

**IN THE MATTER OF THE SECURITY FRAUDS PREVENTION ACT
R.S.N.B. 1973, c. S-6 AS AMENDED**

AND

**IN THE MATTER OF
NATIONAL BANK FINANCIAL INC.**

ORDER

WHEREAS an application has been received by the Administrator of the Securities Administration Branch from the staff of the Branch ("staff") for an order pursuant to section 25 of the *Security Frauds Prevention Act* to approve a Settlement Agreement in respect of National Bank Financial Inc. ("NBF")

AND WHEREAS NBF and the Deputy Administrator, Enforcement and Compliance ("Deputy Administrator") entered into a settlement agreement dated December 21, 2000 which agreed to a proposed settlement of the matter;

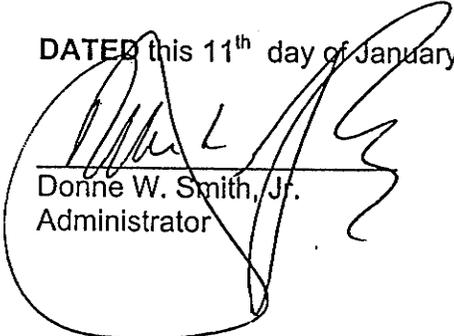
AND WHEREAS NBF has consented to the issuance of this Order and has waived any right to a hearing or appeal;

AND WHEREAS the Administrator is of the opinion that it is in the public interest to make this Order;

THE ADMINISTRATOR ORDERS THAT:

The Settlement Agreement dated December 21, 2000, attached to this Order as Schedule "A", is hereby approved;

DATED this 11th day of January, 2001 at the City of Saint John, Province of New Brunswick.



Donne W. Smith, Jr.
Administrator

IN THE MATTER OF THE SECURITY FRAUDS PREVENTION ACT
R.S.N.B. 1973, c. S-6 AS AMENDED

1
D.P.H.
Oct. 11, 2001

AND

IN THE MATTER OF
NATIONAL BANK FINANCIAL INC.

SETTLEMENT AGREEMENT

I INTRODUCTION

- A) National Bank Financial Inc. ("NBF") is a broker registered in New Brunswick to trade in securities. The company has branch offices across the country.
- B) In the course of an investigation, staff of the Securities Administration Branch ("staff") learned that investment advisors employed by NBF in other provinces were trading on the accounts of New Brunswick residents. These investment advisors were not registered in New Brunswick.
- C) Staff sought information from the officers of NBF on the trading activity. The information was provided and corrective measures were subsequently taken by NBF to ensure compliance with New Brunswick's legislation.

II STATEMENT OF FACTS

The following facts have been agreed to by NBF and staff of the Securities Administration Branch as the basis for a Settlement Agreement to be submitted to the Administrator for approval.

1. On October 31, 1979, NBF was registered as a broker licensed to trade securities in New Brunswick and has been registered continuously since that date.
2. As of October 27, 2000, NBF has 83 investment advisors who are not registered in New Brunswick but have traded on behalf of New Brunswick clients.
3. NBF has permitted unregistered advisors to trade on behalf of New Brunswick clients over a period of years.
4. By permitting such unregistered trading, NBF has saved approximately \$33,200 in registration fees, otherwise payable to the Province of New Brunswick and has benefited

from the commissions earned on trades executed for its New Brunswick clientele by unregistered representatives.

III JOINT SETTLEMENT RECOMMENDATION

- A) The staff of the Securities Administration Branch ("Staff") agree to recommend settlement in accordance with the terms and conditions set out below.
- B) NBF agrees to the settlement based on the facts set out in Part II and consents to the making of an order on the basis of those facts.
- C) This Settlement Agreement will be released to the public only if and when the settlement is approved by the Administrator.

IV TERMS OF SETTLEMENT

NBF agrees to:

- 1. ensure that no investment advisor, sponsored by NBF, trades in New Brunswick without being registered in New Brunswick;
- 2. provide the full names of the 83 unregistered representatives who have traded in New Brunswick;
- 3. submit applications to register all representatives who continue to trade in New Brunswick by December 31, 2000;
- 4. voluntarily make a contribution of \$33,200 for the purposes of investor education to a payee to be determined by the Administrator;
- 5. a letter of reprimand being placed upon its registration file.

V STAFF COMMITMENT

Staff agrees they:

- 1. will not seek suspension of NBF's registration;
- 2. will not object to approval of NBF's application for renewal of registration;
- 3. will not seek costs against NBF for conduct of the investigation;
- 4. will not take any separate action against NBF, nor any of NBF's unregistered representatives, nor any of the company's officers;
- 5. will accept and review each non-resident representative's application on its own merits, separate and apart from any illegal activities identified in a settlement agreement with NBF.

VI PROCEDURE FOR APPROVAL OF SETTLEMENT

- A) Upon execution of this agreement by staff and by NBF, staff will apply to the Administrator for an order endorsing the terms set out herein.

B) If this Settlement Agreement is approved by the Administrator, it will constitute the entirety of the evidence to be submitted respecting NBF in this matter and NBF agrees to waive any right to a hearing and/or appeal with respect to this matter.

C) If, for any reason whatsoever, this settlement is not approved by the Administrator, or the order set forth in Schedule "A" is not made by the Administrator:

1. staff and NBF will be entitled to proceed to a hearing, unaffected by the Settlement Agreement or the settlement negotiations; and
2. NBF further agrees that it will not raise, in any proceeding, the Settlement Agreement or the negotiation or process of approval thereof, as a basis for any attack on the jurisdiction of the Administrator, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

VII DISCLOSURE OF SETTLEMENT AGREEMENT

A) The terms of the Settlement Agreement will be treated as confidential by both parties hereto until approved by the Administrator and forever if, for any reason, the Settlement agreement is not approved by the Administrator.

B) Any obligation as to confidentiality shall terminate upon the approval of this Settlement Agreement by the Administrator and it may be published.

VIII EXECUTION OF SETTLEMENT AGREEMENT

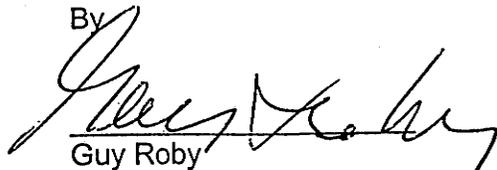
This Settlement Agreement shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

DATED this 21 day of December, 2000.

SIGNED, SEALED AND DELIVERED

National Bank Financial Services Inc.

By



Guy Roby
Senior vice-president – Compliance

Staff of the Securities Administration Branch

By



Ed LeBlanc
Deputy Administrator
Compliance and Enforcement

**IN THE MATTER OF THE SECURITY FRAUDS PREVENTION ACT
R.S.N.B. 1973, c. S-6 AS AMENDED**

AND

**IN THE MATTER OF
NATIONAL BANK FINANCIAL INC.**

ORDER

WHEREAS an application has been received by the Administrator of the Securities Administration Branch from the staff of the Branch ("staff") for an order pursuant to section 25 of the Security Frauds Prevention Act to approve a Settlement Agreement in respect of National Bank Financial Inc. ("NBF")

AND WHEREAS NBF and the Deputy Administrator, Enforcement and Compliance ("Deputy Administrator") entered into a settlement agreement dated December _____, 2000 which agreed to a proposed settlement of the matter;

AND WHEREAS NBF has consented to the issuance of this Order and has waived any right to a hearing or appeal;

AND WHEREAS the Administrator is of the opinion that it is in the public interest to make this Order;

THE ADMINISTRATOR ORDERS THAT:

The Settlement Agreement dated December _____, 2000, attached to this Order as Schedule "A", is hereby approved;

DATED this _____ day of _____, 2001 at the City of Saint John, Province of New Brunswick.

Donne W. Smith, Jr.
Administrator