

From: Alan Blanes
To: governance@obsi.ca
Sent: Friday, June 01, 2012 12:06 AM
Subject: Feedback for "Public Consultation - Governance Reform"

To the Attention of Tyler Fleming:

I am sending the reactions of Harold C. Blanes, my father, and myself, to the May 14, 2012 paper: "Framework for Reforming the Board of Directors of the OBSI". The attributes required of candidates for the board are, from our experience, needed, but in the position paper, are not referred to directly or indirectly. In our view, the essential values that would make the OBSI a resource that would help to create genuine industry accountability are as follows:

1. The Ombudsman should be the source for getting questions answered when brokers have refused to answer basic questions. Clients need to be able to access the responses that OBSI investigators have obtained from industry personnel when they are conducting investigations. Not having access to fundamental information of this kind defeats the whole objective of transparency and accountability. Board members must put the common law traditions of open access to case information and public disclosure of decisions ahead of the concept of confidentiality and arbitrary settlement proposals. These settlement methods that are imposed currently are contrary to the common law tradition, and prevent the acculturation of actual verifiable standards. This whole area of settlement services needs to be re-oriented to protect the strength of common law tradition.

2. Page 4 "Knowledge of or experience in" bullets, we would add "Criminal Code prohibitions against fraud and production of false records in the sale of securities" as a fundamental requirement of all members of the board. This area of knowledge is very concise and is readily available in a condensation of these subjects in the 2010 edition of Martin's Criminal Code, as attached. In order for Canada to have a very straightforward standard of what is acceptable business practice in the sale of securities, it is essential that this be the primary regulative tool.

3. Page 5 part 4) The last bullet on this topic states "Remind stakeholder nominees that the duty of Board Directors is to OBSI and not to the nominating stakeholders." This should be secondary to the concept of "the duty should be primarily to the upholding of the law." The self regulating dogma that has been injected into the sale of securities since approximately 1990 has been a toxic force that has neutralized the willingness of industry councils, regulators and law enforcement to put the basic rule of law as the essential governing principle. Board members are needed who have allegiance to the cultural supports that provide for completely trustworthy contracts. Arbitrary and confidential settlement proposals are the negation of a trustworthy remediation model.

4. Page 5 part 5) All Board Directors shall exhibit the following attributes. They shall..." None of the ten bulleted points are characteristic of the essential attribute that is required of creating a genuinely trustworthy investment industry. The main characteristic should be to reject deceptive practice and a willingness to question those who use deception.

We would urge everyone who is involved with the protection of the integrity of the brokerage industry to understand and accept these clarifications. They are critically needed if we are to protect the trustworthiness of the services provided by the investment firms in Canada. Standards that affirm these traditional values are the best improvements that we could construct to protect the interests of vulnerable investors such as the frail elderly. This upgraded standard of authenticity will result in much greater willingness by Canadians to invest in our securities, which will be extremely useful to the health of our future economy.

Respectfully submitted,

Alan Blanes, for:
Harold C. Blanes