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CIRCULAR
March 2, 2007

**DISCIPLINARY DECISION
RBC DOMINION SECURITIES INC.,
BILLY KALUSHNY AND PHILIPPE VALLÉE**

On November 28, 2006, following an investigation conducted by its Regulatory Division, Bourse de Montréal Inc. (the Bourse) filed a complaint against RBC Dominion Securities Inc. (RBCDS), an approved participant of the Bourse, and against Billy Kalushny and Philippe Vallée, both approved persons of the Bourse and employees of RBCDS.

RBCDS, Billy Kalushny and Philippe Vallée recognized that they contravened subparagraph 4) vii) of article 6380 of the Rules of the Bourse, which stipulates that it is strictly prohibited for an approved participant, be it the buyer or the seller, to enter into a block trade to circumvent the contract month roll in the corresponding security or derivative instrument.

On December 2, 2005, Billy Kalushny asked Philippe Vallée to execute, on behalf of an institutional client, two block trades which circumvented the contract month roll in the corresponding derivative instrument (Two-year Government of Canada Bond futures contracts — CGZ).

By way of an offer of settlement approved by the Special Committee — Regulatory Division, the involved parties accepted that the following sanctions be imposed to them:

- RBCDS will pay a fine of \$15,000 and reimburse the costs of the investigation in the amount of \$5,000;
- Billy Kalushny will pay a fine of \$15,000 and reimburse the costs of the investigation in the amount of \$1,000;
- a reprimand is imposed to Philippe Vallée.

RBCDS and Philippe Vallée did not have any prior disciplinary record with the Bourse.

Circular no.: 037-2007

For further information, please contact Mr. Francis Larin, Director and Legal Counsel, Regulatory Division, at 514 871-3516 or by e-mail at flarin@m-x.ca.

Jacques Tanguay
Vice-President, Regulatory Division