

Schedule A

IN THE MATTER OF THE SECURITIES ACT

R.S.N.S.1989, C.418 as amended ("the Act")

and

IN THE MATTER OF NATIONAL BANK FINANCIAL LIMITED

and

ERIC CECIL HICKS

("the Respondents")

SETTLEMENT AGREEMENT

I INTRODUCTION

1. By Notice of Hearing dated the [date] (the "Notice of Hearing"), the Nova Scotia Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 135 and 135A of the Act, in the opinion of the Commission, it is in the public interest for the Commission:
 - a. to make an order pursuant to section 135(a) of the Act determining that the Respondents have contravened the Act or its regulations;
 - b. to make an order pursuant to section 135(b) that the Respondents should pay an administrative penalty in an amount to be determined by the Commission upon hearing Staff of the Commission; and
 - c. to make an order pursuant to section 135A of the Act that the Respondents should pay costs in connection with the Staff's investigation and conduct of the proceedings in an amount to be determined by the Commission upon hearing Staff of the Commission.

II JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceedings initiated in respect of the Respondents by the Notice of Hearing in accordance with the terms and conditions set out below. The Respondents agree to the settlement on the basis of the facts agreed to as hereinafter provided and the Respondents consent to the making of an Order in the form attached as Scheduled "A" on the basis of the facts set out below in respect to the violation of the Act.

Handwritten initials: H, R, P

3. This settlement agreement including the attached Schedule "A" (collectively the "Settlement Agreement"), will be released to the public only if and when the settlement is approved by the Commission.
4. The parties to this agreement acknowledge and agree that the facts and conclusions set out in Part III of this Settlement Agreement herein are for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondents or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceeding brought by staff of the Commission under the Act (subject to paragraph 14) or any civil or other proceeding which may be brought by any other person or agency. No other person or agency may raise or rely upon the terms of this Settlement Agreement or any agreement to the facts stated herein whether or not this Settlement Agreement is approved by the Commission.

III SETTLEMENT OF FACTS AND CONCLUSIONS

Acknowledgment

5. Staff and the Respondent agree with the facts and conclusions set out in Part III of the Settlement Agreement.

Introduction

6. NBFL has been registered with the Nova Scotia Securities Commission ("NSSC") since January 1, 1992. NBFL was also, during the Relevant Period, a Member of the Investment Dealers Association of Canada ("IDA"). NBFL has its head office located in Montreal, Quebec and during the Relevant Period, NBFL had a branch office located in Halifax, Nova Scotia (the "Branch Office").

Facts

7. Staff of the Commission ("Staff") and the Respondents admit the facts set out in the Statement of Allegations dated the _____ day of _____ 2005 and expressly incorporate those facts into this Settlement Agreement.

Conduct Contrary to the Public Interest

8. The Respondents acknowledge that during the Relevant Period they violated Nova Scotia securities law and engaged in conduct contrary to the public interest as set out in the Statement of Allegations.

IV Mitigating Factors

9. Staff acknowledges that the Respondents have co-operated fully and in an exemplary fashion with the Regulators throughout the regulatory investigation and have entered into this Settlement Agreement thereby saving the Regulators the expenditure of resources and time to hold hearings. Further, NBFL has conducted a thorough and rigorous examination of its internal procedures and policies resulting in significant changes to its

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compliance regimen in order to enhance its ability to supervise and detect compliance violations by its employees in their trading activity.

V STAFF COMMITMENT

11. If this Settlement Agreement is approved by the Commission, Staff will not initiate any complaint to the Commission in accordance with the procedures described herein and such further procedures as may be agreed upon between Staff and the Respondents.
12. If this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the Respondents in this matter and the Respondents agree to waive any right to a full hearing and appeal of this matter under the Act.
13. If this Settlement Agreement is approved by the Commission, the parties to this Settlement Agreement will not make any statement that is inconsistent with this Settlement Agreement.
14. If, for any reason whatsoever, this settlement is not approved by the Commission, or the Order set forth in Schedule "A" is not made by the Commission:
 - a. each of the Staff and the Respondents will be entitled to proceed to a hearing of the allegation in the Notice of Hearing and related Statement of Allegations unaffected by the Settlement Agreement or the settlement negotiations;
 - b. the terms of the Settlement Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of the Staff and the Respondents or as may otherwise be required by law; and
 - c. the Respondents agree that they will not raise in any proceeding the Settlement Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

VI DISCLOSURE OF SETTLEMENT AGREEMENT

15. Staff or the Respondents may refer to any part or all of this Settlement Agreement in the course of the hearing convened to consider this agreement. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all the parties to the Settlement Agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

MS [Signature] PH

VII EXECUTION OF SETTLEMENT AGREEMENT

16. This Settlement Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

Dated this day of 2005.

Signed in the presence of:

(Witness)

Per: _____
National Bank Financial Limited

Dated this day of 2005.

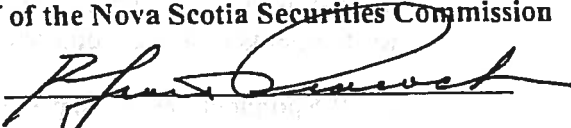
Signed in the presence of:

(Witness)

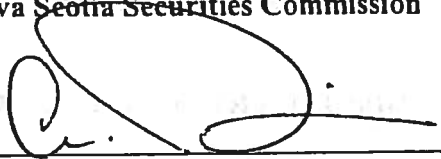
Eric Cecil Hicks

Dated this / day of June 2005.

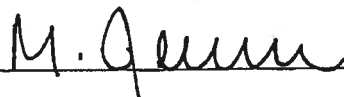
Staff of the Nova Scotia Securities Commission

Per: 
R/ Scott Peacock, Deputy Director
Compliance and Enforcement
Nova Scotia Securities Commission

Dated this 6th day of June 2005.

Per: 
Investment Dealers Association of Canada

Dated this 15th day of JUNE 2005.

Per: 
Market Regulation Services Inc.

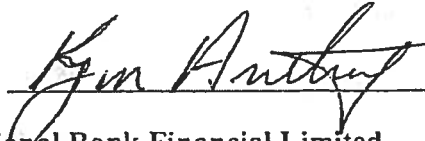
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Dated this day of 2005.

Signed in the presence of:

(Witness)

Per: 
_____ National Bank Financial Limited

Dated this day of 2005.

Signed in the presence of:

(Witness)

_____ Eric Cecil Hicks

Dated this day of 2005.

Staff of the Nova Scotia Securities Commission

Per: _____

**R. Scott Peacock, Deputy Director
Compliance and Enforcement
Nova Scotia Securities Commission**

Dated this day of 2005.

Per: _____

Investment Dealers Association of Canada

Dated this day of 2005.

Per: _____

Market Regulation Services Inc.

VII EXECUTION OF SETTLEMENT AGREEMENT

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Dated this day of 2005.

Signed in the presence of:

(Witness)

Per: _____

National Bank Financial Limited

Dated this 2 day of June 2005.

Signed in the presence of:

 _____

(Witness)

 _____

Eric Cecil Hicks

Dated this day of 2005.

Staff of the Nova Scotia Securities Commission

Per: _____

**R. Scott Peacock, Deputy Director
Compliance and Enforcement
Nova Scotia Securities Commission**

Dated this day of 2005.

Per: _____

Investment Dealers Association of Canada

Dated this day of 2005.

Per: _____

Market Regulation Services Inc.