

December 2, 2016

M. Fern Bélisle  
Chair, OBSI Board  
401 Bay Street, Suite 1505  
Toronto, Ont.  
M5H 2Y4

Dear M. Bélisle

As Chair of the OBSI Consumer and Investor Advisory Council (CIAC), I would like to provide you with the CIAC's comments on Recommendation 11 of the 2016 *Independent Evaluation of the Canadian Ombudsman for Banking Services and Investment (OBSI) Investment Mandate*.

That OBSI is enabled to secure redress for customers, preferably by empowering it to make awards that are binding on the firm, and on the customer if they accept the award, accompanied by an internal review process.

The CIAC agrees that the existing single "name and shame" procedure is not always effective. In our view, this is the most significant problem identified by the independent evaluator. We recognise that the current lack of an effective mechanism to compel compliance with OBSI recommendations in some cases results in the complainant accepting a lowball offers or receiving no compensation at all. This is not acceptable.

OBSI cannot confer authority on itself to enforce its decisions. Any change to the status quo will require action by regulators.

There is a variety of potential solutions to this problem, including empowering OBSI to make binding decisions as suggested by the independent evaluator. Different incentives to comply with OBSI recommendations may be best suited to particular circumstances. Strengthened remedies for refusals could include referral of a firm's refusal to regulators for possible disciplinary action, disclosure to all the firm's clients of the fact of its refusal, or expulsion from OBSI membership.

The costs and benefits of any alternative must be weighed carefully. The CIAC therefore does not advocate any particular solution at this point— we urge that regulators (in consultation with OBSI and stakeholders) consider the alternatives, develop and implement a proposal that will enable OBSI to better fulfill its mandate and ensure that complainants receive compensation.

That process will take time, so we urge the OBSI board to make this issue a priority with regulators and to do everything possible to move it forward.

Yours very truly,

A handwritten signature in black ink, consisting of a stylized, cursive 'J' followed by a horizontal line extending to the right.

Julia Dublin  
Chair, CIAC