

Re National Bank Financial

IN THE MATTER OF:

**The Investment Dealer and Partially Consolidated Rules and the
Dealer Member Rules**

and

National Bank Financial Inc.

2026 CIRO 09

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: March 3, 2026 in Toronto, Ontario, via videoconference

Decision: March 3, 2026

Reasons for Decision: March 18, 2026

Hearing Panel:

Barry Bresner, Chair, Guenther Kleberg and Christopher Hill

Appearances:

Jennie Brodski, Enforcement Counsel

John Fabello and Colette Koopman, for National Bank Financial Inc.

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT AGREEMENT

INTRODUCTION

[1] This hearing was held pursuant to Sections 8215 (Settlements and Settlement Hearings) and 8428 (Settlement Hearings) of the Investment Dealer and Partially Consolidated Rules (the **IDPC Rules**) to consider whether to accept a settlement agreement negotiated between Enforcement Staff (**Staff**) of the Canadian Investment Regulatory Organization (CIRO) and National Bank Financial Inc. (**NBF** or the **Respondent**), dated February 17, 2026 (the **Settlement Agreement**). A copy of the Settlement Agreement is attached as Appendix A to these Reasons. Part III of the Settlement Agreement recites the facts agreed to by the parties (the **Agreed Facts**)¹. The Agreed Facts are incorporated in and form part of these Reasons.

¹ Pursuant to Subsection 8428(6) of the IDPC Rules, the only facts disclosed to and to be considered by a hearing panel are the facts contained in the Settlement Agreement and such additional facts as may be disclosed with the consent of all parties. As noted in these Reasons, additional facts were disclosed at the hearing (the **Additional Facts**).

[2] The Respondent admitted that, between April 2021 and August 2022, it failed to adequately supervise the trading activity of its Registered Representative Matthew Philip Ewing (Ewing) with respect to note-taking and suitability, as detailed below, contrary to Dealer Member Rules 38.1 and 2500 (prior to January 1, 2022) and IDPC Rule 3900 (after January 1, 2022).

[3] The sanctions agreed to in the Settlement Agreement were:

- (i) a fine of \$1,000,000; and
- (ii) costs of \$50,000.

[4] At the conclusion of the hearing, after due consideration of the Agreed Facts, the Additional Facts, the submissions of the parties and the Sanction Guidelines, the Panel concluded that the Settlement Agreement was in the public interest and accepted it, with Reasons to follow. These are those Reasons.

OVERVIEW

[5] The detailed facts are set out in Part III of the Settlement Agreement and the Additional Facts were provided, in response to questions asked by the Hearing Panel, with the consent of the parties². For present purposes, the material facts can be briefly summarized as follows:

- a) Prior to joining NBF in March 2021, Ewing had been a Registered Representative (**RR**) with BMO Nesbitt Burns from 2011 to 2018 and then with RBC Dominion Securities (**RBCDS**) where he had been under internal supervision between September 2020 and January 2021. Ewing was suspended by NBF on October 21, 2022, and his employment was terminated on November 18, 2022. He has not been registered in any capacity since his termination.
- b) Upon hiring Ewing, NBF sought and obtained explanations which it deemed reasonable regarding the circumstances under which Ewing was placed under supervision at RBCDS and became the subject of a CIRO investigation opened in August 2021 regarding his practices at RBCDS, including allegations of unauthorized discretionary trading. CIRO advised NBF of that investigation on August 12, 2021.
- c) Most of Ewing's clients at RBCDS transferred their investment accounts to NBF in March 2021. None of the accounts were approved as discretionary accounts and Ewing was not registered or qualified as a Portfolio Manager. At the time, Ewing advised NBF that significant adjustments would be required to align the transferred accounts with NBF's framework, given the volatility of the prevailing market conditions. A very high volume of trading ensued.
- d) In April 2021, the first month after the transfers, Ewing and his associate averaged 267 trades per day. Between May and December 2021, Ewing exceeded

² The Additional Facts provided by the parties at the request of the Hearing Panel were (i) in the Penalty Decision and Reasons in *Re Ewing*, 2026 CIRO 01, the CIRO Hearing Panel had identified 3 alleged contraventions but did not identify Ewing's employer at the material times. This Hearing Panel was advised that contraventions 1 and 3, the alleged falsification of portfolio overview documents and discretionary trading without authorization by Ewing, occurred during his employment as an RR with NBF. Contravention 2, Ewing's personal financial dealings with clients, involved 2 clients of NBF and 4 clients of his former employer; and (ii) the Hearing Panel was advised of the amount of the compensation paid by NBF to 28 clients as mentioned in para. 47 of the Settlement Agreement.

200 trades on 8 separate trading days. NBF questioned Ewing regarding the high trading volumes and the quality of his note-taking to record client instructions. NBF admitted that it did not sufficiently question the transactions and did not seek further explanations for missing notes relating to the transactions. The inadequacy of NBF's supervision is highlighted by its questioning Ewing regarding the 5887 trades listed in the April 2021 trade volume report. NBF only asked Ewing for the notes relating to 12 of those trades and the notes provided by Ewing for those 12 transactions were inadequate.

- e) It was agreed by the parties that the small sample size, the inadequacy of the notes reviewed by NBF and the explanations provided by Ewing should have raised red flags and caused NBF to compel the production of notes confirming client instructions. Rather, NBF relied on Ewing's explanations, which were subsequently discovered to be inaccurate or factually incorrect.
- f) Upon NBF being advised of CIRO's investigation into Ewing's conduct at RBCDS, including allegations of discretionary trading, NBF conducted a more thorough review of Ewing's trade volume reports and noted that there were no notes for 49% of Ewing's June trades and 17% of his July trades. Ewing never provided the missing notes, but NBF ended its inquiry without further action other than holding a meeting on October 24, 2021, with Ewing and his team to address the note-taking issue.
- g) NBF noted from the December 2021 trade volume report that Ewing's notes had continued to be inadequate. On January 31, 2022, NBF requested explanations for certain December trades. Ewing only provided partial responses on June 14 and September 29, 2022. He never provided a full response.
- h) In light of the obvious red flags, NBF failed to take adequate steps to investigate Ewing's high volume of trades in order to confirm that client instructions had been received for each of those trades.
- i) NBF also failed to adequately supervise Ewing with regard to the suitability of concentrated positions in high-risk technology securities for certain clients. On December 7, 2021, NBF noted that almost 35% of Ewing's book was invested in six high-risk securities and that, in some cases, the client's equity component outweighed NBF's permitted equity percentage for their chosen investment profile. Ewing advised NBF that the clients were aware that there was a rebalancing of their portfolios, but that rebalancing did not occur, and he failed to substantively address the issue. Comfort letters sent to clients in 2021 and 2022 and confirmation letters sent in December 2021, did not result in any negative responses. It was agreed that NBF ought to have taken more timely and further steps to address the apparent suitability issues.
- j) NBF noted that a high proportion of Ewing's clients made use of margin debt. The month-end margin report for April 2021 listed 61 Ewing clients using margin. By November 2021, that number had increased to 101. There were 251 margin calls over 16 days of August 2021 and 260 margin calls over 17 days of November 2021. NBF did not take any appropriate action to analyze the account profiles or client holdings. It was only on December 7, 2021, that NBF documented concerns that Ewing had more clients using margin than any other NBF advisor and questioned Ewing regarding clients who were using significant margin and clients

over age 60 who were using margin. NBF gave him 10 days to respond, but he did not provide the requested information.

- k) On December 8, 2021, NBF implemented a formal Action Plan requiring Ewing to reduce all margin usage to zero by May 30, 2022, with a minimum monthly reduction of 17%. Also, Regional Manager approval was required for any clients who wished to maintain margin. However, Ewing continued to use margin without documented approval. There was a reduction of almost 50% of the margin balances in January 2022, but the reductions slowed thereafter and Ewing missed the deadline of May 30, 2022. NBF extended that deadline to August 31, 2022, but seven margin accounts with outstanding balances of \$3.5 million remained as of the extended deadline.

ANALYSIS

[6] The role of a hearing panel in a settlement hearing, as defined in Subsection 8215(5) of the IDPC Rules, is to either accept or reject a proposed settlement. The principles applicable to that determination are well-established. As stated in the oft-cited decision of *Milewski (Re)*³, the hearing panel must be satisfied that the sanctions agreed to in a settlement agreement are “within a reasonable range of appropriateness” and a settlement should not be rejected unless the panel views the penalty as clearly falling outside of that range.

[7] Hearing panels have consistently recognized that reasonable settlements serve the public interest by resolving disputes more quickly and less expensively and by freeing up system resources for other matters.⁴ Settlements are the result of negotiation and compromise between the parties who are in the best position to address the issues, and it is not the role of the hearing panel to second-guess the parties. As stated in *Donnelly (Re)*:

“It is usually in the public interest that matters be settled where possible rather than be determined through contested hearings. The reasons for this are often that an earlier determination of a dispute is better than a later determination. Settlements are usually less expensive than contested litigation, and there is less congestion in the dispute settling system when matters are taken out of the system through settlements. Finally, where both parties agree, the result is often more palatable to the parties and society than in a contested hearing where the winner takes all.

For these reasons, a panel considering the acceptance of a settlement agreement will try to reach a determination of acceptance. It will recognize that settlements are often hotly debated with much compromise and give-and-take between the parties in order to reach an acceptable position agreeable to both parties. Furthermore, the panel will recognize that it is not privy to all the facts and the motivation and considerations that each of the parties have in coming to a solution of the dispute that is agreeable to them”.⁵

[8] Counsel for NBF advised that the Settlement Agreement was the result of very challenging negotiations and reflects a high degree of compromise. The Hearing Panel has no doubt that was the case and that, therefore, the quoted extract from *Donnelly (Re)* is of particular relevance to our consideration of the reasonableness of the proposed settlement.

³ [1999] I.D.A.C.D. No. 17

⁴ *Donnelly (Re)*, 2016 IIROC 23

⁵ *Ibid*, paras. 7, 8

[9] In assessing the fairness and reasonableness of the sanctions agreed to in the Settlement Agreement, the Panel also considered the CISO Sanction Guidelines (the **Sanction Guidelines**), which provide the general principles applicable to all disciplinary and settlement proceedings (Part I) and the key factors commonly taken into consideration (Part II). The Sanction Guidelines are designed to promote consistency, fairness and transparency in the disposition of such proceedings, but recognize that the determination of the reasonableness of a sanction in one set of circumstances may lead to a different conclusion in other circumstances.

[10] The formulation of an appropriate sanction requires a balancing of the relevant mitigating and aggravating factors and a consideration of the sanctions imposed in analogous prior decisions, if any. In the present matter, the relevant factors are as follows:

Mitigating Factors

- NBF has recognized and admitted the inadequacy of its supervision of Ewing's activities.
- Ewing actively misled NBF. NBF relied upon Ewing's explanations and assumed that his actions were *bona fide*. NBF only subsequently learned that some of Ewing's representations and explanations were false and that it had been deceived by Ewing repeatedly in the supervision process. As noted in *Ewing (Re)*⁶, Ewing's use of personal email to communicate with clients obscured his conduct such that "the Dealer Member firm was unable to supervise the Respondent's conduct" and his conduct rendered NBF's supervision "ineffective".
- NBF has compensated 28 of the clients affected by Ewing's conduct. The Agreed Facts disclosed that those clients had been compensated but did not include the amount that had been paid to them by NBF. While a fine of \$1,000,000 is substantial, the Panel sought additional contextual information in order to properly assess the reasonableness of that proposed penalty. On consent of the parties, NBF advised the Panel of the global amount paid to those clients. For present purposes, it suffices to note that the amount of compensation was very substantial and supported a finding that the proposed fine is reasonable in the circumstances.
- Since the termination of Ewing's employment, NBF has expended significant time, effort and resources to review and enhance its supervision. It has implemented compliance measures to address the deficiencies which could have contributed to the failure to appropriately supervise Ewing, including the measures detailed in paragraph 48 of the Agreed Facts.

Aggravating Factors

- NBF failed to adequately investigate the red flags raised by Ewing's conduct. As noted in the Agreed Facts, the sheer volume of trades raised a concern that Ewing might have failed to obtain instructions for each of those trades and the "small sample size, the inadequacy of the notes reviewed and Ewing's explanation should have raised further red flags" triggering a more extensive investigation.
- Having noted suitability issues and excessive margin use by Ewing's clients, NBF failed to take timely and adequate action to address those concerns.

⁶ 2026 CISO 01 at para.38 and 50

[11] The Sanction Guidelines require the hearing panel to consider the sanctions imposed in similar circumstances in other cases. While there are prior decisions which have considered the appropriate sanction for supervisory failures, each case turns on its own unique circumstances. For example, in *Liu and BMO (Re)*⁷ the approved settlement with BMO included a fine of \$1,500,000 plus \$50,000 in costs. In addition, the hearing panel noted that BMO had paid over \$27 million in compensation to 12 clients. In *Laurentian Bank Securities Inc. (Re)*⁸, the failure to implement and maintain an adequate trading supervision system resulted in a fine of \$250,000 and costs of \$25,000. In short, the factual differences between the cases results in a wide range of penalties which can be considered as being reasonable in the particular circumstances. The Panel also notes that the penalty imposed on Ewing included a 10-year suspension from registration in any capacity, a fine of \$75,000 and costs of \$50,000⁹.

[12] In considering the reasonableness of a proposed settlement, a fundamental concern is the need to protect the public interest by restraining future conduct that might harm the capital markets by providing sanctions which are significant enough to deter future misconduct by the respondent (specific deterrence) and others (general deterrence).

[13] In the present matter, the inadequacy of NBF's Tier 1 and Tier 2 supervision of Ewing warrants a significant sanction that reflects the seriousness of its conduct, but tempered by the mitigating factors, including the improvements to its supervisory system and the substantial compensation paid to the clients. The compensation paid by NBF was very substantial, but far less than the over \$27 million paid by BMO in *Liu and BMO (Re)*. That is a relevant factor in comparing the \$1,000,000 fine in this matter to the \$1,500,000 fine paid by BMO. Considering the totality of the circumstances, the proposed sanctions are substantial and satisfy the goals of specific and general deterrence.

[14] Having considered the mitigating and aggravating factors, the Sanction Guidelines and prior decisions, we are satisfied that the sanction sits comfortably within the reasonable range of appropriateness.

CONCLUSION

[15] For the reasons stated above, the Panel accepted the Settlement Agreement.

DATED at Toronto, Ontario this 18 day of March 2026.

"Barry Bresner"

Barry Bresner, Chair

"Guenther Kleberg"

Guenther Kleberg

"Christopher Hill"

Christopher Hill

⁷ 2024 CIRO 46.

⁸ 2020 IIROC 24

⁹ *Ewing (Re)*, supra at para. 61

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Canadian Investment
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Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES
AND THE DEALER MEMBER RULES
AND
NATIONAL BANK FINANCIAL**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization (“CIRO”) will issue a Notice of Application to announce a settlement hearing pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (the “Investment Dealer Rules”) to consider whether a hearing panel should accept this Settlement Agreement between Enforcement Staff and National Bank Financial (the “Respondent” or “NBF”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement Staff and the Respondent jointly recommend that the hearing panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Overview and Registrant Background

4. This case relates to NBF’s failure to adequately supervise the trading activity of registered representative Matthew Philip Ewing (“Ewing”) between April 2021 and August 2022, by not adequately pursuing red flags concerning (a) deficiencies in note-taking in light of Ewing’s high trade volume between April and December 2021 and (b) suitability issues, including elevated margin levels and unsuitable trading in certain client accounts, between January and August 2022.

5. Ewing was registered as an RR beginning in May 2011. First with BMO Nesbitt Burns until May 2018, then with RBC Dominion Securities Inc (“RBCDS”), where he was under internal supervision between September 2020 and January 2021.
6. Ewing was hired at NBF in March 2021 and remained employed for a year and a half until he was suspended on October 21, 2022, and then terminated on November 18, 2022.
7. NBF sought explanations from Ewing regarding his conduct at RBCDS upon hiring him and during his employment, including: (i) the circumstances under which he was placed under supervision at RBCDS; and (ii) a formal investigation opened by CIRO in August of 2021 regarding Ewing’s practices at RBCDS. Ewing provided NBF with explanations which NBF deemed reasonable in each instance.
8. At all relevant times, NBF relied upon Ewing’s explanations and assumed that his actions were *bona fide*, with regards to his prior conduct and as to his practices at NBF.
9. However, Ewing actively misled NBF. When NBF became aware of indications that Ewing had misrepresented information, it suspended him and ultimately terminated his employment.
10. In decisions dated July 31, 2025 and January 15, 2026, a CIRO Hearing Panel found that Ewing had deceived NBF and its clients and Ewing’s deception caused NBF’s supervision to be ineffective.
11. Ewing has not been registered in the industry since his termination from NBF.

Supervision of Ewing’s Note Taking

Trade Volume between April and December 2021

12. Ewing was not registered or qualified as a portfolio manager. None of the client accounts for which he was RR of record were approved as discretionary accounts by NBF.
13. During the hiring process, Ewing represented to NBF that he used model portfolios tailored to investment profiles, and that all trades were approved by clients after he contacted them with recommendations.

14. Upon being hired by NBF in March 2021, most of Ewing's clients at RBCDS chose to transfer their investment accounts to NBF.
15. These accounts arrived invested in securities and, in some cases, carrying margin debt. Ewing informed NBF that significant adjustments were required to align these transferred accounts with NBF's framework, particularly given the volatile market conditions at the time.
16. As a result, in April 2021—the first month following the transfers—Ewing generated a very high volume of trading activity. Ewing and his associate, Philip Soares ("Soares"), averaged 267 trades per day. Between May and December 2021, Ewing had eight separate trading days exceeding 200 trades.
17. The volume of activity was a red flag regarding whether Ewing obtained instructions for each of these trades.

NBF's Supervision of Ewing's Note Taking

18. Between April 2021 and December 2021, NBF conducted daily trade reviews and questioned Ewing on a number of topics, including the high volume of trading and the quality of his note taking to record client instructions. A sample of the trades/notes were reviewed and NBF questioned Ewing regarding those.
19. NBF did not sufficiently question the targeted transactions to identify potential discretionary trades, nor did they seek further explanations as to missing notes relating to the transactions. NBF further relied on Ewing's responses, which were later discovered to be inaccurate or factually incorrect.
20. For example, the April 2021 trade volume report listed 5887 trades. However, NBF asked Ewing for notes for only twelve (12) of the 5887 trades.
21. Furthermore, monthly meeting agenda minutes for the month of April 2021 referred to Ewing only executing 889 trades during that month, a number which came from a report that was filtered to nine days in April 2021.
22. The twelve (12) April 2021 notes reviewed were inadequate, and Ewing represented to NBF that each morning: he opened dozens of windows on his laptop and would enter the trade

details he wanted to execute, without sending the trade; he would then call the clients to give his recommendations; if they agreed, he or his associate Soares would simply have to hit “send” on all the trade windows.

23. The small sample size, the inadequacy of the notes reviewed and Ewing’s explanation should have raised further red flags, and caused NBF to insist upon Ewing producing client notes confirming client instructions. NBF did not do so.

Events Following CIRO Notice and Subsequent Compliance Measures

24. On August 12, 2021, IIROC (now CIRO) notified NBF that an investigation was opened against Ewing for allegations including discretionary trading.
25. As a result, NBF conducted a more thorough review of trade volume reports for Ewing covering June and July. The results showed that 49% of Ewing’s June trades reviewed did not have notes and 17% of Ewing’s July trades reviewed did not have notes.
26. On August 30, 2021, NBF sent an inquiry to Ewing based on thirteen (13) trades selected from the July 2021 report, twelve (12) of which did not have notes. Ewing did not produce the missing notes, nor any other missing notes for June or July 2021. Nevertheless, the inquiry was closed.
27. In light of the results, NBF organized a note taking meeting with Ewing and his team on October 24, 2021, in order to address this issue and promote best practices.
28. However, Ewing’s notes continued to be inadequate, as NBF noted from the December 2021 trade volume report.
29. On January 31, 2022, Ewing was asked for explanations regarding certain December trades. Ewing did not respond to the request, and NBF only followed up with him on March 7, 2022. Partial answers were not received until June 14, and September 29, 2022. Ewing never providing a full answer.

Supervision of Suitability & Margin Use

Supervision of Apparent Unsuitable Trading

30. A high proportion of Ewing's clients had concentrated positions in higher risk technology securities, and for a limited number of clients, these holdings were inconsistent with their stated account objectives.
31. On December 7, 2021, NBF noted that almost 35% of Ewing's book was invested in six high-risk securities, some of which had been negatively impacted by the highly volatile market conditions which occurred since Ewing's hiring in April 2021, and that a high number of client accounts held at least one of these higher risk securities : Intercept Pharma, Luckin Coffee Inc, Root Inc, Skillz Inc, Baidu Inc, Jumia Technologies.
32. In addition, some of Ewing's clients' equity component outweighed the firm's allowed equity percentage for their chosen investment profile.
33. NBF sent queries to prompt Ewing to address these suitability concerns. Ewing generally responded that the clients were aware that rebalancing was occurring, but in fact it did not occur, and he failed to substantively address the situation, sometimes for over nine months.
34. NBF sent a total of 21 comfort letters to Ewing's clients regarding concentration issues between September 2021 and September 2022, none of which led to clients contacting NBF.
35. NBF also sent 21 confirmation letters to Ewing's clients on December 7, 2021, and received 5 answers from clients indicating that they were fully satisfied with Ewing's services.
36. In this situation, NBF should have taken more timely and further steps to obtain proper and complete information from Ewing, in order to address apparent suitability issues.

Supervision of Excessive Margin Use

37. Upon being hired by NBF in March 2021, most of Ewing's clients at RBCDS chose to transfer their investment accounts at NBF. A lot of these accounts arrived with margin debt, which was increased by volatile market conditions in the months following his arrival.

38. The month-end margin report for April 2021 listed 61 of Ewing's client accounts using margin; by November 2021, this number had grown to 101. Margin activity included 251 margin calls in 16 days in August 2021 and 260 margin calls in 17 days in November 2021.
39. Furthermore, Ewing's margin usage remained relatively consistent from April to November 2021, yet no action was taken until December 2021. Despite some NBF personnel being aware of the number of margin calls occurring in Ewing's clients' accounts, no appropriate action was taken by NBF to analyze Ewing's account profiles or client holdings to address the issue.
40. On December 7, 2021, NBF documented concerns that Ewing had more clients using margin than any other NBF advisor, and requested explanations from Ewing for some clients using significant margin or over age 60 and using margin, giving him ten days to respond. Ewing did not provide the requested information, and no additional supervisory measures apart from the below Action Plan were imposed.
41. On December 8, 2021, NBF implemented a formal Action Plan requiring Ewing to reduce all margin usage.
42. The Action Plan required reducing margin to zero by May 30, 2022, with a minimum monthly reduction of 17%. Clients wishing to maintain margin required Regional Manager approval. Ewing continued to use margin without documented approvals.
43. Margin balances decreased by nearly half in January 2022 but fluctuated afterwards, without significant additional reduction. Ewing did not meet the Action Plan deadline of May 31, 2022. NBF extended the deadline to August 31, 2022, but seven margin accounts still remained at that time, with outstanding balances totaling \$3.5 million.
44. On October 21, 2022, Ewing was suspended from NBF.

Additional Factors

45. Over the course of his employment with NBF, Ewing actively misled NBF. NBF relied upon Ewing's explanations and assumed that his actions were *bona fide*. NBF later discovered that Ewing's explanations and representations were false in certain cases, and that Ewing had deceived NBF repeatedly in the supervision process.

46. NBF ultimately implemented an Action Plan and suspended and then terminated Ewing.
47. In connection with the supervisory failings, 28 of the clients were impacted by Ewing's conduct and were compensated.
48. NBF has spent a significant amount of time, effort and resources to review and enhance its supervision following Ewing's employment. It has implemented compliance measures to try to avoid the deficiencies that could have contributed to the failure to appropriately supervise Ewing. These measures include but are not limited to the following:
 - (i) restructuring compliance roles so that Tier 1 supervisors now oversee all activities of their assigned IAs, with certain supervisory functions reassigned to a reinforced Tier 2 team, who is in charge of providing an additional layer of thematic oversight;
 - (ii) enhancing the supervision of margin use, including the creation of a Tier 2 role responsible for firm-wide monitoring of margin activity in non-managed accounts, participating in monthly meetings with the Credit team and acting as a resource on the issue for Tier 1 supervisors; and the creation of a Tier 2 role responsible for reviewing non-managed margin account openings.
 - (iii) improving global supervisory oversight, including standardizing documentation related to RR action plans and compliance meetings, the whole to ensure that any issues are identified, progressive escalation requirements are met and if not, actioned.
 - (iv) modifying advisor recruitment procedures, including enhanced due-diligence steps, a two-tier review process, and stricter escalation and approval mechanisms for recruits presenting residual risks.
 - (v) implementing heightened monitoring of new recruits.
 - (vi) creating technological tools to improve NBF visibility on specific topics, such as firm-wide margin usage and certain risk indicators such as client account suitability factors, margin usage and losses.

PART IV – CONTRAVENTIONS

49. By engaging in the conduct described above, the Respondent committed the following contravention of CIRO requirements:

Between April 2021 and August 2022, National Bank Financial failed to adequately supervise Ewing with respect to note-taking and suitability, contrary to Dealer Member Rules 38.1 and 2500 (prior to January 1, 2022), and Investment Dealer and Partially Consolidated Rule 3900 (after January 1, 2022).

PART V – TERMS OF SETTLEMENT

50. The Respondent agrees to the following sanctions and costs:

- (i) A fine of \$1,000,000; and
- (ii) Costs of \$50,000.

51. If this Settlement Agreement is accepted by the hearing panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

52. If the hearing panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent or its employees in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

53. If the hearing panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Investment Dealer Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

54. This Settlement Agreement is conditional on acceptance by the hearing panel.

55. This Settlement Agreement shall be presented to a hearing panel at a settlement hearing in accordance with sections 8215 and 8428 of the Investment Dealer Rules, in addition to any other procedures that may be agreed upon between the parties.
56. Enforcement Staff and the Respondent agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the hearing panel.
57. If the hearing panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules of CIRO and any applicable legislation to any further hearing, appeal and review.
58. If the hearing panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.
59. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the hearing panel.
60. This Settlement Agreement will become available to the public upon its acceptance by the hearing panel and CIRO will post a copy of this Settlement Agreement on the CIRO website. CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the hearing panel's written reasons for its decision to accept this Settlement Agreement.
61. If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.
62. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the hearing panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

63. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
64. An electronic copy of any signature will be treated as an original signature.

DATED this “17” day of “February”, 2026.

“Gabrielle Tremblay”
Witness

“David Gray”
Respondent
Per: David Gray, Senior Vice-
President, Legal Affairs
National Bank Financial Inc.

“Jennie Brodski”
Jennie Brodski
Enforcement Counsel on behalf of
Enforcement Staff of the
Canadian Investment Regulatory
Organization

The Settlement Agreement is hereby accepted this “3” day of “March”, 2026 by the following Hearing panel:

Per: “Barry Bresner”
Chair

Per: “Guenther Kleberg”
Industry Member

Per: “Christopher Hill”
Industry Member