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Delivered By Email: governance@obsi.ca

Tyler Fleming
Director, Stakeholder Relations and Communications
Ombudsman for Banking Services and Investments
401 Bay Street, Suite 1505, P.O. Box 5
Toronto, Ontario, M5H 2Y4

Dear Tyler:

Re: Consultation on Proposed Changes to OBSI's Terms of Reference

We are writing on behalf of the Members of The Investment Funds Institute of Canada ("IFIC") to provide input on the proposed changes to OBSI's Terms of Reference ("TOR"), published for public consultation on June 12, 2013.

We appreciate the opportunity to comment on the proposed changes, and provide the following recommendations that we believe will improve the overall scope of the TOR:

Section 2: Definitions

Within the definitions listed below, we suggest the following additional language (highlighted by the underlined text below) to further clarify the meaning of these definitions:

- a) "Financial Service": means a financial product or service offered by a Member in Canada about a financial product or service sold by a Member in Canada.
- b) "Industry OmbudService": means any of OBSI, the OLHI, the GIO and any dispute resolution service provider approved or recognized by a Regulator.
- c) "Participating Firm": means a Member that is a domestic or foreign financial institution or other entity that directly or indirectly provides financial products or services to customers in Canada as well as any affiliated entity in Canada controlled by such Member, provided that such affiliated entity is itself eligible for membership in OBSI but, for greater certainty, excluding any affiliated entity whose main business is the provision of insurance products or services.

Section 4: Delegation

The provision should clarify the procedures for the delegation of the Ombudsman's powers and duties. Based on the proposed amendments, it appears that the Board or the Chair of the Board will not be involved in the delegation process and that the Ombudsman may be able to select its delegate.

Section 7: Threats to participating firm staff or property

When OBSI becomes aware of any threat to a Participating Firm's staff or property and reports such threats to the Participating Firm, we suggest that the Participating Firm have the option to report such information to the appropriate authorities.

Section 9 (c): 180 day guideline for escalating complaints

Where OBSI has received and investigated a complaint made more than 180 days after the Participating Firm provided a written rejection or offer for resolution to the complainant, we suggest OBSI establish a maximum 12 month investigation period that would apply in such circumstances and provide Participating Firm with written reasons for its decision to investigate the complaint in such circumstances. This proposed maximum period is consistent with similar periods established by other ombudservices, such as the following included in the Terms of Reference for The ADR Chambers Banking Ombuds Office ("ADRBO"):

Section 10: ADRBO may investigate any Complaint received if all of the following conditions apply: the Complaint has been made to ADRBO within 180 days of the Participating Financial Institution's rejection of or recommendation for resolution of the Complaint. ADRBO may receive and investigate a Complaint for a period of up to 12 months after the Participating Financial Institution's rejection of or recommendation for the Complaint if it is considered fair and reasonable to do so.

Section 10 (b): Other proceedings related to the subject of a complaint

We suggest that the provision be expanded to provide that OBSI shall not investigate or shall cease to investigate complaints where the subject matter of the complaint by the same complainant has been the subject of a settlement agreement entered into between the Participant Firm and the complainant. Where the subject matter of a complaint by the same complainant has been or is the subject of any proceedings (in or before any court of law, tribunal or arbitrator, any other independent dispute resolution body) or a settlement agreement between the Participating Firm and complainant that have not concluded with a binding decision or finding on the merits of the complaint, we strongly believe that OBSI should not be entitled to investigate such complaint unless the Participating Firm first consents. Other ombudservices, such as ADRBO have also included a similar condition in their Terms of Reference:

Section 10: ADRBO may investigate any Complaint received if all of the following conditions apply: the subject matter of the Complaint by the same Complainant (or any one or more of a group of Complainants) has not been or is not the subject of any proceedings in or before any court of law, tribunal or arbitrator, or any other independent dispute resolution body, unless the Participating Financial Institution consents to the investigation in such circumstances.

Section 11: Self-imposed limitation period

We believe that the limitation period should coincide with the statutory limitation period applicable in the investor's jurisdiction of residence (e.g. two years in Ontario). Statutory limitation periods have been developed over many years by legal and regulatory experts to promote procedural fairness in respect of dispute resolution. In the absence of a clear policy rationale, we believe that OBSI's current six-year limitation period excessive in length. Additionally, we believe that it would be more appropriate if the limitation period applicable to complaints commenced at the time the related trading or advising activity occurred.

Section 12: OBSI/Ombudsman Material Interest in a Complaint

This provision should be expanded to address situations where an OBSI investigator assigned to a complaint may have a material conflict of interest in the complaint. In such circumstances, the OBSI investigator should no longer be involved in the investigation or resolution of the complaint.

Section 14 (a): Compensation limit

In determining client compensation, we recommend that claims investigated by OBSI be limited to claims not exceeding \$250,000, and any claims in excess of this amount be dealt with by more robust procedures such as civil litigation.

Further, we are of the view that the current provision, which provides that the OBSI will not investigate a complaint that exceeds the compensation limit set out in section 14(a) unless the Participating Firm is released from liability for any amount greater than the stated limit, should continue to be in effect.

Section 20 (c): Escalation Process

Prior to OBSI's publication of a firm's refusal to compensate a customer, the Participating Firm should have the right to review and comment on the information proposed for public disclosure.

Section 20 (d): Disclosure to third parties

We recommend that before OBSI discloses information related to complaints to its employees, agents, advisors and consultants, such persons must be subject to confidentiality obligations and enter into confidentiality agreements, as applicable.

Section 35: Fees

Information regarding the fees charged to all Participating Firms, not only banks that are Members, should be made available on OBSI's website.

Section 37: Code of Practice

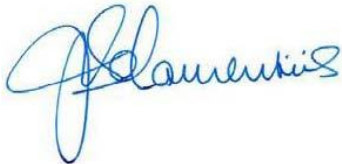
In line with Section 8 - *Transparency* of the Code of Practice, we strongly recommend that the OBSI publish its decisions on a no-names basis on its website.

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Thank you for providing us with an opportunity to comment on this important issue. We look forward to our continued participation in any further consultation on this topic and would be pleased to discuss our input in greater detail with you.

Yours truly,

THE INVESTMENT FUNDS INSTITUTE OF CANADA



By: Joanne De Laurentiis
President & CEO