



NEWS RELEASE

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MFDA issues Notice of Hearing regarding Keybase Financial Group Inc. and Dax Sukhraj

July 29, 2008 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) today announced that it has commenced disciplinary proceedings against Keybase Financial Group Inc. and Dax Sukhraj.

In its Notice of Hearing, MFDA staff alleges the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

Allegation 1: Between March 1, 2004 and December 31, 2005, Keybase failed to establish, implement and maintain a two-tier compliance structure to supervise client account activity, in that it failed to maintain and ensure compliance with policies and procedures requiring branch managers to supervise trading activity at the branch office level and failed to retain sufficient evidence of the review of the suitability of client trading activity, contrary to MFDA Rule 2.5 and MFDA Policy 2.

Allegation 2: Between March 1, 2004 and December 31, 2005, Keybase delegated certain supervisory tasks to a person who lacked the requisite proficiency standards of a compliance officer as set out in MFDA Rule 1.2.3 and contrary to MFDA Rule 2.5.5.

Allegation 3: Between March 1, 2004 and December 31, 2005, Keybase failed to review and approve at all or in a timely manner the opening of new client accounts and maintain evidence of such review and approval, contrary to MFDA Rules 2.2.3 and 2.5.3(b)(ii) and MFDA Policy 2.

Allegation 4: Between March 1, 2004 and December 31, 2005, Keybase failed to ensure New Account Application Forms (“NAAFs”) had been completed and failed to maintain or complete Know Your Client (“KYC”) information on client accounts and permitted trading in such accounts, contrary to MFDA Rules 2.2.1 and 2.2.2.

Allegation 5: Between March 1, 2004 and December 31, 2005, Keybase failed to establish, implement and maintain policies and procedures to identify, review and approve dual occupations of its Approved Persons, contrary to MFDA Rule 1.2.1(d)(iii).

Allegation 6: Between March 1, 2004 and December 31, 2005, Keybase failed to establish, implement and maintain policies and procedures to review and approve marketing materials, contrary to MFDA Rule 2.7.3.

Allegation 7: Between March 1, 2004 and 2006, Sukhraj, as the president and sole director of Keybase, engaged in business conduct or practice that was unbecoming or detrimental to the public interest by failing to ensure that Keybase maintained a compliance program that identified and addressed material risks of non-compliance and that appropriate supervision and compliance procedures to manage those risks had been implemented, contrary to MFDA Rules 2.1.1(c) and 2.5.1 and MFDA Policy 2.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA Central Regional Council in the Hearing Room located at the offices of the MFDA at 121 King Street West, Suite 1000, Toronto, Ontario on Monday, September 29, 2008 at 10:00 a.m. (Eastern) or as soon thereafter as can be held.

The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to address any other procedural matters.

The first appearance is open to the public, except as may be required for the protection of confidential matters. Members of the public attending the first appearance will be able to listen to the proceeding by teleconference.

A copy of the Notice of Hearing is available on the MFDA website at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 158 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

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