



July 4, 2012

Mr. Tyler Fleming
Director, Stakeholder Relations and Communication
Ombudsman for Banking services and Investments
1505- 401 Bay Street
P.O. Box 5
Toronto, ON M5H 2Y4
publicaffairs@obsi.ca

Re: ***Request for Comments on Proposed Changes to OBSI's Suitability and Loss Assessment Process***

Queensbury Group was established in 1987. We have three divisions Queensbury Strategies Inc. our mutual fund dealer, Queensbury Securities Inc. our securities dealer, and Queensbury Insurance Brokers Inc. our insurance division.

Queensbury Strategies Inc. is registered as a Mutual Fund Dealer in Alberta, British Columbia and Ontario and as an Exempt Market Dealer in Ontario. Queensbury Strategies Inc. is also a member of the Mutual Fund Dealers Association of Canada.

We appreciated the opportunity to attend the OBSI's June 15, 2012 presentation to MFDA Firms. Queensbury Strategies is writing to provide comments with respect to the above captioned Consultation on Proposed Changes.

1. *Use of common indices as performance benchmarks is the most suitable performance comparisons.*

Queensbury believes that the use of any index is problematic and may not be the best choice when looking for a suitability comparison. A mutual fund is better than an index because:

- Indexes are generally less diversified than mutual funds; e.g. the TSX Composite is not as diverse as a Canadian equity fund, the bond index does not behave like an Income fund, etc.
- Calculations are more complex when using an index because costs have to be calculated separately. This is not the case if you use a mutual fund.
- Indices do not behave like mutual funds; they can be more volatile than actively managed funds.

2. *As a general rule, add interest on compensable losses only when an Investigation Report is issued, but not add interest on facilitated settlements.*

We appreciate that the OBSI works with the parties to resolve complaints in a timely manner, however, if there is a delay at the OBSI interest should not be calculated for that period of time.

3. *Implement a self-imposed limitation period of six years from the time when the OBSI believe the investor know or ought to have known there was a problem with their investments.*

We would encourage the OBSI to align with a more standard guideline of seven years as used by the regulatory authorities.

We thank the OBSI for the opportunity to comment. Should you wish to discuss our comments further, please do not hesitate to contact the undersigned.

Queensbury Strategies Inc.



Betty Jo Royce
President