

**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") on the 9th day of
March, 2010.**

There were present in person:

Dr. Peggy-Anne Brown, Chair of the Board
Angela Ferrante
Len Flett
Edgar Legzdins
Prof. Louise Martel
Kerry Peacock
Luc Papineau
Prof. James R. Savary

Present by teleconference facilities:

Adrian Burns

Absent:

Daniel F. Gallivan

Present by invitation:

Douglas Melville, Ombudsman for Banking Services and Investments
Rob Paddick, Deputy Ombudsman, Investments
Tom Goodbody, Deputy Ombudsman, Banking Services
Robert Elliott, Secretary

Dr. Peggy-Anne Brown, the Chair of the Board, acted as chair of the meeting and Mr. Elliott, the Secretary of the Corporation, acted as secretary of the meeting.

All of the members of the Board having received notice of the meeting and a quorum of the directors being present in person or by teleconference facilities, the Chair declared the meeting to be duly convened and regularly constituted for the transaction of business.

Report of the Pension Committee

The Pension Committee met by teleconference on February 25, 2010.

Mercer Review

Highlights of Mercer's Plan Operations Report on the Corporation's defined contribution pension plan as well as Mercer's Investment Monitoring Report on the plan as of December 31, 2009 were discussed.

CEO's Report

Terms of Reference Implementations

The implementation of the Terms of Reference effective February 1, 2010 has proceeded without issues arising. There had been extensive consultations with industry in advance of implementation, which has clearly assisted in making the implementation process go smoothly. The outstanding question related to the impact of the new 90-day rules on complaint volume inflow after May 1, 2010.

Meeting with Regulators

The chair of the Joint Forum of Financial Market Regulators' Dispute Resolution Committee ("DRC"), David Wild and other DRC representatives will attend the Board meeting in June. At that time, the Corporation would ensure that the DRC is aware of what is manageable in dealing with the current complaint backlog and the timing of an external review.

Investment Funds Institute of Canada ("IFIC") Membership Issue

With the administrative challenge of dealing with multiple services, IFIC has determined that it will no longer manage billings. As of the third quarter, the Corporation will bill IFIC members directly.

Corporate Legal Expenses

Corporate legal expenses have been higher in the past year. Last year the search for the new executive contributed to increased costs. In the current year, the Corporation successfully deflected a subpoena requiring the Ombudsman to testify in a third-party class action law suit. Some firms have used recommendations in law suits, contrary to their confidentiality agreements with the Corporation. Complainants are also introducing recommendations as evidence despite confidentiality agreements. The Corporation has intervened to seek cooperation in the removal of this evidence or has gone to court on motions to exclude evidence. In another matter, an investigator who uncovered fraud in an investigation was counselled prior to testifying in a criminal investigation.

Stakeholder Consultations

Investment Issues

A working group reviewing approaches to investment suitability, loss calculation and outside business conflicts is proceeding. It is expected that by June the Investment Industry Regulatory Organization of Canada ("IIROC") will be asked to join the discussions on approaches to suitability complaints.

Mr. Paddick stated that there was general agreement about how the Corporation approaches investment files related to loss calculations. Consensus should assist in improving efficiency and timelines in resolving investment complaints.

Efficiency

An efficiency consultant Carly Rian Group is expected to start a review process on April 12, 2010. For fiscal year 2011, the learning will assist to prepare the budget.

Funding Allocation

Mr. Goodbody reported on the funding allocation working group's activities. Several funding models are being considered. It was noted that a user pay approach may either promote good market conduct or encourage firms not to tell complainants about the appeal process.

Consumer and Investor Advocates

Staff met regularly with investor advocates, which has improved relations with the Corporation. Staff have spoken at various industry meetings on the Terms of Reference, how limitation periods are addressed, and the use of tolling agreements.

Statistical Commentary

In the quarter, only 62% of case files were closed within 180 days, down 9% from the previous quarter. This was expected, given the budget decision not to increase staff.

While case file growth flattened out in the first quarter, the level of case files opened is higher than before and will remain high. The inventory of investment complaints continues to grow.

The public appears to be confused over firm websites and brochures that reference an internal ombudsman. Firm information often creates the impression that the Ombudsman for Banking Services and Investments ("OBSI") is the firm ombudsman.

Firms could assist in reducing front-office intake costs (about 8% of the budget) by using appropriate messaging when informing complainants about the internal ombudsman and the OBSI.

Report of the Audit Committee and Independent Directors' Committee

On the recommendation of the Audit Committee and the Independent Directors' Committee, the audited financial statements of the Corporation for the fiscal year ended October 31, 2009 and the auditor's report thereon were approved as presented.

Unaudited Financial Statements for First Quarter Fiscal Year 2010

Operating expenses were below budget by less than 5% because of delays in staffing positions made vacant by departures. Corporate legal expenses have been higher than expected due to unanticipated issues such as staff departures, class action and criminal case subpoenas, industry consultation issues and client attempts to use recommendations in civil actions.

Board Evaluation

Since 2006 the Board has conducted an evaluation process every two years. The 2008 process involved both a director and Board self-assessment as well as a director peer assessment.

The Board discussed the timetable for the 2010 evaluation.

Fiscal Year 2010 Budget Discussion

In September 2009 the Board agreed with management's recommendation to freeze the budget and staff complement to assess the growth of case file volumes, identify efficiencies and consult with industry.

Barring unforeseen legal circumstances, it is expected that the current operating budget will be sufficient to cover expenditures until the end of the fiscal year.

The growth rate in case volume has tapered off, but the number of case files is still increasing. The current staffing level appears to be able to handle the current case load (approximately 40 opened investment case files per month) without causing further accumulation in the inventory. Anticipated efficiency gains should assist in managing case volumes, but will be insufficient to handle future case volume growth indefinitely and to address the current inventory of cases.

The directors suggested that the backlog of case files could be treated as a special project, with the backlog being addressed over an identified timeframe as an exceptional budget item.

In September, the 2011 budget would be considered, permitting a further review of regular capacity of the staff and the special project inventory in the context of identified efficiencies.

Peggy-Anne Brown, Chair

Robert E. Elliott, Secretary