

OSC Investor Advisory Panel
c/o Paul Bates
Ron Joyce Centre
4350 South Service Road
Burlington, ON L7R 4R8

January 29, 2013

Dear Eleanor,

The Investor Advisory Panel believes that Canadian regulators must immediately address the Ombudsman for Banking and Investment Services' inability to enforce its recommendations for restitution to Canadian investors.

As you are aware, OBSI has traditionally relied upon a 'name and shame' process whose effectiveness depends entirely upon a firm's fear of reputational damage. Until recently, this process of voluntary firm compliance appeared to be working. However, the foundation of this voluntary investor restitution process is now under attack as more firms are emboldened to reject OBSI's recommendations.

Canadian investors have very limited opportunities to seek restitution. They can seek legal redress, a time consuming and costly process. If their firm is regulated by the Investment Industry Regulatory Organization of Canada (IIROC), they can use a binding and potentially costly arbitration process. Only OBSI offers investors free, timely, independent dispute resolution where the firm is required to fully cooperate and participate. Canadian regulators need to ensure that OBSI can continue to provide this essential service.

OBSI does not have the power to enforce its recommendations for restitution. The regulators do, can and should. There should be an immediate regulatory review by the relevant regulators of all rejected recommendations for restitution and timely action taken to ensure appropriate compliance.

We have made our views known in our comment letter regarding the request for comment on proposed amendments to OBSI (National Instrument 31-103). Unfortunately, these proposed amendments do not address the important issue of enforceability of OBSI recommendations. Our comment letter includes proposals as to how this should and can be accomplished.

We request that you share our concerns with the Canadian Securities Administrators, the Investment Industry Regulatory Organization of Canada, the Mutual Fund Dealers Association of Canada and the Ombudsman for Banking and Investment Services.

Yours truly,

Paul Bates

Chair, Investor Advisory Panel

cc. Howard Wetston, Chair OSC