

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077507401**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: National Bank of Canada Financial Inc. (Respondent)
Member Firm
CRD No. 22698

Pursuant to FINRA Rule 9216, Respondent National Bank of Canada Financial Inc. submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

National Bank of Canada Financial has been a FINRA member since 1988. The firm is headquartered in New York, NY and has approximately 130 registered representatives operating out of 13 branch locations.¹

OVERVIEW

From July 2016 through June 2024, National Bank of Canada Financial inaccurately reported to the Trade Reporting and Compliance Engine (TRACE) approximately 108,000 transactions without the required "No Remuneration" (NR) indicator, in violation of FINRA Rules 6730(d) and 2010. For this violation, National Bank of Canada Financial is censured and fined \$70,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a review conducted by FINRA's Department of Market Regulation.

¹ For more information about the firm, visit BrokerCheck® at www.finra.org/brokercheck.

National Bank of Canada Financial inaccurately reported transactions in TRACE-eligible securities without the required NR indicator.

TRACE facilitates the mandatory reporting of over-the-counter transactions in certain fixed income securities and provides increased price transparency to market participants and investors. FINRA Rule 6730(a) provides, in relevant part, that “[e]ach member that is Party to a Transaction in a TRACE-Eligible Security must report the transaction.” Rule 6730 also identifies the specific types of information required to be included in reports submitted to TRACE, including information about price and the use of modifiers and indicators.

FINRA Rules 6730(d)(1) and 6730(d)(4)(F) require member firms to include the NR indicator where a trade report does not reflect either a commission, mark-up, or mark-down, subject to exceptions in Rule 6730(d)(1) that are not applicable here. The NR indicator is part of publicly disseminated TRACE transaction data and identifies those trades where no commission, mark-up, or mark-down was charged or known when reported. A failure to accurately report the NR indicator affects the audit trail and can result in either false alerts or the inability to detect problematic transactions.

A violation of FINRA Rule 6730 also constitutes a violation of FINRA Rule 2010, which requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From July 2016 through June 2024, National Bank of Canada Financial failed to include the NR indicator in TRACE reports for approximately 108,000 transactions executed without a mark-up, mark-down, or commission. National Bank of Canada executed off-setting transactions with a firm customer and a firm non-member affiliate at the same price. The firm incorrectly determined the applicability of NR indicator reporting obligations with respect to these transactions under FINRA Rule 6730(d)(1) and 6730(d)(4)(F). Because the firm did not receive remuneration for the non-member affiliate trades, it was required to include the NR indicator in its TRACE reports for those transactions. The firm remediated the issue in June 2024, after FINRA made the firm aware of the applicability of the NR indicator and began to correctly include it.

By reporting transactions without the required NR indicator, National Bank of Canada Financial violated FINRA Rules 6730(d) and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$70,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;

- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

9/25/25
Date

Katie McGowan
National Bank of Canada Financial Inc.
Respondent

Print Name: Katie McGowan

Title: CCO

Reviewed by:

Russell Sacks

Russell Sacks
Counsel for Respondent
King & Spalding
1185 Avenue of the Americas 34th Floor
New York, NY 10036

Accepted by FINRA:

10/7/2025

Date

Signed on behalf of the
Director of ODA, by delegated authority

James Bowden, Jr.

James Bowden
Counsel
FINRA
Department of Enforcement
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