

January 6, 2024

CSA Notice and Request for Comment – Registered Firm Requirements Pertaining to an Independent Dispute Resolution Service – Proposed Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and Proposed Changes to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations

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I appreciate the opportunity to provide my comments In behalf of "Main Street".

This is a very important consultation for Main Street. It is a socio-economic issue costing Canadians millions of dollars.

Although I certainly support binding authority for OBSI, I have some material concerns with the proposed binding framework:

The definition of complaint is limited to trading and advising rather than the broader definition used by the G20/ OECD consumer protection Guide and other financial ombudservices. (WHY?)

The average retail investor may find the system too legalistic and time consuming.

There is a disconnect between Industry and OBSI loss calculations approaches that must be resolved, or there will be trouble ahead.

The time standard for a final response letter from a registered Dealer should be no more than 90 calendar days, the indirectly prescribed cycle time by CSA NI31-103, including ALL internal complaint resolution steps.

The average time to resolve a complaint will increase due to all the steps (whereas some is really unnecessary).

Initially, the recommendation is non-binding. However, **the recommendation would be deemed to be a final decision that is binding** if **(a)** the complainant does not opt out of this process and there is no formal objection to the recommendation, and **(b)** a set period of time (TBD) elapses without either party taking specified action. Complainants should be informed of this in plain language (and not in administrative "word salad" which is undecipherable at the very least).

The oversight proposed over OBSI could be suffocating, dramatically increase costs, and prejudice the **elders** who have invested.

A Firm's threat of a stage 2 review or judicial review may open the door to low-ball "negotiated" settlements as complainants will lose their will and energy to carry on. The framework guidance should discourage such threats and especially intimidation by Firms, especially against the elderly.

The proposed National Instrument amendments state that **if there is a complaint about a registrant, then a registrant should inform their client that the services of the independent dispute resolution service or identified Ombud service are limited to complaints concerning registerable activities**. *This proposed amendment make it clear that a complaint can only be made to OBSI for registerable activity even if the client expresses dissatisfaction with a Firm's flawed tax advice, improper fee charging, poor or negligent service or deficient financial plans that were provided by the Firm and paid for by the client.*

The compensation cap will remain at \$350,000 despite numerous recommendations to increase it.

There is no discussion on how Systemic issues will be dealt with. **WHY?**

An ugly characteristic in the proposed framework that differentiates it from international financial ombudservices best practices. is that the complainant would always be bound by a final decision made by the identified ombudservice, where the investor complainant triggered the stage 2 review and decision stage.

The CSA has not mentioned any parallel activity to update the rules on Dealer-client complaint handling; rules that are well below that of other jurisdictions. **WHY?** This is tantamount to an unearned advantage for the Dealer, and openly against the public interests.

The proposed binding framework is a start for Investor Protection. However, much more serious work remains ahead, to make same a beneficial practical reality.

Permission is granted for public posting.

Sincerely

David M. Fieldstone