

**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, Suite 2400 - 333 Bay Street, Toronto, Ontario on the 7th
day of June, 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
Lynne Kilpatrick
Edgar Legzdins
Ian Lightstone
Prof. Louise Martel
Luc Papineau (by telephone)

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

New Industry Director

Dr. Brown stated that with the resignation of Ms. Kerry Peacock as the banking industry's nominee on the Board, the Executive Council of the Canadian Bankers Association had appointed Ms. Lynne Kilpatrick to serve the remainder of Ms. Peacock's term until September 2012. Dr. Brown stated that Ms. Kilpatrick is Senior Vice-President and Head of Personal Banking, Canada for the BMO Financial Group and welcomed Ms. Kilpatrick to the Board and to OBSI.

Adoption of Minutes of the February 23, 2011 Board Meeting (Tab 1)

It was resolved that the minutes of the February 23, 2011 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 and that a copy of these minutes and confidential supplementary minutes be signed and placed in the minute book of the Corporation.

Report of the Audit Committee (Tab 6)

Mr. Gallivan reported that the Audit Committee had reviewed the unaudited financial statements for the second quarter of fiscal year 2011.

Statistical Commentary (Tab 4)

Mr. Melville stated that OBSI is on target for the backlog project. Mr. Melville noted that there are some investment cases that are stuck and that most of those are related to disputes over OBSI's loss calculation methodology. He stated that at the end of the loss calculation consultation, if it is found that the methodology is wrong, then OBSI will revise its calculation but if not, then the firms involved in those cases will need to decide between accepting the recommendations and having the refusals published. On the investment side, OBSI is being challenged even in the preliminary phases of the investigation and this is putting a significant strain on resources. The biggest impact is on the managers who have to get involved to assist investigators to deal with the issues that arise from participating firms. However, Mr. Melville noted that the relationships with industry stakeholders on the banking side are very different and that things are progressing well on that side.

An industry director suggested that the names of the specific firm or firms that are causing problems should be given to IIROC and MFDA. Another industry director stated that only the names of the firms with complaints that are stuck should be given to their regulators.

Consumer Council

Prof. Savary, due to the pressure of other commitments, is resigning as Chair of the OBSI Consumer and Investor Advisory Council. Dr. Brown thanked Prof. Savary for his contributions and stated that he had completed the very important task of setting up the Council. Ms. Watts has accepted the invitation to Chair the Council going forward.

The Council has decided that it will meet monthly instead of quarterly. They are now focusing on the loss calculation methodology consultation. The Council is looking forward to receiving and reviewing all stakeholder feedback on the consultation and will then provide its own feedback.

Report of the Independent Directors' Committee (Tab 7)

Independent Directors

The Chair stated that at the February 22, 2011 strategic planning session with the External reviewer, Mr. Khoury, he stated that there should be greater transparency on the qualifications required for independent directors. Dr. Brown stated that she had been approached by several individuals expressing interest in becoming independent directors but that they would not meet the current criteria of independent directors. The Chair proposed to have the qualifications posted to OBSI's website. Independent Directors Committee members agreed.

Re-election

The Independent Directors Committee recommended to the Board that Mr. Flett be recommended by the Board to stand for election by the Voting Members at the next AGM for a one-year term. It was resolved that the Board would recommend to the voting members at the next AGM to re-elect Mr. Flett for an additional 1 year term.

CEO's Report (Tab 2)

External Review

Mr. Melville noted that Phil Khoury concluded the field portion of his review and he is on track to provide a final report in September to the Board and regulators as required and, if desired, to other stakeholder groups including industry and consumer and investor advocates.

Relevant Developments in Other Jurisdictions

Mr. Melville noted that the Financial Ombudsman Service in the UK has recently made two very significant announcements: 1. It increased its award limit to UKP 150,000 (approximately CDN 240,000); 2. It is consulting on scrapping the two-stage system which requires complainants to first try to resolve their complaint with their firm.

Investment Sector Regulators

Mr. Melville stated that late in 2010, three participating firms approached IIROC and MFDA and asked for a board meeting to be convened to approve an alternative to OBSI which was not done. The Chair of the CSA sent IIROC and MFDA a letter advising them to take no action in response to the firms' requests and asked both IIROC and MFDA to wait before acting as the CSA indicated it was assessing the situation.

Mr. Melville stated that the firms then applied for an exemption from the complaint handling rules requiring IIROC members to participate in an approved dispute resolution body. No action had been taken on this for several months. In April, a decision was made to refuse the exemption request.

The new chair of the CSA, Bill Rice, Chair of the Alberta Securities Commission, requested that representatives from industry, the Alberta, Ontario, Saskatchewan and British Columbia securities regulators, IIROC, MFDA and Mr. Melville meet to discuss industry's concerns.

At the end of the meeting, the regulators gave the following clear signals:

- The regulators did not wish to see their collective investment in OBSI go to waste. The regulators did not hear any complaints from industry concerning OBSI that, assuming they were valid, could not be worked through.
- It was not appropriate to approve an alternative to OBSI.
- There was a need for regulator engagement to ensure the dispute resolution system was working effectively.

INFO 2011

Mr. Melville stated that there are more than 65 registrations for INFO 2011, the conference that OBSI is hosting on September 19-22 for the International Network of Financial Services Ombudsman Schemes. OBSI is expecting the final numbers of registrations to be between 100-130.

Termination of the Meeting

There being no further business, the meeting terminated at 1:39 p.m.

Peggy-Anne Brown, Chair

Marvin Mikhail, Secretary