



ONTARIO
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ABCP

SETTLEMENTS REACHED FOLLOWING A JOINT INVESTIGATION

Montréal, December 21st, 2009 – The *Autorité des marchés financiers* (AMF), the Ontario Securities Commission (OSC) and the Investment Industry Regulatory Organization of Canada (IIROC) announced that they have reached settlements in connection with the investigations into the Canadian asset-backed commercial paper (ABCP) market providing for the payment of \$138.8 million in administrative penalties and investigation costs, broken down as follows:

Institution	Amount obtained
National Bank Financial Inc. (NBF)	\$75 million
Scotia Capital Inc. (Scotia)	\$29.27 million
Canadian Imperial Bank of Commerce and CIBC World Markets Inc. (CIBC / CIBCWM)	\$22 million
HSBC Bank Canada (HSBC)	\$6 million
Laurentian Bank Securities Inc. (Laurentian)	\$3.2 million
Canaccord Financial Ltd. (Canaccord)	\$3.1 million
Credential Securities Inc. (Credential)	\$0.2 million

With regard to financial penalties imposed, a fair and appropriate use for the sanction monies will be determined in accordance with applicable laws, court orders and in the public interest. In addition, the sanctions approved by the respective organizations include a focus upon compliance – each institution agrees to have an independent compliance review or verification of its fixed income department undertaken by an outside consultant.

Settlements were reached between the regulators and those seven institutions involved in the Canadian third party ABCP market. The OSC has reached two settlements: one with CIBC and the other with HSBC. IIROC has reached three settlements, with Scotia, Canaccord and Credential respectively. Lastly, the AMF has reached two settlements, one of which is with NBF, and the other with Laurentian.

Five of the institutions involved are alleged to have failed to adequately respond to issues in the third party ABCP market, as they continued to buy and/or sell without engaging compliance and other appropriate processes for assessing such issues. Particularly, they did not disclose to all their clients the July 24th e-mail from Coventree providing the subprime exposure of each Coventree ABCP conduit. In the case of Credential and Canaccord, these institutions are alleged to have failed to take adequate steps to ensure that its Approved Persons understood the complexities of the third party ABCP and, in not taking these adequate steps, did not ensure that the purchase of third party ABCP was appropriately understood by its clients.

The enforcement review activity related to the ABCP matter is the product of a close collaboration among the AMF, the OSC and IIROC who worked together in the public interest to respond to the securities regulatory issues arising from the ABCP market freeze.



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The OSC and IIROC have begun disciplinary hearings against Coventree and Deutsche Bank Securities Limited in this matter.

The *Autorité des marchés financiers* (AMF) is the regulatory and oversight body for Québec's financial sector.

The OSC is the regulatory body responsible for overseeing Ontario's capital markets, which include the equities, fixed income and derivatives markets.

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada.

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Information:

AUTORITÉ DES MARCHÉS FINANCIERS

Media only:

Sylvain Thériège
Spokesperson
514-940-2176

Information Centre:

Québec City: 418-525-0337
Montréal: 514-395-0337
Toll-free: 1-877-525-0337
www.lautorite.qc.ca

ONTARIO SECURITIES COMMISSION

For Media Inquiries:

Theresa Ebdon
Senior Communications Specialist
416-593-8307

For Investor Inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

Robert Merrick
Senior Communications Specialist
416-593-2315

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

For Media Inquiries:

Connie Craddock
Vice President Public Affairs
416-943-5870
<http://www.iiroc.ca>