



Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières



## VIA E-MAIL

October 28, 2011

Mr. Douglas Melville  
Ombudsman and CEO  
Ombudsman for Banking Services  
& Investments  
401 Bay Street, P.O. Box 5  
Toronto, ON M5H 2Y4

Dear Mr. Melville,

We are writing in connection with the recent independent review report delivered by The Navigator Company to your Board of Directors on September 17, 2011, and to express concern about a number of complaints that a few member firms are not resolving in a timely manner.

Although Mr. Khoury's report was commissioned in connection with the *Framework for Collaboration* developed by the Joint Forum of Financial Market Regulators, it contains a number of far reaching recommendations that directly involve the members of the Canadian Securities Administrators (CSA), the Investment Industry Regulatory Organization of Canada (IIROC), and the Mutual Fund Dealers Association of Canada (MFDA) (the CSA, IIROC and MFDA are collectively referred to as "we" or "us").

We are carefully reviewing the report with a view to ensuring a sustainable system of independent dispute resolution to which investors can have recourse as an alternative to litigation or binding arbitration. We intend to work with OBSI and its stakeholders to promote ways to improve and enhance the current system so that investors have the best complaint handling system available. The result of our review may also lead us to introduce regulatory rule and policy changes under National Instrument 31-103 and/or SRO rules.

Pending the implementation of changes that may flow from our review, as well as your Board's review, we encourage you and your members to continue to work together to promote the timely resolution of complaints brought to OBSI. To this end, we understand that your Board has considered various options to conclude a small number of files that have not been resolved within your targeted timelines. In the interests of providing closure to complainants and member firms, we encourage you to identify, on an urgent basis, a method of finalizing these cases by the end of this calendar year. We understand that one of the options considered would incorporate the following basic features:

- an independent and full assessment of the files in question, based on standards consistent with OBSI's terms of reference, and undertaken by a credible and experienced outside party;
- transparent criteria for establishing which consumer complaints should benefit from this method of resolution. At a minimum this would include those OBSI files where a final investigative report has been delivered to a member firm and the complaint has not been resolved within 90 days; and
- a clear recognition that none of the costs of any further assessment should be borne by the complainant.

If you elect to pursue the foregoing option, we would be pleased to publicly lend our support through whatever means may be appropriate to help you resolve these cases. Should this option be unacceptable to the firms that are the subject of the relevant complaints, we recommend that you immediately proceed to use all means under OBSI's terms of reference to expedite the resolution of these complaints.

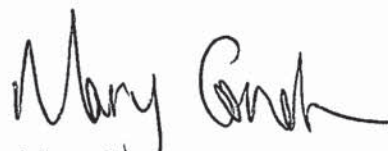
Please provide a copy of this letter to your Board, as well as to the CEO of each member firm that is refusing to accept the OBSI recommendations contained in your final investigative reports.

We look forward to working with your Board, you and your members in enhancing the current system of independent dispute resolution for consumers.

Sincerely yours,



William S. Rice, Q.C.  
Chair  
Canadian Securities Administrators



Mary Condon  
Vice-Chair  
Ontario Securities Commission



Susan Wolburgh Jenah  
President & Chief Executive Officer  
Investment Industry Regulatory  
Organization of Canada



Larry M. Waite  
President & Chief Executive Officer  
Mutual Fund Dealers Association  
of Canada

