



OMBUDSMAN  
for Banking Services  
and Investments

OMBUDSMAN  
des services bancaires  
et d'investissement

June 15, 2007

John Stevenson  
Secretary  
Ontario Securities Commission  
20 Queen Street West  
19th Floor, Box 55  
Toronto, Ontario  
M5H 3S8

Dear Mr. Stevenson,

On behalf of the office of the Ombudsman for Banking Services and Investments (OBSI), I want to thank you for the opportunity to comment on NI 31-103, Registration Requirements.

As Canada's independent dispute resolution service for banking services and investment firms and consumers, OBSI welcomes the CSA's initiative to broaden the access of investors with unresolved complaints to an impartial alternative to the legal system.

We will focus our comments exclusively on Section 5.30, Dispute Resolution Service, and have two relatively modest suggestions for amendments in the wording.

The first is to add the words "independent third-party" to 5.30 (1) so it would read:

**5.30 (1) A registered firm must participate in an *independent third-party* dispute resolution service.**

The second suggestion is to amend the wording in 5.30 (2) (a) to replace "mediate" with words that better reflect the process used in Canada today:

**(2) If a person or company makes a complaint to a registered firm about one of its products or services, the registered firm must as soon as practicable**  
**(a) notify the person or company of the dispute resolution service that is available *should the firm's attempt to resolve the complaint be unsuccessful*, and**  
**(b) inform the person or company of how the person or company can use the dispute resolution service.**

These changes will align the wording of NI 31-103 with a memorandum being prepared by the Joint Forum of Financial Marketplace Regulators, Finance Canada and the Financial Services OmbudsNetwork (FSON) on the dispute resolution mechanisms available to consumers through OBSI and the ombudservices for insurance.

Regarding our first suggested change, the memorandum stresses the need for an independent and impartial service for consumers, and recognizes OBSI as providing that service for investors.

On the second suggested wording change, the memorandum confirms the existing system of requiring a firm to first attempt to resolve a complaint with its customer. Should that attempt be unsuccessful, the customer has the right to escalate the unresolved dispute to our service, in the case of investment complaints. Further, the memorandum contemplates a variety of methods, such as conciliation, mediation, investigation or non-binding adjudication. Thus the word “mediate” alone is overly restrictive.

One of the goals shared by the Joint Forum, Finance Canada and the FSON is to ensure Canadian consumers have ready access to effective and independent dispute resolution services that are an alternative to the legal system. OBSI offers that service to investors, free of charge, in a confidential and informal setting. We look forward to expanding that service beyond our present base of the member firms of the IDA, MFDA and IFIC to the broader group of firms that also will be covered by NI 31-103.

Please do not hesitate to contact me should you require clarification or further information.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'DA', with a long horizontal flourish extending to the right.

David Agnew  
Ombudsman