



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

FILE NO.: 2017-82

**IN THE MATTER OF
NATIONAL BANK FINANCIAL INC.
(in respect of its predecessors NATIONAL BANK FINANCIAL LTD.
and NBCN INC.)**

Mark Sandler, Commissioner and Chair of the Panel
Robert Hutchison, Commissioner
Frances Kordyback, Commissioner

January 26, 2018

ORDER

(Sections 127 and 127.1 of the
Securities Act, RSO 1990, c S.5)

WHEREAS on January 26, 2018, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Application made jointly by National Bank Financial Inc. ("**NBF**") and Staff of the Commission for approval of a settlement agreement dated January 23, 2018 (the "**Settlement Agreement**");

ON READING the Joint Application Record for a Settlement Hearing, including the Statement of Allegations dated January 24, 2018, the Settlement Agreement and the Consent of the parties to an Order in substantially this form, and on hearing the submissions of the representatives for both parties;

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 *Securities Act*, RSO 1990, c S.5 (the "**Act**"), the approval of the Settlement Agreement is subject to the following terms and conditions:
 - a. NBF will conduct final testing and review of the Enhanced Control and Supervision Procedures and will implement any additional changes, if necessary, within 90 days of the date this Order (the "**Review Period**");
 - b. NBF will submit a letter (the "**Attestation Letter**") to Staff, signed by the Ultimate Designated Person and the Chief Compliance Officer responsible for the exchange traded fund (ETF) sales business, expressing their opinion as to whether the Enhanced Control and Supervision Procedures were adequately followed, administered and enforced by NBF for the one-year period commencing from the date of implementation of the Enhanced Control and Supervision Procedures upon completion of the Review Period, and for a further one-year period commencing from the date that is one year after the implementation date;

- c. if applicable, the Attestation Letter will be accompanied by a report which provides a description of the testing performed to support the conclusions contained in the Attestation Letter; and
 - d. NBF will submit such additional reports as may be reasonably requested by Staff for the purpose of satisfying Staff that the opinion expressed in the Attestation Letter described in subparagraphs (b) and (c) above is valid;
3. pursuant to paragraph 9 of subsection 127(1) of the Act, NBF shall pay an administrative penalty of \$700,000, to be designated for allocation or for use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act; and
 4. pursuant to subsection 127.1(1) of the Act, NBF shall pay \$35,000 in costs to the Commission.

<i>"Robert Hutchison"</i>	<i>"Mark Sandler"</i>	<i>"Frances Kordyback"</i>
_____	_____	_____
Robert Hutchison	Mark Sandler	Frances Kordyback