



TO: Approved Participants

September 10, 2002

DISCIPLINARY DECISION

On August 2, 2002, following an investigation conducted by the Regulatory Division, Bourse de Montréal Inc. (the Bourse) lodged a complaint against François Noël, an approved person of the Bourse.

By way of an offer of settlement, François Noël has agreed to pay a fine of \$7,000 and has agreed to pay the cost of the investigation in the amount of \$2,000. Furthermore, Mr. Noël will be under supervision for six months. Finally, Mr. Noël will have to complete the exam on The Conduct and Practices Handbook Course and this, no later than March 4, 2003.

François Noël has recognized having contravened article 4101 of the Rules of the Bourse.

Article 4101 of the Rules of the Bourse prohibits approved persons from engaging in any act, conduct, practice or proceeding unbecoming an approved person of the Bourse, inconsistent with just and equitable principles of trade, or detrimental to the reputation of the Bourse or to the interest or the welfare of the public or of the Bourse.

During the period of April to November 1997, François Noël engaged in conduct inconsistent with just and equitable principles of trade by recommending to a client, transactions which did not correspond to his investment objectives. As stated on his account opening form, the client was retired, his investment objectives were oriented to 50 percent income and to 50 percent long-term growth and he had little knowledge in the investment field.

On April 4, 1997, Mr. Noël recommended the purchase of a Hydro-Quebec coupon, with a maturity date on February 26, 2013, and a second purchase on May 15, 1997, of a Province of Quebec coupon, with a maturity date on April 1, 2016. The coupons were sold on November 19, 1997. The objective of this strategy was to speculate on the interest rates with the purchase of coupons with long-term maturity in order to create capital growth, which did not correspond to the client's investment objectives. This strategy of purchase of coupons with long-term maturity provided a profit of \$14,447 to the client.

Circular no.: 123-2002

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Furthermore, on November 24, 1997, Mr. Noël recommended the purchase of units of EnerMark Income Fund, leading to a concentration of 51 percent of this title in the portfolio, which did not correspond to the client's investment objectives. At the date of submission of the complaint, on November 1, 1999, the client had made a non-realized loss of \$11,200 on this instrument.

At the time of these violations, François Noël was a registered representative of Desjardins Securities Inc.

Following a review of the findings of the investigation, the Regulatory Division concluded that there are no grounds for any disciplinary action against Desjardins Securities Inc.

For further information, please contact Catherine Lefebvre, Legal Counsel and Supervisor of Registration and Disciplinary Affairs, Regulatory Division, at (514) 871-4949, extension 497, or by e-mail at clefebvre@m-x.ca.

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