

**Highlights of Minutes of a Meeting of the Board of Directors of the
Ombudsman for Banking Services and Investments/Ombudsman des
services bancaires et d'investissement (the "Corporation") held at Bay
Adelaide Centre, 333 Bay Street, Toronto, Ontario on the 23rd day of
February, 2011 at 12:00 p.m.**

There were present in person:

Dr. Peggy-Anne Brown, Chair of the Board
Adrian Burns
Angela Ferrante
Len Flett
Daniel F. Gallivan
Ian Lightstone
Prof. Louise Martel
Luc Papineau (by telephone)
Kerry Peacock

Absent:

Edgar Legzdins

Present by invitation:

Douglas Melville, Ombudsman for Banking Services and Investments
Rob Paddick, Deputy Ombudsman, Investments
Tom Goodbody, Deputy Ombudsman, Banking Services
Tyler Fleming, Director, Stakeholder Relations and Communications
Marvin Mikhail, Associate, Fasken Martineau DuMoulin LLP

Dr. Brown, the Chair of the Board, acted as chair of the meeting and Mr. Mikhail acted as secretary of the meeting.

Approval of Agenda

There were no additions to the agenda and the agenda was approved as presented.

Adoption of Minutes of the December 7, 2010 Board Meeting

The minutes of the December 7, 2010 Board meeting, the highlights version of the minutes of that meeting and the confidential supplementary minutes of that meeting of the Board be adopted as amended.

Report of the Pension Committee

Mr. Gallivan reported that the minutes of the December 7, 2010 meeting of the Pension Committee had been adopted as presented.

A representative from Mercer presented the Plan Operations Monitoring Review and the Investment Performance Review.

Mercer committed to identify any issues with fund performance in their annual review and any sudden concerns with the performance of a fund manager that required any action would be brought to management's attention immediately in accordance with Mercer's engagement letter with OBSI.

Report of the Audit Committee

The minutes of the December 7, 2010 meeting of the Audit Committee had been adopted as presented.

Representatives from Soberman Chartered Accountants presented their audit report. The report was clean. The auditors confirmed that there were no issues to report and that the management and staff were cooperative and that the organization was well run.

The Audit Committee had reviewed the unaudited financial statements for the first quarter of fiscal year 2011. The Board had no questions about the unaudited financial statements.

CEO's Report

Fairness Policy

Mr. Melville noted that one of the requirements of the Joint Forum of Financial Market Regulators' Guidelines is that OBSI must follow and be evaluated against a published fairness policy. Regulators have expressed a preference in the Framework for all three Canadian financial sector Ombudservices to develop a consistent fairness standard. However, it was agreed with the other Ombudservices that each service would proceed with their own standard and communicate this to the Joint Forum. Mr. Melville asked that OBSI's current fairness policy be approved by the Board for publication on the Corporation's website.

On a motion made and unanimously carried, it was resolved that the fairness policy of the Corporation be approved.

Loss Calculation

Mr. Melville noted that over the previous year, extensive consultations have been had with industry representatives and briefings were provided for investment sector regulators on OBSI's loss calculation methodology for complaints involving unsuitable investments. This issue remains contentious and is the single largest impediment to the timely and efficient closing of investment case files. Mr. Khoury had stated in his meeting with the Board that the Corporation's loss calculation methodology is reasonable.

The Corporation has prepared a consultation document on the loss calculation methodology and will launch a sixty day consultation period as soon as possible.

Firm Cooperation Issues

Mr. Melville stated that, while he did not want to overstate the issue, OBSI is experiencing a concerning escalation of minor conflicts with investment firms around matters that previously were not a material concern and this affects OBSI's front-end process. These include:

- refusal to sign consent agreements or requests for changes to longstanding consent agreement;
- pre-emptive challenges to OBSI's mandate with respect to specific case files before OBSI staff have had an opportunity to review the case for mandate;
- refusal to sign the tolling agreement by firms not covered by the blanket tolling agreement covering most bank-owned financial groups;
- refusal to provide or very slow to provide requested file information upon OBSI request;
- increasing proportion of case files already under investigation or in the final stage of settlement are being escalated to OBSI senior management based on methodology used (particularly loss calculation and apportionment) and judgment with respect to application of fairness considerations to the facts of a specific case.

INFO 2011

Mr. Melville stated that the INFO 2011 conference that OBSI is hosting later this year for the International Network of Financial Services Ombudsman Schemes is set for September 19-22, 2011 in Vancouver. The conference program is available on the website www.info2011.ca.

Strategic Objectives

The draft Strategic Objectives for the year were circulated to the Board members for comment.

On a motion made and unanimously carried, it was resolved that the strategic objectives of the Corporation be approved.

Statistical Commentary

Management presented the operating statistics for the Corporation for the first quarter.

Report of the Independent Directors' Committee

The minutes of the December 7, 2010 meeting of the Independent Directors' Committee were adopted as presented.