

**BrokerCheck Report**

**NATIONAL BANK OF CANADA FINANCIAL INC.**

CRD# 22698

| <b><u>Section Title</u></b> | <b><u>Page(s)</u></b> |
|-----------------------------|-----------------------|
| Report Summary              | 1                     |
| Firm Profile                | 2 - 11                |
| Firm History                | 12                    |
| Firm Operations             | 13 - 28               |
| Disclosure Events           | 29                    |

## About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

**Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

[brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



## NATIONAL BANK OF CANADA FINANCIAL INC.

CRD# 22698

SEC# 8-39947

### Main Office Location

65 EAST 55TH STREET  
8TH FLOOR  
NEW YORK, NY 10022  
Regulated by FINRA New York Office

### Mailing Address

65 EAST 55TH STREET  
8TH FLOOR  
NEW YORK, NY 10022

### Business Telephone Number

212-546-7500

## Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

### Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 06/01/1987.

Its fiscal year ends in October.

### Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

### Firm Operations

**This firm is registered with:**

- the SEC
- 2 Self-Regulatory Organizations
- 52 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 10 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

### Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

**The following types of disclosures have been reported:**

| Type             | Count |
|------------------|-------|
| Regulatory Event | 9     |



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 06/01/1987.

Its fiscal year ends in October.

## Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

### NATIONAL BANK OF CANADA FINANCIAL INC.

Doing business as NATIONAL BANK OF CANADA FINANCIAL INC.

CRD# 22698

SEC# 8-39947

### Main Office Location

65 EAST 55TH STREET  
8TH FLOOR  
NEW YORK, NY 10022

Regulated by FINRA New York Office

### Mailing Address

65 EAST 55TH STREET  
8TH FLOOR  
NEW YORK, NY 10022

### Business Telephone Number

212-546-7500

## Other Names of this Firm

| Name                         | Where is it used  |
|------------------------------|---|
| NATIONAL BANC FINANCIAL INC. | NY  |
| PUTNAM LOVELL NBF            | AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, |

RI, SC, SD, TN, TX,  
UT, VA, VT, WA, WI,  
WV, WY



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

|   |  |
|---|--|
| <b>Legal Name &amp; CRD# (if any):</b>                                | NATIONAL BANK OF CANADA FINANCIAL GROUP INC. |
| <b>Is this a domestic or foreign entity or an individual?</b>         | Domestic Entity                              |
| <b>Position</b>   | SHAREHOLDER                                  |
| <b>Position Start Date</b>  | 09/2002                                      |
| <b>Percentage of Ownership</b>  | 75% or more                                  |
| <b>Does this owner direct the management or policies of the firm?</b> | Yes  |
| <b>Is this a public reporting company?</b>                            | Yes  |

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|   |  |
|---|--|
| <b>Legal Name &amp; CRD# (if any):</b>                                | BADESKI, PAUL RAYMOND<br>2821677                 |
| <b>Is this a domestic or foreign entity or an individual?</b>         | Individual                                       |
| <b>Position</b>   | MANAGING DIRECTOR, HEAD OF FIXED INCOME NEW YORK |
| <b>Position Start Date</b>  | 08/2015  |
| <b>Percentage of Ownership</b>  | Less than 5%                                     |
| <b>Does this owner direct the management or policies of the firm?</b> | Yes  |
| <b>Is this a public reporting company?</b>                            | No   |

---

|   |                              |
|---|------------------------------|
| <b>Legal Name &amp; CRD# (if any):</b>                        | DAVIS, BRIAN ADAM<br>5606829 |
| <b>Is this a domestic or foreign entity or an individual?</b> | Individual                   |
| <b>Position</b>   | CHAIRMAN OF BOARD            |
| <b>Position Start Date</b>                                    | 12/2007                      |

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** DUBUC, ETIENNE  
6628432

**Is this a domestic or foreign entity or an individual?** Individual

**Position** MANAGING DIRECTOR, HEAD OF EQUITIES

**Position Start Date** 06/2018

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** HEALEY, SEAN C  
3218329

**Is this a domestic or foreign entity or an individual?** Individual

**Position** PRESIDENT AND CEO, MANAGING DIRECTOR, GLOBAL SECURITIES FINANCE, REGISTERED OPTIONS SECURITIES FUTURES PRINCIPAL

**Position Start Date** 08/2015

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

## Firm Profile



### Direct Owners and Executive Officers (continued)

|   |   |
|---|---|
| <b>Legal Name &amp; CRD# (if any):</b>                                | LAPOINTE, ANIK<br>6549354   |
| <b>Is this a domestic or foreign entity or an individual?</b>         | Individual  |
| <b>Position</b>   | CHIEF TECHNOLOGY OFFICER, PRINCIPAL OPERATIONS OFFICER                  |
| <b>Position Start Date</b>  | 10/2018   |
| <b>Percentage of Ownership</b>  | Less than 5%  |
| <b>Does this owner direct the management or policies of the firm?</b> | Yes   |
| <b>Is this a public reporting company?</b>                            | No  |
| <hr/>   |   |
| <b>Legal Name &amp; CRD# (if any):</b>                                | LOCAS, YVES JOSEPH<br>6038023   |
| <b>Is this a domestic or foreign entity or an individual?</b>         | Individual  |
| <b>Position</b>   | MANAGING DIRECTOR, HEAD OF U.S. DEBT SYNDICATION                        |
| <b>Position Start Date</b>  | 11/2018   |
| <b>Percentage of Ownership</b>  | Less than 5%  |
| <b>Does this owner direct the management or policies of the firm?</b> | Yes   |
| <b>Is this a public reporting company?</b>                            | No  |
| <hr/>   |   |
| <b>Legal Name &amp; CRD# (if any):</b>                                | MCENTYRE, PATRICK MICHAEL<br>4420353                                    |
| <b>Is this a domestic or foreign entity or an individual?</b>         | Individual  |
| <b>Position</b>   | MANAGING DIRECTOR, INSTITUTIONAL EQUITY ELECTRONIC TRADING AND SERVICES |
| <b>Position Start Date</b>  | 08/2015   |



## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** MCGOWAN, KATIE M  
5111849

**Is this a domestic or foreign entity or an individual?** Individual

**Position** CHIEF COMPLIANCE OFFICER, ANTI-MONEY LAUNDERING COMPLIANCE OFFICER

**Position Start Date** 10/2018

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** MILLER, ROBERT DENNIS  
2991181

**Is this a domestic or foreign entity or an individual?** Individual

**Position** MANAGING DIRECTOR, HEAD OF U.S. DEBT CAPITAL MARKETS

**Position Start Date** 09/2018

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

## Firm Profile



### Direct Owners and Executive Officers (continued)

|   |   |
|---|---|
| <b>Legal Name &amp; CRD# (if any):</b>                                | MORRIS, PAUL EDWARD<br>1607225                                |
| <b>Is this a domestic or foreign entity or an individual?</b>         | Individual  |
| <b>Position</b>   | CHIEF FINANCIAL OFFICER, FINOP, & PRINCIPAL FINANCIAL OFFICER |
| <b>Position Start Date</b>  | 04/2014   |
| <b>Percentage of Ownership</b>  | Less than 5%  |
| <b>Does this owner direct the management or policies of the firm?</b> | Yes   |
| <b>Is this a public reporting company?</b>                            |   |

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## Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

### Indirect Owners

|   |   |
|---|---|
| <b>Legal Name &amp; CRD# (if any):</b>                                | NATIONAL BANK ACQUISITION HOLDING INC.  |
| <b>Is this a domestic or foreign entity or an individual?</b>         | Foreign Entity  |
| <b>Company through which indirect ownership is established</b>        | NATIONAL BANK GROUP INC IS WHOLLY OWNED BY NATIONAL BANK ACQUISITION HOLDING INC. |
| <b>Relationship to Direct Owner</b>                                   | SHAREHOLDER   |
| <b>Relationship Established</b>                                       | 07/2003   |
| <b>Percentage of Ownership</b>  | 75% or more   |
| <b>Does this owner direct the management or policies of the firm?</b> | Yes   |
| <b>Is this a public reporting company?</b>                            | No  |

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|   |   |
|---|---|
| <b>Legal Name &amp; CRD# (if any):</b>                                | NATIONAL BANK FINANCIAL INC.  |
| <b>Is this a domestic or foreign entity or an individual?</b>         | Foreign Entity  |
| <b>Company through which indirect ownership is established</b>        | NBF INTERNATIONAL HOLDINGS INC. IS WHOLLY OWNED BY NATIONAL BANK FINANCIAL INC. |
| <b>Relationship to Direct Owner</b>                                   | SHAREHOLDER   |
| <b>Relationship Established</b>                                       | 07/2003   |
| <b>Percentage of Ownership</b>  | 75% or more   |
| <b>Does this owner direct the management or policies of the firm?</b> | Yes   |
| <b>Is this a public reporting company?</b>                            | No  |

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|   |                          |
|---|--------------------------|
| <b>Legal Name &amp; CRD# (if any):</b>                        | NATIONAL BANK GROUP INC. |
| <b>Is this a domestic or foreign entity or an individual?</b> | Foreign Entity           |



## Firm Profile

### Indirect Owners (continued)

**Company through which indirect ownership is established** NATIONAL BANK GROUP INC. HOLDS 99.99% OF NATIONAL BANK FINANCIAL INC.

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 06/2014

**Percentage of Ownership** 75% or more

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** NATIONAL BANK OF CANADA

**Is this a domestic or foreign entity or an individual?** Foreign Entity

**Company through which indirect ownership is established** NATIONAL BANK ACQUISITION HOLDING INC. IS WHOLLY-OWNED BY NATIONAL BANK OF CANADA

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 09/2002

**Percentage of Ownership** 75% or more

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** NBF INTERNATIONAL HOLDINGS INC.

**Is this a domestic or foreign entity or an individual?** Foreign Entity

**Company through which indirect ownership is established** NATIONAL BANK OF CANADA FINANCIAL GROUP INC. IS WHOLLY-OWNED BY NBF INTERNATIONAL HOLDINGS INC.

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 07/2006

## Firm Profile



### Indirect Owners (continued)

**Percentage of Ownership** 75% or more

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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## Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.





## Firm Operations

### Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

**This firm is currently registered with the SEC, 2 SROs and 52 U.S. states and territories.**

| Federal Regulator | Status   | Date Effective |
|-------------------|----------|----------------|
| SEC               | Approved | 09/09/1988     |

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: No

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

| Self-Regulatory Organization | Status   | Date Effective |
|------------------------------|----------|----------------|
| FINRA                        | Approved | 11/18/1988     |
| Nasdaq Stock Market          | Approved | 07/12/2006     |

## Firm Operations



### Registrations (continued)

| U.S. States & Territories | Status   | Date Effective | U.S. States & Territories | Status   | Date Effective |
|---------------------------|----------|----------------|---------------------------|----------|----------------|
| Alabama                   | Approved | 05/21/1998     | North Carolina            | Approved | 02/09/1998     |
| Alaska                    | Approved | 02/13/1998     | North Dakota              | Approved | 08/24/1998     |
| Arizona                   | Approved | 01/23/1998     | Ohio                      | Approved | 02/07/2000     |
| Arkansas                  | Approved | 04/23/1998     | Oklahoma                  | Approved | 03/17/1998     |
| California                | Approved | 12/19/1988     | Oregon                    | Approved | 02/24/1998     |
| Colorado                  | Approved | 02/18/1998     | Pennsylvania              | Approved | 01/27/1998     |
| Connecticut               | Approved | 11/17/1999     | Puerto Rico               | Approved | 01/30/2003     |
| Delaware                  | Approved | 02/10/1998     | Rhode Island              | Approved | 03/06/1998     |
| District of Columbia      | Approved | 03/06/1998     | South Carolina            | Approved | 02/10/1998     |
| Florida                   | Approved | 03/20/1998     | South Dakota              | Approved | 02/05/1998     |
| Georgia                   | Approved | 02/06/1998     | Tennessee                 | Approved | 07/15/1998     |
| Hawaii                    | Approved | 04/21/1998     | Texas                     | Approved | 08/12/1998     |
| Idaho                     | Approved | 02/11/1998     | Utah                      | Approved | 02/05/1998     |
| Illinois                  | Approved | 01/22/1998     | Vermont                   | Approved | 05/18/1998     |
| Indiana                   | Approved | 05/13/1998     | Virginia                  | Approved | 04/03/1998     |
| Iowa                      | Approved | 02/05/1998     | Washington                | Approved | 02/26/1998     |
| Kansas                    | Approved | 03/25/1998     | West Virginia             | Approved | 02/05/1998     |
| Kentucky                  | Approved | 02/05/1998     | Wisconsin                 | Approved | 03/10/1998     |
| Louisiana                 | Approved | 03/09/1998     | Wyoming                   | Approved | 02/10/1998     |
| Maine                     | Approved | 05/08/1998     |                           |          |                |
| Maryland                  | Approved | 01/27/1998     |                           |          |                |
| Massachusetts             | Approved | 01/29/1998     |                           |          |                |
| Michigan                  | Approved | 05/08/1998     |                           |          |                |
| Minnesota                 | Approved | 04/30/1998     |                           |          |                |
| Mississippi               | Approved | 03/11/1998     |                           |          |                |
| Missouri                  | Approved | 05/05/1998     |                           |          |                |
| Montana                   | Approved | 02/05/1998     |                           |          |                |
| Nebraska                  | Approved | 02/26/1998     |                           |          |                |
| Nevada                    | Approved | 02/26/1998     |                           |          |                |
| New Hampshire             | Approved | 08/14/1998     |                           |          |                |
| New Jersey                | Approved | 02/02/1998     |                           |          |                |
| New Mexico                | Approved | 01/21/1998     |                           |          |                |
| New York                  | Approved | 02/06/1998     |                           |          |                |





## Firm Operations

### Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

**This firm currently conducts 10 types of businesses.**

#### Types of Business

Broker or dealer making inter-dealer markets in corporation securities over-the-counter

Broker or dealer retailing corporate equity securities over-the-counter

Broker or dealer selling corporate debt securities

Underwriter or selling group participant (corporate securities other than mutual funds)

Put and call broker or dealer or option writer

Investment advisory services

Non-exchange member arranging for transactions in listed securities by exchange member

Trading securities for own account

Private placements of securities

Other - MERGER AND ACQUISITION  
STOCK LOAN/BORROW ACTIVITIES

#### Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:

## Firm Operations



### Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

### Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

**Name:** PERSHING LLC

**CRD #:** 7560

**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399

**Effective Date:** 10/04/2010

**Description:** CERTAIN BOOKS OR RECORDS OF APPLICANT MAY BE HELD OR MAINTAINED BY PERSHING LLC, APPLICANT'S CLEARING BROKER FOR CERTAIN SECURITIES TRANSACTIONS, PURSUANT TO AN INTRODUCING/CARRYING BROKER AGREEMENT WITH PERSHING LLC.

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## Firm Operations

### Industry Arrangements



**This firm does have books or records maintained by a third party.**

**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA  
 JERSEY CITY, NJ 07399  
**Effective Date:** 10/04/2010  
**Description:** CERTAIN BOOKS OR RECORDS OF APPLICANT MAY BE HELD OR MAINTAINED BY PERSHING LLC, APPLICANT'S CLEARING BROKER FOR CERTAIN SECURITIES TRANSACTIONS, PURSUANT TO AN INTRODUCING/CARRYING BROKER AGREEMENT WITH PERSHING LLC.

**Name:** NATIONAL BANK FINANCIAL INC. ("NBFI")  
**Business Address:** 1155 METCALFE STREET  
 MONTREAL, CANADA H3B 4S9  
**Effective Date:** 11/11/2002  
**Description:** NBFI-CANADA (DIRECTLY OR THROUGH ITS AFFILIATES) AS AGENT IN CONNECTION WITH THE CLEARANCE AND SETTLEMENT OF TRANSACTIONS WILL PREPARE AND SEND TRADE CONFIRMATIONS AND ACCOUNT STATEMENTS AS WELL AS PROVIDE CERTAIN BACK-OFFICE AND OTHER SERVICES. THESE OTHER SERVICES MAY INCLUDE AIDING NBCFI IN THE PREPARATION AND RETENTION OF ANY BOOKS AND RECORDS AS REQUIRED. THESE OTHER SERVICES ARE PROVIDED PURSUANT TO AN AGENCY AND SERVICES AGREEMENT BETWEEN NBCFI AND NBFI-CANADA.

**Name:** NATIONAL BANK OF CANADA ("NBC")  
**Business Address:** 1155 METCALFE STREET  
 MONTREAL, CANADA H3B 4S9  
**Effective Date:** 11/11/2002  
**Description:** NBC, THE APPLICANT'S PARENT COMPANY, PROVIDES CERTAIN INTERNAL AUDIT SERVICES TO THE APPLICANT.

**This firm does have accounts, funds, or securities maintained by a third party.**

**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA

## Firm Operations



### Industry Arrangements (continued)

JERSEY CITY, NJ 07399

**Effective Date:** 10/04/2010

**Description:** CERTAIN ACCOUNTS, FUNDS OR SECURITIES OF THE APPLICANT MAY BE HELD OR MAINTAINED BY PERSHING LLC, APPLICANT'S CLEARING BROKER FOR CERTAIN SECURITIES TRANSACTIONS, PURSUANT TO AN INTRODUCING/CARRYING BROKER AGREEMENT WITH PERSHING LLC.

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**This firm does have customer accounts, funds, or securities maintained by a third party.**

**Name:** PERSHING LLC

**CRD #:** 7560

**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399

**Effective Date:** 10/04/2010

**Description:** CERTAIN ACCOUNTS, FUNDS OR SECURITIES OF THE APPLICANT'S CUSTOMERS MAY BE HELD OR MAINTAINED BY PERSHING LLC, THE APPLICANT'S CLEARING BROKER FOR CERTAIN SECURITIES TRANSACTIONS, PURSUANT TO AN INTRODUCING/CARRYING BROKER AGREEMENT WITH PERSHING LLC.

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### Control Persons/Financing

**This firm does not have individuals who control its management or policies through agreement.**

**This firm does not have individuals who wholly or partly finance the firm's business.**



## Firm Operations

### Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

**NBC COVERED BOND GUARANTOR LIMITED PARTNERSHIP is under common control with the firm.**

|  |  |
|--|--|
| <b>Business Address:</b>               | 66 WELLINGTON STREET WEST, SUITE 5300<br>TORONTO, CANADA M5K 1E6   |
| <b>Effective Date:</b>                 | 01/17/2011   |
| <b>Foreign Entity:</b>                 | Yes  |
| <b>Country:</b>                        | CANADA   |
| <b>Securities Activities:</b>          | Yes  |
| <b>Investment Advisory Activities:</b> | No   |
| <b>Description:</b>                    | NBC COVERED BOND GUARANTOR LIMITED PARTNERSHIP IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

**NBC COVERED BOND GP INC. is under common control with the firm.**

|  |  |
|--|--|
| <b>Business Address:</b>               | 600, RUE DE LA GAUCHETIERE WEST<br>MONTREAL, CANADA H3B 4L2  |
| <b>Effective Date:</b>                 | 01/10/2011   |
| <b>Foreign Entity:</b>                 | Yes  |
| <b>Country:</b>                        | CANADA   |
| <b>Securities Activities:</b>          | Yes  |
| <b>Investment Advisory Activities:</b> | No   |
| <b>Description:</b>                    | NBC COVERED BOND GP INC. IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

**Firm Operations****Organization Affiliates (continued)****NBF FINANCIAL SERVICES LTD. is under common control with the firm.**

|  |   |
|--|---|
| <b>Business Address:</b>               | 130 KING STREET WEST, SUITE 3200<br>TORONTO, CANADA M5X 1J9   |
| <b>Effective Date:</b>                 | 01/04/1996  |
| <b>Foreign Entity:</b>                 | Yes   |
| <b>Country:</b>                        | CANADA  |
| <b>Securities Activities:</b>          | Yes   |
| <b>Investment Advisory Activities:</b> | Yes   |
| <b>Description:</b>                    | NBF FINANCIAL SERVICES LTD. IS INDIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

**NBF FINANCIAL SERVICES INC. is under common control with the firm.**

|  |   |
|--|---|
| <b>Business Address:</b>               | 1155 METCALFE STREET, 4TH FLOOR<br>MONTREAL, CANADA H3B 4S9   |
| <b>Effective Date:</b>                 | 04/12/1996  |
| <b>Foreign Entity:</b>                 | Yes   |
| <b>Country:</b>                        | CANADA  |
| <b>Securities Activities:</b>          | No  |
| <b>Investment Advisory Activities:</b> | Yes   |
| <b>Description:</b>                    | NBF FINANCIAL SERVICES INC. IS INDIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

**NBC GLOBAL FINANCE LIMITED is under common control with the firm.**

|                               |  |
|-------------------------------|--|
| <b>Business Address:</b>      | EMBASSY HOUSE, HERBERT PARK LANE,<br>DUBLIN, IRELAND |
| <b>Effective Date:</b>        | 07/08/2013   |
| <b>Foreign Entity:</b>        | Yes  |
| <b>Country:</b>               | IRELAND  |
| <b>Securities Activities:</b> | Yes  |

## Firm Operations



### Organization Affiliates (continued)

**Investment Advisory Activities:** Yes

**Description:** NBC GLOBAL FINANCE LIMITED IS INDIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

#### **NBC FINANCIAL MARKETS ASIA LIMITED is under common control with the firm.**

**Business Address:** 1903 YORK HOUSE,  
CENTRAL, HONG KONG

**Effective Date:** 10/28/2013

**Foreign Entity:** Yes

**Country:** HONG KONG

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** NBC FINANCIAL MARKETS ASIA LIMITED IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

#### **NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP is under common control with the firm.**

**Business Address:** 600 RUE DE LA GAUCHETIERE WEST  
MONTREAL, CANADA H3B 4L2

**Effective Date:** 08/13/2013

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** NBC COVERED BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

#### **NBC COVERED BOND (LEGISLATIVE) GP INC. is under common control with the firm.**

**Business Address:** 600 RUE DE LA GAUCHETIERE WEST

## Firm Operations



### Organization Affiliates (continued)

MONTREAL, CANADA H3B 4L2

**Effective Date:** 09/08/2013

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** NBC COVERED BOND (LEGISLATIVE) GP INC. IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

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#### NBC COMMODITIES (2010) INC. is under common control with the firm.

**Business Address:** 1155, RUE METCALFE, 1ST FLOOR  
MONTREAL, CANADA H3B 4S9

**Effective Date:** 10/19/2009

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** NBC COMMODITIES (2010) INC. IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, AN INDIRECT OWNER OF NATIONAL BANK OF CANADA FINANCIAL INC.

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#### NBC ASSET TRUST is under common control with the firm.

**Business Address:** 600 DE LA GAUCHETIERE WEST, 4TH FLOOR  
MONTREAL, CANADA H3B 4L2

**Effective Date:** 01/22/2008

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** No



## Firm Operations



### Organization Affiliates (continued)

**Description:** NBC ASSET TRUST IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

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#### **NBC ALTERNATIVE INVESTMENT INC. is under common control with the firm.**

**Business Address:** 1155, METCALFE STREET, 1ST FLOOR  
MONTREAL, CANADA H3B 5G2

**Effective Date:** 10/27/2006

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** NBC ALTERNATIVE INVESTMENT INC. IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

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#### **NATIONAL BANK TRUST INC. is under common control with the firm.**

**Business Address:** 600 DE LA GAUCHETIERE WEST, 28TH FLOOR  
MONTREAL, CANADA H3B 4L2

**Effective Date:** 07/01/1995

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** NATIONAL BANK TRUST INC. IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

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#### **NATIONAL BANK PLANNING AND BENEFITS INC. is under common control with the firm.**

**Business Address:** 600 DE LA GAUCHETIERE WEST, 4TH FLOOR  
MONTREAL, CANADA H3B 4L2

**Effective Date:** 10/10/1996

**Foreign Entity:** Yes

## Firm Operations



### Organization Affiliates (continued)

|  |  |
|--|--|
| <b>Country:</b>                        | CANADA   |
| <b>Securities Activities:</b>          | Yes  |
| <b>Investment Advisory Activities:</b> | No   |
| <b>Description:</b>                    | NATIONAL BANK PLANNING AND BENEFITS INC. IS INDIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

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#### **NATIONAL BANK LIFE INSURANCE COMPANY is under common control with the firm.**

|  |  |
|--|--|
| <b>Business Address:</b>               | 600, RUE DE LA GAUCHETIERE WEST<br>QUEBEC, CANADA H3B 4L2  |
| <b>Effective Date:</b>                 | 07/11/1995   |
| <b>Foreign Entity:</b>                 | Yes  |
| <b>Country:</b>                        | CANADA   |
| <b>Securities Activities:</b>          | Yes  |
| <b>Investment Advisory Activities:</b> | No   |
| <b>Description:</b>                    | NATIONAL BANK LIFE INSURANCE COMPANY IS INDIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

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#### **NATIONAL BANK INVESTMENTS INC. is under common control with the firm.**

|  |  |
|--|--|
| <b>Business Address:</b>               | 1100, RUE UNIVERSITY, 10TH FLOOR<br>MONTREAL, CANADA H3B 2G7   |
| <b>Effective Date:</b>                 | 11/01/2008   |
| <b>Foreign Entity:</b>                 | Yes  |
| <b>Country:</b>                        | CANADA   |
| <b>Securities Activities:</b>          | Yes  |
| <b>Investment Advisory Activities:</b> | Yes  |
| <b>Description:</b>                    | NATIONAL BANK INVESTMENTS INC. IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

## Firm Operations



### Organization Affiliates (continued)

#### NATIONAL BANK INSURANCE FIRM INC. is under common control with the firm.

|  |   |
|--|---|
| <b>Business Address:</b>               | 600, DE LA GAUCHETIÈRE WEST, 4TH FLOOR<br>MONTREAL, CANADA H3B 4L2  |
| <b>Effective Date:</b>                 | 05/07/1998  |
| <b>Foreign Entity:</b>                 | Yes   |
| <b>Country:</b>                        | CANADA  |
| <b>Securities Activities:</b>          | Yes   |
| <b>Investment Advisory Activities:</b> | No  |
| <b>Description:</b>                    | NATIONAL BANK INSURANCE FIRM INC. IS INDIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

#### NATIONAL BANK FUNDS CORPORATION is under common control with the firm.

|  |   |
|--|---|
| <b>Business Address:</b>               | 1100 UNIVERSITY STREET, SUITE 400<br>MONTREAL, CANADA H3B 2G7   |
| <b>Effective Date:</b>                 | 10/22/2001  |
| <b>Foreign Entity:</b>                 | Yes   |
| <b>Country:</b>                        | CANADA  |
| <b>Securities Activities:</b>          | Yes   |
| <b>Investment Advisory Activities:</b> | Yes   |
| <b>Description:</b>                    | NATIONAL BANK FUNDS CORPORATION IS INDIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

#### NATIONAL BANK FINANCIAL INC. controls the firm.

|                               |   |
|-------------------------------|---|
| <b>Business Address:</b>      | 1155 METCALFE STREET, 5TH FLOOR<br>MONTREAL, CANADA H3B 4S9 |
| <b>Effective Date:</b>        | 01/01/2000  |
| <b>Foreign Entity:</b>        | Yes   |
| <b>Country:</b>               | CANADA  |
| <b>Securities Activities:</b> | Yes   |

## Firm Operations



### Organization Affiliates (continued)

**Investment Advisory Activities:** No

**Description:** NATIONAL BANK FINANCIAL INC. IS INDIRECTLY WHOLLY OWNED BY NATIONAL BANK OF CANADA.

#### **NATCAN TRUST COMPANY is under common control with the firm.**

**Business Address:** 1100 RUE UNIVERSITY, 12TH FLOOR  
MONTREAL, CANADA H3B 2G7

**Effective Date:** 11/06/1992

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** NATCAN TRUST COMPANY IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

#### **FIERA CAPITAL CORPORATION is under common control with the firm.**

**Business Address:** 1501 MCGILL COLLEGE AVENUE, SUITE 800  
MONTREAL, CANADA H3A 3M8

**Effective Date:** 10/01/2010

**Foreign Entity:** Yes

**Country:** CANADA

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** FIERA CAPITAL CORPORATION IS CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

#### **BNC GESTION ALTERNATIVE INC. is under common control with the firm.**

**Business Address:** 1155, RUE METCALFE, 1ST FLOOR  
MONTREAL, CANADA H3B 5G2

**Effective Date:** 10/27/2006

## Firm Operations



### Organization Affiliates (continued)

|  |  |
|--|--|
| <b>Foreign Entity:</b>                 | Yes  |
| <b>Country:</b>                        | CANADA   |
| <b>Securities Activities:</b>          | Yes  |
| <b>Investment Advisory Activities:</b> | Yes  |
| <b>Description:</b>                    | BNC GESTION ALTERNATIVE INC. IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

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#### **CABN INVESTMENTS INC. is under common control with the firm.**

|  |   |
|--|---|
| <b>Business Address:</b>               | 1100, RUE UNIVERSITY, 5TH FLOOR<br>MONTREAL, CANADA H3B 2G7   |
| <b>Effective Date:</b>                 | 02/02/1989  |
| <b>Foreign Entity:</b>                 | Yes   |
| <b>Country:</b>                        | CANADA  |
| <b>Securities Activities:</b>          | Yes   |
| <b>Investment Advisory Activities:</b> | Yes   |
| <b>Description:</b>                    | CABN INVESTMENTS INC. IS DIRECTLY CONTROLLED BY NATIONAL BANK OF CANADA, WHICH INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC. |

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#### **This firm is directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank

#### **NATIONAL BANK OF CANADA is a Foreign Bank and controls the firm.**

|                          |  |
|--------------------------|--|
| <b>Business Address:</b> | 600 DE LA GAUCHETIERE WEST<br>MONTREAL, CANADA H3B 4L2 |
| <b>Effective Date:</b>   | 11/06/1992   |

## Firm Operations



### Organization Affiliates (continued)

**Description:** NATIONAL BANK OF CANADA INDIRECTLY OWNS NATIONAL BANK OF CANADA FINANCIAL INC.

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## Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

|                  | <b>Pending</b> | <b>Final</b> | <b>On Appeal</b> |
|------------------|----------------|--------------|------------------|
| Regulatory Event | 0              | 9            | 0                |

## Disclosure Event Details

### What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - § A "pending" event involves allegations that have not been proven or formally adjudicated.
    - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - § A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

### Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

#### Disclosure 1 of 9

**Reporting Source:** Regulator  
**Current Status:** Final





**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REVIEW OF INCOMING AND OUTGOING EMAIL CORRESPONDENCE OF ITS REGISTERED REPRESENTATIVES. THE FINDINGS STATED THAT THE FIRM FAILED TO INCLUDE EMAILS FROM THREE DOMAINS AND ALL BLACKBERRY PIN-TO-PIN COMMUNICATIONS IN THE FIRM'S QUEUE FOR ELECTRONIC COMMUNICATIONS TO BE REVIEWED. AS A RESULT, THE FIRM FAILED TO PERFORM A SUPERVISORY REVIEW OF APPROXIMATELY 500,000 ELECTRONIC COMMUNICATIONS FOR THE FIRM'S APPROXIMATELY 40 REGISTERED REPRESENTATIVES. THE FINDINGS ALSO STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WERE INADEQUATE IN THAT THEY FAILED TO ADDRESS HOW THE FIRM WOULD IMPLEMENT ITS ELECTRONIC CORRESPONDENCE REVIEW AND HOW THE FIRM WOULD REVIEW ELECTRONIC COMMUNICATIONS IN FOREIGN LANGUAGES. THE FIRM DID NOT USE ANY FRENCH LANGUAGE LEXICON TERMS IN ORDER TO IDENTIFY EMAILS FOR SUPERVISORY REVIEW, EVEN THOUGH CERTAIN OF THE FIRM'S BUSINESS COMMUNICATIONS WERE CONDUCTED WITH FRENCH-SPEAKING EMPLOYEES AND CUSTOMERS.

**Initiated By:** FINRA

**Date Initiated:** 01/05/2015

**Docket/Case Number:** [2013035269201](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/05/2015

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$20,000.

FINE PAID IN FULL ON JANUARY 14, 2015.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IMPLEMENT A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE REVIEW OF INCOMING AND OUTGOING EMAIL CORRESPONDENCE OF ITS REGISTERED REPRESENTATIVES. THE FINDINGS STATED THAT THE FIRM FAILED TO INCLUDE EMAILS FROM THREE DOMAINS AND ALL BLACKBERRY PIN-TO-PIN COMMUNICATIONS IN THE FIRM'S QUEUE FOR ELECTRONIC COMMUNICATIONS TO BE REVIEWED. AS A RESULT, THE FIRM FAILED TO PERFORM A SUPERVISORY REVIEW OF APPROXIMATELY 500,000 ELECTRONIC COMMUNICATIONS FOR THE FIRM'S APPROXIMATELY 40 REGISTERED REPRESENTATIVES. THE FINDINGS ALSO STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WERE INADEQUATE IN THAT THEY FAILED TO ADDRESS HOW THE FIRM WOULD IMPLEMENT ITS ELECTRONIC CORRESPONDENCE REVIEW AND HOW THE FIRM WOULD REVIEW ELECTRONIC COMMUNICATIONS IN FOREIGN LANGUAGES. THE FIRM DID NOT USE ANY FRENCH LANGUAGE LEXICON TERMS IN ORDER TO IDENTIFY EMAILS FOR SUPERVISORY REVIEW, EVEN THOUGH CERTAIN OF THE FIRM'S BUSINESS COMMUNICATIONS WERE CONDUCTED WITH FRENCH-SPEAKING EMPLOYEES AND CUSTOMERS.

**Initiated By:** FINRA

**Date Initiated:** 01/05/2015

**Docket/Case Number:** [2013035269201](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 01/05/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$20,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$20,000.00.

**Firm Statement** PAYMENT PENDING REQUEST FOR PAYMENT.

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#### Disclosure 2 of 9

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FINRA RULE 7330 - NATIONAL BANK OF CANADA FINANCIAL, INC. FAILED TO REPORT TO THE OVER-THE-COUNTER TRADE REPORTING FACILITY (OTCRF) THE CORRECT RELATED MARKET CENTER CODE IN NUMEROUS INSTANCES.

**Initiated By:** FINRA

**Date Initiated:** 01/13/2014

**Docket/Case Number:** [2013035518801](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/13/2014

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**



**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000. FINE PAID IN FULL ON JANUARY 31, 2014.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NBCFI FAILED TO REPORT TO THE OVER-THE COUNTER TRADE REPORTING FACILITY ("OTCRF") THE CORRECT RELATED MARKET CENTER CODE IN 43,075 INSTANCES IN VIOLATION OF FINRA RULE 7330.

**Initiated By:** FINRA

**Date Initiated:** 01/13/2014

**Docket/Case Number:** 20130355188-01

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 01/13/2014

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** FINED \$10,000.00

**Firm Statement** WITHOUT ADMITTING OR DENYING THE FINDINGS, NATIONAL BANK OF CANADA FINANCIAL INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$10,000.00.

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### Disclosure 3 of 9

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

SECTIONS 15(A), 15(B)(7), 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934, SEC RULES 15B7-1, 15C3-1, 15C3-1(C)(2), 17A-3, 17A-5, FINRA RULE 2010, NASD RULES 1031, 2110, 3010(A), 3010(B), 3110, 3110(A) - NATIONAL BANK OF CANADA FINANCIAL, INC. REPORTED HOLDING INVENTORY POSITIONS, WITH A MARKET VALUE OF \$10,258,027, AT CDS CLEARING AND DEPOSITORY SERVICES, INC.(CDS) IN THE NAME OF ITS CANADIAN AFFILIATE. THE FIRM, ON A FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE (FOCUS) REPORT CHARACTERIZED THESE PROPRIETARY POSITIONS AS ALLOWABLE ASSETS (I.E.ASSETS THAT ARE READILY CONVERTIBLE TO CASH) IN ITS NET CAPITAL COMPUTATION. THE FIRM DID NOT HAVE SUFFICIENT POSSESSION AND/OR CONTROL OF THE PROPRIETARY POSITIONS HELD AT CDS BECAUSE THEY WERE NOT UNDER THE FIRM'S NAME. IN THE EVENT THAT THE FIRM HAD NEEDED TO CONVERT THESE INVENTORY POSITIONS TO CASH, THE PROCEEDS WOULD NOT HAVE BEEN READILY AVAILABLE IN THE FIRM'S NAME. THUS, THE INVENTORY POSITIONS SHOULD HAVE BEEN CHARACTERIZED AS NON-ALLOWABLE ASSETS (I.E. ASSETS THAT ARE NOT READILY CONVERTIBLE TO CASH). THE FIRM RE-CHARACTERIZED THE \$10,258,027 INVENTORY HOLDINGS AS NON-ALLOWABLE ASSETS. AS A RESULT, THE FIRM FILED INACCURATE FOCUS REPORTS WITH FINRA. THIS MISCHARACTERIZATION OF ASSETS DID NOT RESULT IN A NET CAPITAL DEFICIENCY AS THERE WERE SUFFICIENT NET CAPITAL RESERVES TO BUTTRESS THE LOSS OF THE INVENTORY HOLDINGS FROM THE NET CAPITAL COMPUTATION. THEREFORE, BECAUSE THE FIRM FAILED TO PROPERLY CHARACTERIZE ITS INVENTORY POSITIONS WITH ITS CANADIAN AFFILIATE AS NON-ALLOWABLE ASSETS IN ITS NET CAPITAL COMPUTATION, IT MAINTAINED INACCURATE NET CAPITAL RECORDS AND FILED INACCURATE FOCUS REPORTS. THE FIRM OUTSOURCED CERTAIN PROPRIETARY TRADING FUNCTIONS RELATING TO THE MAJORITY OF ITS INVENTORY TO AN UNAFFILIATED THIRD-PARTY INVESTMENT ADVISOR (IA). THE INVENTORY POSITIONS UNDER THE THIRD-PARTY INVESTMENT ADVISOR'S CONTROL HAD A MARKET VALUE OF \$219,293,716. THE INDIVIDUALS AT THE IA WHO PERFORMED THE CONTRACTED TRADING FUNCTIONS ON BEHALF OF THE FIRM WERE NOT REGISTERED WITH THE FIRM. NO MORE THAN TWO INDIVIDUALS AT THE IA PERFORMED THE CONTRACTED TRADING FUNCTIONS THAT WERE DELINEATED IN THE AGREEMENT. THE FIRM TERMINATED ITS INVESTMENT ADVISORY RELATIONSHIP WITH THE IA. ALL TRADING AUTHORITY OVER THE FIRM'S INVENTORY POSITIONS BY THE IA CEASED. THEREFORE, BECAUSE THE FIRM OUTSOURCED PART OF ITS PROPRIETARY TRADING FUNCTIONS TO THE IA AND PROVIDED IT WITH BROAD DISCRETIONARY TRADING AUTHORITY, IT WAS REQUIRED TO REGISTER, WITH THE FIRM, THE IA EMPLOYEES WHO PERFORMED THE PROPRIETARY TRADING FUNCTIONS ON BEHALF OF THE FIRM. THE FIRM'S WRITTEN



SUPERVISORY PROCEDURES (WSPS) DID NOT INCLUDE ANY PROVISIONS REGARDING ITS SUPERVISORY CONTROLS OVER THE PROPRIETARY TRADING FUNCTIONS THAT WERE OUTSOURCED TO THE IA. SPECIFICALLY, THE FIRM'S WSPS FAILED TO DETAIL THE FIRM'S RISK MANAGEMENT PRACTICES FOR THE TRADING OF ITS INVENTORY POSITIONS BY THE IA (E.G., INVESTMENT CRITERIA, TRADING PARAMETERS, AND PRODUCT SUITABILITY GUIDELINES). THE FIRM'S GENERAL LEDGER COMMINGLED SECURITIES AND NON-SECURITIES RELATED BALANCES AND TRANSACTIONS BETWEEN THE ACCOUNTS OF THE FIRM, ITS PARENT, AND OTHER INTERCOMPANY AFFILIATES. THE FIRM'S FINANCIAL SYSTEMS PERMITTED SECURITIES AND NONSECURITIES RELATED TRANSACTIONS TO BE RECORDED WITHIN THE SAME GENERAL LEDGER ACCOUNTS. AS A RESULT, THE FIRM IMPROPERLY NETTED TRANSACTIONS AND BALANCES BETWEEN INTERCOMPANY SECURITIES AND NON-SECURITIES-RELATED ACCOUNTS. THE FIRM ELIMINATED ALL CUSTOMER-RELATED SECURITIES BALANCES FROM ITS BOOKS AND RECORDS, INCLUDING INTERCOMPANY SECURITIES TRANSACTIONS AND BALANCES, BY THE ASSIGNMENT OF ALL-CUSTOMER ACCOUNTS TO A U.S. CLEARING FIRM. THE FIRM'S SYSTEMS IMPROPERLY NETTED TRANSACTIONS AND BALANCES BETWEEN INTERCOMPANY SECURITIES AND NON-SECURITIES-RELATED ACCOUNTS FOR PURPOSES OF COMPUTING NET CAPITAL. [CONTINUED IN COMMENT]

**Initiated By:** FINRA

**Date Initiated:** 05/09/2013

**Docket/Case Number:** [2011027999001](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/09/2013

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No



**Sanctions Ordered:** Censure  
Monetary/Fine \$75,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$75,000. FINE PAID ON JUNE 4, 2013.

**Regulator Statement** ALLEGATIONS CONTINUED: A REVIEW OF THE FIRM'S RECEIVABLES FROM AFFILIATES DISCLOSED THAT THE FIRM NETTED TWO SEPARATE BANK LOANS. SPECIFICALLY, THE RELEVANT LOAN AGREEMENTS SHOW THAT THE FIRM, LENT \$146,100,000 TO THE PARENT'S NEW YORK AFFILIATE AND IN A SEPARATE AGREEMENT THE FIRM BORROWED \$60,317,046 FROM ITS PARENT. THESE TWO SEPARATE LOANS ARE SUBSTANTIATED BY TWO DIFFERENT LOAN AGREEMENTS CONTAINING, INTER ALIA, DIFFERENT NOMINAL AMOUNTS, MATURITY DATES, AND INTEREST RATES. THERE IS NO NETTING AGREEMENT IN PLACE TO RECONCILE THESE LOANS. THEREFORE, THE FIRM IMPROPERLY NETTED A BANK LOAN PAYABLE FROM ONE AFFILIATE WITH ANOTHER BANK LOAN RECEIVABLE FROM A DIFFERENT AFFILIATE. THIS RESULTED IN THE FIRM UNDERSTATING ITS NON-ALLOWABLE ASSETS AND LIABILITIES ON ITS BALANCE SHEET BY \$60,317,046. AS A RESULT, THE FIRM'S EXCESS NET CAPITAL WAS REDUCED FROM \$197,284,823 TO \$136,967,777. THE FIRM MAINTAINED INACCURATE NET CAPITAL RECORDS AND FILED ERRONEOUS FOCUS REPORTS WITH FINRA.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** SECTIONS 15(A), 15(B)(7), 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934, SEC RULES 15B7-1, 15C3-1, 15C3-1(C)(2), 17A-3, 17A-5, FINRA RULE 2010, NASD RULES 1031, 2110, 3010(A), 3010(B), 3110, 3110(A) - NATIONAL BANK OF CANADA FINANCIAL, INC. REPORTED HOLDING INVENTORY POSITIONS, WITH A MARKET VALUE OF \$10,258,027, AT CDS CLEARING AND DEPOSITORY SERVICES, INC.(CDS) IN THE NAME OF ITS CANADIAN AFFILIATE. THE FIRM, ON A FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE (FOCUS) REPORT CHARACTERIZED THESE PROPRIETARY POSITIONS AS ALLOWABLE ASSETS (I.E.ASSETS THAT ARE READILY CONVERTIBLE TO CASH) IN ITS NET CAPITAL COMPUTATION. THE FIRM DID NOT HAVE SUFFICIENT POSSESSION AND/OR CONTROL OF THE PROPRIETARY POSITIONS HELD AT CDS BECAUSE THEY WERE NOT UNDER THE FIRM'S NAME. IN THE EVENT THAT THE FIRM HAD NEEDED TO CONVERT THESE INVENTORY POSITIONS TO CASH, THE PROCEEDS



WOULD NOT HAVE BEEN READILY AVAILABLE IN THE FIRM'S NAME. THUS, THE INVENTORY POSITIONS SHOULD HAVE BEEN CHARACTERIZED AS NON-ALLOWABLE ASSETS (I.E. ASSETS THAT ARE NOT READILY CONVERTIBLE TO CASH). THE FIRM RE-CHARACTERIZED THE \$10,258,027 INVENTORY HOLDINGS AS NON-ALLOWABLE ASSETS. AS A RESULT, THE FIRM FILED INACCURATE FOCUS REPORTS WITH FINRA. THIS MISCHARACTERIZATION OF ASSETS DID NOT RESULT IN A NET CAPITAL DEFICIENCY AS THERE WERE SUFFICIENT NET CAPITAL RESERVES TO BUTTRESS THE LOSS OF THE INVENTORY HOLDINGS FROM THE NET CAPITAL COMPUTATION. THEREFORE, BECAUSE THE FIRM FAILED TO PROPERLY CHARACTERIZE ITS INVENTORY POSITIONS WITH ITS CANADIAN AFFILIATE AS NON-ALLOWABLE ASSETS IN ITS NET CAPITAL COMPUTATION, IT MAINTAINED INACCURATE NET CAPITAL RECORDS AND FILED INACCURATE FOCUS REPORTS. THE FIRM OUTSOURCED CERTAIN PROPRIETARY TRADING FUNCTIONS RELATING TO THE MAJORITY OF ITS INVENTORY TO AN UNAFFILIATED THIRD-PARTY INVESTMENT ADVISOR (IA). THE INVENTORY POSITIONS UNDER THE THIRD-PARTY INVESTMENT ADVISOR'S CONTROL HAD A MARKET VALUE OF \$219,293,716. THE INDIVIDUALS AT THE IA WHO PERFORMED THE CONTRACTED TRADING FUNCTIONS ON BEHALF OF THE FIRM WERE NOT REGISTERED WITH THE FIRM. NO MORE THAN TWO INDIVIDUALS AT THE IA PERFORMED THE CONTRACTED TRADING FUNCTIONS THAT WERE DELINEATED IN THE AGREEMENT. THE FIRM TERMINATED ITS INVESTMENT ADVISORY RELATIONSHIP WITH THE IA. ALL TRADING AUTHORITY OVER THE FIRM'S INVENTORY POSITIONS BY THE IA CEASED. THEREFORE, BECAUSE THE FIRM OUTSOURCED PART OF ITS PROPRIETARY TRADING FUNCTIONS TO THE IA AND PROVIDED IT WITH BROAD DISCRETIONARY TRADING AUTHORITY, IT WAS REQUIRED TO REGISTER, WITH THE FIRM, THE IA EMPLOYEES WHO PERFORMED THE PROPRIETARY TRADING FUNCTIONS ON BEHALF OF THE FIRM. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) DID NOT INCLUDE ANY PROVISIONS REGARDING ITS SUPERVISORY CONTROLS OVER THE PROPRIETARY TRADING FUNCTIONS THAT WERE OUTSOURCED TO THE IA. SPECIFICALLY, THE FIRM'S WSPS FAILED TO DETAIL THE FIRM'S RISK MANAGEMENT PRACTICES FOR THE TRADING OF ITS INVENTORY POSITIONS BY THE IA (E.G., INVESTMENT CRITERIA, TRADING PARAMETERS, AND PRODUCT SUITABILITY GUIDELINES). THE FIRM'S GENERAL LEDGER COMMINGLED SECURITIES AND NON-SECURITIES RELATED BALANCES AND TRANSACTIONS BETWEEN THE ACCOUNTS OF THE FIRM, ITS PARENT, AND OTHER INTERCOMPANY AFFILIATES. THE FIRM'S FINANCIAL SYSTEMS PERMITTED SECURITIES AND NONSECURITIES RELATED TRANSACTIONS TO BE RECORDED WITHIN THE SAME GENERAL LEDGER ACCOUNTS. AS A RESULT, THE FIRM IMPROPERLY NETTED TRANSACTIONS AND BALANCES BETWEEN INTERCOMPANY SECURITIES AND NON-SECURITIES-RELATED ACCOUNTS. THE FIRM ELIMINATED ALL CUSTOMER-RELATED SECURITIES





BALANCES FROM ITS BOOKS AND RECORDS, INCLUDING INTERCOMPANY SECURITIES TRANSACTIONS AND BALANCES, BY THE ASSIGNMENT OF ALL-CUSTOMER ACCOUNTS TO A U.S. CLEARING FIRM. THE FIRM'S SYSTEMS IMPROPERLY NETTED TRANSACTIONS AND BALANCES BETWEEN INTERCOMPANY SECURITIES AND NON-SECURITIES-RELATED ACCOUNTS FOR PURPOSES OF COMPUTING NET CAPITAL. [CONTINUED IN COMMENT]

**Initiated By:** FINRA

**Date Initiated:** 05/09/2013

**Docket/Case Number:** [2011027999001](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/09/2013

**Sanctions Ordered:** Censure  
Monetary/Fine \$75,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$75,000.

**Firm Statement** ALLEGATIONS CONTINUED: A REVIEW OF THE FIRM'S RECEIVABLES FROM AFFILIATES DISCLOSED THAT THE FIRM NETTED TWO SEPARATE BANK LOANS. SPECIFICALLY, THE RELEVANT LOAN AGREEMENTS SHOW THAT THE FIRM, LENT \$146,100,000 TO THE PARENT'S NEW YORK AFFILIATE AND IN A SEPARATE AGREEMENT THE FIRM BORROWED \$60,317,046 FROM ITS PARENT. THESE TWO SEPARATE LOANS ARE SUBSTANTIATED BY TWO DIFFERENT LOAN AGREEMENTS CONTAINING, INTER ALIA, DIFFERENT NOMINAL AMOUNTS, MATURITY DATES, AND INTEREST RATES. THERE IS NO NETTING AGREEMENT IN PLACE TO RECONCILE THESE LOANS. THEREFORE, THE FIRM IMPROPERLY NETTED A BANK LOAN PAYABLE FROM ONE AFFILIATE WITH ANOTHER BANK LOAN RECEIVABLE FROM A DIFFERENT AFFILIATE. THIS RESULTED IN THE FIRM UNDERSTATING ITS NON-ALLOWABLE ASSETS AND LIABILITIES ON ITS BALANCE SHEET BY \$60,317,046. AS A RESULT, THE FIRM'S EXCESS NET CAPTIAL WAS



REDUCED FROM \$197,284,823 TO \$136,967,777. THE FIRM MAINTAINED INACCURATE NET CAPITAL RECORDS AND FILED ERRONEOUS FOCUS REPORTS WITH FINRA.

#### Disclosure 4 of 9

|   |  |
|---|--|
| <b>Reporting Source:</b>  | Regulator  |
| <b>Current Status:</b>  | Final  |
| <b>Allegations:</b>   | FINRA RULES 2010, 7450(A), NASD RULES 2110, 3010, 6955(A) - NATIONAL BANK OF CANADA FINANCIAL INC. FAILED TO TRANSMIT ALL OF ITS ROUTE REPORTS TO THE ORDER AUDIT TRAIL SYSTEM (OATS) FOR ONE OF ITS MARKET PARTICIPANT IDS (MPID) THAT IT WAS REQUIRED TO REPORT ON NUMEROUS BUSINESS DAYS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING OATS REPORTING. |
| <b>Initiated By:</b>  | FINRA  |
| <b>Date Initiated:</b>  | 08/29/2012   |
| <b>Docket/Case Number:</b>  | <a href="#">2009018947301</a>  |
| <b>Principal Product Type:</b>  | No Product   |
| <b>Other Product Type(s):</b>   |  |
| <b>Principal Sanction(s)/Relief Sought:</b>   |  |
| <b>Other Sanction(s)/Relief Sought:</b>   |  |
| <b>Resolution:</b>  | Acceptance, Waiver & Consent(AWC)  |
| <b>Resolution Date:</b>   | 08/29/2012   |
| <b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b> | No   |
| <b>Sanctions Ordered:</b>   | Censure<br>Monetary/Fine \$30,000.00   |
| <b>Other Sanctions Ordered:</b>   | UNDERTAKING  |
| <b>Sanction Details:</b>  | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED  |



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;  
 THEREFORE, THE FIRM IS CENSURED, FINED \$30,000 AND REQUIRED TO  
 REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING OATS  
 REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY  
 THE NAC. FINE PAID IN FULL ON SEPTEMBER 17, 2012.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** FINRA RULES 2010, 7450(A), NASD RULES 2110, 3010, 6955(A) - NATIONAL BANK OF CANADA FINANCIAL INC. FAILED TO TRANSMIT ALL OF ITS ROUTE REPORTS TOT HE ORDER AUDIT TRAIL SYSTEM (OATS) FOR ONE OF ITS MARKET PARTICIPANT IDS (NBDT) THAT IT WAS REQUIRED TO REPORT ON NUMEROUS BUSINESS DAYS. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA RULES CONCERNING OATS REPORTING.

**Initiated By:** FINRA

**Date Initiated:** 08/29/2012

**Docket/Case Number:** [2009018947301](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 08/29/2012

**Sanctions Ordered:** Censure  
Monetary/Fine \$30,000.00

**Other Sanctions Ordered:** UNDERTAKING

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS;  
 THEREFORE, THE FIRM IS CENSURED, FINED \$30,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING OATS REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.



## Disclosure 5 of 9

|   |   |
|---|---|
| <b>Reporting Source:</b>  | Regulator   |
| <b>Current Status:</b>  | Final   |
| <b>Allegations:</b>   | NASD RULES 2110, 4632(A) - NATIONAL BANK OF CANADA FINANCIAL, INC. FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE NASD/NASDAQ TRADE REPORTING FACILITY (NNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM'S CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES. |
| <b>Initiated By:</b>  | FINRA   |
| <b>Date Initiated:</b>  | 04/06/2009  |
| <b>Docket/Case Number:</b>  | 2008014174901   |
| <b>Principal Product Type:</b>  | Other   |
| <b>Other Product Type(s):</b>   | DESIGNATED SECURITIES   |
| <b>Principal Sanction(s)/Relief Sought:</b>   |   |
| <b>Other Sanction(s)/Relief Sought:</b>   |   |
| <b>Resolution:</b>  | Acceptance, Waiver & Consent(AWC)   |
| <b>Resolution Date:</b>   | 04/06/2009  |
| <b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b> | No  |
| <b>Sanctions Ordered:</b>   | Censure<br>Monetary/Fine \$7,500.00   |
| <b>Other Sanctions Ordered:</b>   |   |
| <b>Sanction Details:</b>  | WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.   |



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 211-, (4632(A) - NATIONAL BANK OF CANADA FINANCIAL INC. FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT TO THE NASD/NASDAQ TRADE REPORTING FACILITY (NNTRF) LAST SALE REPORTS OF TRANSACTIONS IN DESIGNATED SECURITIES. THE FIRM'S CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES.

**Initiated By:** FINRA

**Date Initiated:** 04/06/2009

**Docket/Case Number:** 200814174901

**Principal Product Type:** Other

**Other Product Type(s):** DESIGNATED SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/06/2009

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED &7,500.

#### Disclosure 6 of 9

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 6230(A), 6230(B), 6230(E) - NATIONAL BANK OF CANADA FINANCIAL, INC. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FIRM'S CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING



WITHOUT EXCEPTIONAL CIRCUMSTANCES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS REQUIRED TO REPORT AND REPORTED TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS NOT REQUIRED.

**Initiated By:** FINRA  
**Date Initiated:** 04/06/2009  
**Docket/Case Number:** 2007010311201  
**Principal Product Type:** Other  
**Other Product Type(s):** TRACE-ELIGIBLE SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/06/2009

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
 Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 6230(A), 6230(B), 6230(E) - NATIONAL BANK OF CANADA FINANCIAL INC. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FIRM'S CONDUCT CONSTITUTES A PATTERN OR PRACTICE OF LATE REPORTING



WITHOUT EXCEPTIONAL CIRCUMSTANCES. THE FIRM FAILED TO REPORT TO TRACE TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS REQUIRED TO REPORT AND REPORTED TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES IT WAS NOT REQUIRED.

**Initiated By:** FINRA  
**Date Initiated:** 04/06/2009  
**Docket/Case Number:** 2007010311201  
**Principal Product Type:** Other  
**Other Product Type(s):** TRACE-ELIGIBLE SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 04/06/2009  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$7,500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRMS IS CENSURED AND FINED \$7,500.

#### Disclosure 7 of 9

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** NASD RULE 3360 - NATIONAL BANK OF CANADA FINANCIAL, INC. FAILED TO REPORT ITS SHORT INTEREST POSITIONS TO FINRA FOR SEVERAL MONTHS.  
**Initiated By:** FINRA  
**Date Initiated:** 09/08/2008  
**Docket/Case Number:** [2005001700701](#)  
**Principal Product Type:** No Product  
**Other Product Type(s):**



**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/08/2008

**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No

**Sanctions Ordered:** Censure  
Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$15,000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULE 3360 - NATIONAL BANK OF CANADA FINANCIAL INC. FAILED TO REPORT ITS SHORT INTEREST POSITIONS FOR SEVERAL MONTHS.

**Initiated By:** FINRA

**Date Initiated:** 09/08/2008

**Docket/Case Number:** [2005001700701](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/08/2008





|                                 |   |
|---------------------------------|---|
| <b>Sanctions Ordered:</b>       | Censure<br>Monetary/Fine \$15,000.00  |
| <b>Other Sanctions Ordered:</b> |   |
| <b>Sanction Details:</b>        | FINED \$15,000.00   |
| <b>Firm Statement</b>           | WITHOUT ADMITTING OR DENYING THE FINDINGS, NATIONAL BANK OF CANADA FINANCIAL INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$15,000. |

#### Disclosure 8 of 9

|   |  |
|---|--|
| <b>Reporting Source:</b>                    | Regulator  |
| <b>Current Status:</b>                      | Final  |
| <b>Allegations:</b>                         | NASD MEMBERSHIP AND REGISTRATION RULES 1021(A) AND 1032(F), AND NASD CONDUCT RULE 2110 - RESPONDENT PUTNAM LOVELL NBF SECURITIES INC., ACTING THROUGH AN EMPLOYEE, PERMITTED TWO INDIVIDUALS TO ACT IN SUPERVISORY CAPACITIES THAT REQUIRED REGISTRATION AS EQUITY TRADERS WITHOUT FIRST BEING REGISTERED AS EQUITY TRADERS. IN ADDITION, RESPONDENT FIRM, ACTING THROUGH AN EMPLOYEE, ALLOWED ONE ANOTHER INDIVIDUAL TO PERFORM SUPERVISORY FUNCTIONS, WHILE HE WAS NOT REGISTERED AS A GENERAL SECURITIES PRINCIPAL. |
| <b>Initiated By:</b>                        | NASD   |
| <b>Date Initiated:</b>                      | 10/25/2004   |
| <b>Docket/Case Number:</b>                  | C10040107  |
| <b>Principal Product Type:</b>              | No Product   |
| <b>Other Product Type(s):</b>               |  |
| <b>Principal Sanction(s)/Relief Sought:</b> |  |
| <b>Other Sanction(s)/Relief Sought:</b>     |  |
| <b>Resolution:</b>                          | Acceptance, Waiver & Consent(AWC)  |
| <b>Resolution Date:</b>                     | 10/25/2004   |



**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?**

No

**Sanctions Ordered:**

Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$2,500, AND ADDITIONALLY FINED \$5,000, JOINTLY AND SEVERALLY.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

PUTNAM LOVELL NBF SECURITIES INC., ACTING THROUGH AN EMPLOYEE, PERMITTED TWO INDIVIDUALS TO ACT IN SUPERVISORY CAPACITIES THAT REQUIRED REGISTRATION AS EQUITY TRADERS WITHOUT FIRST BEING REGISTERED AS EQUITY TRADERS. IN ADDITION, THE FIRM, ACTING THROUGH AN EMPLOYEE, ALLOWED ANOTHER INDIVIDUAL TO PERFORM SUPERVISORY FUNCTIONS WHILE HE WAS NOT REGISTERED AS A GENERAL SECURITIES PRINCIPAL.

**Initiated By:**

NASD

**Date Initiated:**

10/25/2004

**Docket/Case Number:**

C10040107

**Principal Product Type:**

No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

Other

**Other Sanction(s)/Relief Sought:**

MONETARY/FINE AND CENSURE.

**Resolution:**

Acceptance, Waiver & Consent(AWC)

**Resolution Date:**

10/25/2004

**Sanctions Ordered:**

Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED AND FINED \$2,500.00 AND ADDITIONALLY FINED \$5,000.00, JOINTLY AND SEVERALLY.

**Disclosure 9 of 9**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SELLING SECURITIES TO OHIO RESIDENTS PRIOR TO BECOMING LICENSED IN OHIO

**Initiated By:** OHIO DIVISION OF SECURITIES

**Date Initiated:** 08/14/1998

**Docket/Case Number:** 98-330, 00-019

**URL for Regulatory Action:**

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 02/04/2000

**Sanctions Ordered:** Cease and Desist/Injunction

**Other Sanctions Ordered:** CEASE AND DESIST/CONSENT AGREEMENT

**Sanction Details:** CONSENT AGREEMENT

**Regulator Statement** A CEASE AND DESIST ORDER WAS ISSUED TO PUTNAM LOVELL DEGUARDIOLA & THORNTON ON FEBRUARY 4, 2000, FOR SELLING SECURITIES TO OHIO RESIDENTS PRIOR TO BECOMING LICENSED AS A DEALER IN OHIO. PUTNAM LOVELL ENTERED INTO A CONSENT AGREEMENT, SUBMITTED AN UNDERTAKING, AND OFFERED RESCISSION TO AFFECTED OHIO INVESTORS. THE ORDER DOES NOT PREVENT PUTNAM LOVELL FROM BECOMING LICENSED AS A DEALER IN OHIO. PUTNAM LOVELL WAS LICENSED IN OHIO ON FEBRUARY 7, 2000.



**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** SELLING SECURITIES TO AN INSTITUTIONAL OHIO RESIDENT PRIOR TO BECOMING LICENSED IN OHIO  
**Initiated By:** OHIO DIVISION OF SECURITIES  
**Date Initiated:** 08/14/1998  
**Docket/Case Number:** 98-330, 00-019  
**Principal Product Type:** Equity Listed (Common & Preferred Stock)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Cease and Desist  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Consent  
**Resolution Date:** 02/04/2000  
**Sanctions Ordered:** Cease and Desist/Injunction  
**Other Sanctions Ordered:** CEASE AND DESIST/CONSENT AGREEMENT  
**Sanction Details:** CONSENT AGREEMENT  
**Firm Statement** A CEASE AND DESIST ORDER WAS ISSUED TO PUTNAM LOVELL DE GUARDIOLA Y THORNTON ON FEBRUARY 4, 2000, FOR SELLEING SECURITIES TO OHIO RESIDENTS PRIOR TO BECOMING LICENSED AS A DEALER IN OHIO. PUTNAM LOVELL ENTERED INTO A CONSENT AGREEMENT, SUBMITTED AN UNDERTAKING, AND OFFERED RESCISSION TO AFFECTED INSTITUTIONAL OHIO INVESTORS. THE ORDER DOES NOT PREVENT PUTNAM LOVELL FROM BECOMING LICENSED AS A DEALER IN OHIO. PUTNAM LOVELL WAS LICENSED IN OHIO ON FEBRUARY 7, 2000.

## End of Report



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