That he disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the *Act*;
- j. That he pay costs of the investigation and the hearing, pursuant to section 127.1 of the *Act*;  
and
- k. Such other orders as the Tribunal considers appropriate in the public interest.

**DATED** at Toronto, Ontario, this 13th day of March, 2024

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