

Annual
Report
2016

OBSI

OBSI
20
1996 • 2016

**Inspiring confidence in the
Canadian financial services sector**



OMBUDSMAN
for Banking Services | des Services Bancaires
and Investments | et d'Investissement

/ 2016 Highlights

640

opened cases

12%

increase in total cases

28,000+

calls received

\$2,645,035

total compensation

\$4,016

average compensation for
banking-related complaints

\$15,552

average compensation for
investment-related complaints

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/ 20 Years of Building Confidence in the Financial Services Sector

For 20 years, OBSI has served as Canada's trusted, independent financial ombudsman, acting as an impartial and fair investigator of banking and investment-related complaints. We are proud to mark 2016 as our 20th year of operations. We continue to deliver high-quality dispute resolution services free to consumers and investors with a complaint they can't resolve with their banking services or investment firms.



1996

- The Canadian Banking Ombudsman (CBO) is created
- Michael Lauber is appointed Ombudsman & CEO
- Initial mandate covers unresolved small business complaints against nine participating banks
- 18 investigations are carried out



1997

- Mandate quickly expands to include complaints from retail consumers – everyday Canadians – that have a complaint against a participating bank

1998

- Increased awareness of CBO and the ombudsman dispute resolution process
- Number of inquiries and investigations increase

1999

- Increased complexity of complaints amid greater consumer awareness and attention to improving the complaint handling process within industry
- The CBO website receives tens of thousands of visitors looking for information on submitting a complaint

2000

- CBO participates in discussions on the future of independent dispute resolution in the financial sector

2001

- Banks continue to join CBO: at a total of 35, the number of participating banks has more than tripled

2002

- CBO changes its name to the Ombudsman for Banking Services and Investments (OBSI)
- Mandate expands to include 450 investment dealers, mutual fund dealers, and investment fund companies
- All members of the Investment Industry Regulatory Organization of Canada (then the Investment Dealers Association of Canada) and the Mutual Fund Dealers Association of Canada are required to join
- Many federally regulated trust and loan companies join as well as members of the Investment Funds Institute of Canada



2003

- OBSI experiences a surge in investment-related complaints a year into its expanded mandate
- There is a 50% increase in the number of Canadians contacting our office
- The number of investigations increases 76%, opening more than 500 cases for the first time in its history

2004

- Number of participating firms reaches 500
- OBSI continues to investigate complaints concerning all retail banking services as well as securities and mutual funds issues

2005

- David Agnew is appointed as Ombudsman & CEO
- OBSI hosts the International Conference of Financial Ombudsmen in Toronto



2006

- The Saskatchewan credit union system joins OBSI, giving its more than 500,000 members access to an independent and impartial dispute resolution service for unresolved complaints
- Outreach program initiatives focus on informing consumers and investors of the Ombudsman process and how we can help

2007

- Several Alberta credit unions join as well as members of the RESP Dealers Association of Canada
- Number of participating firms reaches 650
- The Framework for Collaboration is established with financial market regulators
- There is a 40% increase in investigations opened compared to the previous year

2008

- For the second consecutive year, OBSI experiences a large jump in complaints and a record year for investigations opened

2009

- Douglas Melville is appointed Ombudsman & CEO
- The global financial crisis contributes to a 200% increase in opened cases: 990 new investigations are initiated



2010

- The global financial crisis continues to have an impact with over 1,000 new cases opened in the year

2011

- OBSI hosts the International Network of Financial Services Ombudsman Schemes in Vancouver and Whistler

2012

- The Canadian Securities Administrators (CSA) proposes amendments to National Instrument 31-103 (NI31-103) that would require all registered dealers and advisors outside of Québec to use OBSI as their dispute resolution service

2013

- Overwhelming majority of Canadian banks continue to participate in OBSI
- Number of member banks increase 15%

2014

- Amendments to NI 31-103 take effect, requiring all registered dealers and advisors outside Québec to use OBSI as their dispute resolution service
- Exempt market dealers, portfolio managers, and scholarship plan dealers, in addition to all other registered dealers and advisors, to use OBSI as their common dispute resolution service
- Number of participating firms increase to around 1,500

2015

- Sarah P. Bradley is appointed Ombudsman & CEO
- OBSI receives approval as an External Complaints Body under new federal regulations for banking-related complaints
- All provincial and territorial securities regulators are signatories to the Memorandum of Understanding concerning oversight of the Ombudsman for Banking Services and Investments which provides for securities regulatory oversight of OBSI as well as a framework for cooperation and communication



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2016

- OBSI celebrates its 20th year of operations serving Canadians: helping to resolve disputes between consumers and their banking services and investment firms



FERNAND BÉLISLE
Chair, Board of Directors

Message from the Chair

In 2016, the Ombudsman for Banking Services and Investments (OBSI) celebrated an important milestone with its 20th anniversary. The creation of OBSI over twenty years ago marked an important turning point in Canada for consumers of financial services.

For the first time, customers of Canada's largest nine banks had access to an alternative, independent service to help them resolve disputes with their financial services provider. Although much has changed at OBSI over the years, the founding principles of the organization have remained the same: to provide a free and impartial dispute resolution service based on fairness to consumers and participating firms.

Today, OBSI has almost 1,400 participating firms and provides dispute resolution not only for Canadian banking consumers, but for all consumers of investment products and services across the country.

Initially, OBSI had no direct regulatory oversight. In recent years, however, OBSI's services relating to the banking sector became regulated by the federal Financial Consumer Agency of Canada (FCAC) and OBSI's investment mandate by the Canadian Securities Administrators (CSA).

Over the past year, the board was engaged in a number of important projects, including the expert independent evaluation of OBSI's operations and practices for investment-related complaints, which is required under the Memorandum of Understanding concerning oversight of OBSI with the CSA.

While the board made its full response to the evaluation public on December 13 through OBSI's website, I would like to take this opportunity to share our position on a few of the key recommendations. One of the fundamental recommendations of the external review was that OBSI should adopt a strategic approach to ombudsmanship by engaging with stakeholders and leveraging the intelligence gained from cases to help avoid and reduce the incidence of complaints. We agree with this recommendation. We believe that the public purpose of our organization, as well as our value to all our stakeholders, will be enhanced through increased knowledge



The board has tremendous confidence in the future

sharing, and we have received strong support from stakeholders for such initiatives.

Another fundamental recommendation of the external reviewer was that OBSI be enabled to secure redress for customers, preferably by empowering OBSI to make awards that are binding on the firm. OBSI supports this recommendation, which is consistent with the recommendations of previous external reviews and with our organization's public position for many years. However, OBSI does not have the authority to unilaterally determine its powers. Determining an appropriate mechanism by which OBSI's ability to secure redress for consumers could be

increased is a matter we intend to discuss with securities regulators and stakeholders in the months to come, with a view to finding a solution that meets the needs of consumers, regulators and participating firms.

We also agree with a number of the review's recommendations regarding increasing our organizational transparency through increased publication of policy documents, guides, and case studies.

As we look forward, the board has tremendous confidence in the future that OBSI is pursuing, both in response to the independent evaluation

and through the implementation of its new strategic plan, which is discussed in this annual report, and in detailed documents on the OBSI website. I want to thank all OBSI staff, the Consumer and Investor Advisory Council, and members of our board for their ongoing commitment and contributions to meeting the needs of Canadian consumers, investors and participating firms. I also want to thank all the stakeholders who have worked with OBSI this past year to ensure that consumers have access to important banking and investment ombudsman services in Canada.

FERNAND BÉLISLE
Chair, Board of Directors



SARAH P. BRADLEY
Ombudsman and CEO

Building OBSI's reputation as Canada's trusted, independent financial ombudsman

Message from the Ombudsman and CEO

Since joining OBSI in September 2015, I've spent a lot of time listening to and speaking with our stakeholders across Canada, including our participating firms, consumers advocates, regulators, and industry associations. I have been impressed by the commitment these stakeholders share to ensuring Canadian banking and investment consumers have an accessible, effective, and fair disputes resolution service.

OBSI has been helping Canadians resolve disputes with their financial services firms for over 20 years. It is a role we are honoured to play and a service I know all of our employees take a great deal of pride in providing.

Our Vision

In 2016, we undertook a significant and important effort to build on OBSI's strengths and develop a five-year strategic plan. A key part of that process was to carefully consider a vision statement for our organization. The vision we arrived at is: Inspiring confidence in the Canadian financial services sector. Why inspiring confidence? Because ensuring a fair, free, impartial dispute resolution service is available to Canadians, does more than meet the needs of the individuals and families who seek our help each year. The services we offer ensure that all consumers

can deal freely with their banks and investment firms, secure in the knowledge that if problems arise that they can't resolve themselves, they will have access to an independent and expert dispute resolution process that is more accessible, faster, and simpler to use than the legal system. It also embraces our planned efforts to use the information we gather from our inquiries and investigations to better inform consumers and firms of ways to avoid disputes and resolve them before they escalate.

Strategic Direction

In addition to articulating our vision, the development of our strategic plan provided us with the opportunity to reflect on OBSI's evolution as a public service organization and to discuss new opportunities that will allow us to deliver even greater value to our stakeholders. To that end, we will focus on bringing life to our vision and building our reputation as Canada's trusted, independent financial ombudsman by pursuing the following four core strategic directions:

Deliver a high value service and be the dispute resolution provider of choice: we will continue to deliver quality and accessible service to consumers and participating firms by leveraging our expertise and knowledge to increase insights to stakeholders and expand our service offerings.

Build enduring relationships through stakeholder awareness of the value of the OBSI service: we will strengthen regulator, firm and consumer trust, value and brand awareness through clear demonstrations of value and service effectiveness.

Drive continuous improvement and organizational resiliency: we will maintain and increase service excellence by standardizing and improving our processes and service times.

Invest in OBSI's people: we will focus on staff and management collaboration and dialogue, succession planning and professional development, and continue to enhance our internal knowledge management capabilities. These efforts will help to strengthen employee engagement in the workplace and support improved service levels.

We also invested in the development of an enterprise risk management strategy this year, to help us understand, monitor, and mitigate the risks our organization faces, both internally and externally. These risks include the potential for an adverse shock to the financial system that significantly drives up complaint volumes, or the reputational and economic impact that could be caused by a significant data breach or cyber-attack.

Overall, I'm confident that OBSI has set the right course to meet the needs of all our stakeholders – consumers, participating firms, and regulators. We will continue to build on our strengths developed over the past 20 years: our

independence and reputation for fairness; our strong governance and operational processes; and our ability to resolve disputes effectively.

OBSI has made a positive impact on many people's lives over the course of our history, and we are committed to ensuring that we continue to play a valuable role in Canada's consumer protection framework.

SARAH P. BRADLEY
Ombudsman and CEO

We will continue to build on our strengths developed over the past 20 years

Strategic Direction

OBSI has been providing dispute resolution services to Canadian consumers and financial services firms for over 20 years.

Our goal is to further build our reputation as Canada's trusted, independent financial ombudsman, acting as an impartial and fair investigator of banking and investment related complaints. In 2016, the board approved a five-year strategic plan. The development of this plan provided the organization with an opportunity to formally articulate what it has always inherently understood to be OBSI's core business, value proposition, vision, mission, and values.

STAKEHOLDERS

Consumers

Need an accessible dispute resolution service

Firms

Need a process to resolve complaints and preserve client relationships

Regulators

Need to strengthen consumer and investor protection and confidence

CORE BUSINESS

- Investigate and resolve complaints between consumers and financial services
- Increase public confidence in financial services sector

VALUE PROPOSITION

- Independent and trusted
- Fair and impartial processes and outcomes
- Cost effective, time efficient alternative to the legal system
- Professional, experienced and knowledgeable staff
- Unique consumer and financial services industry insights
- Accessible service – free to consumers, available to handle inquiries in over 170 languages
- Depth of experience – more than 20 years' service and almost 1,400 participating firms

Stakeholders realize value from OBSI because of the organization's independence, fair and impartial dispute resolution processes, and the expertise, knowledge and professionalism of its people.

OBSI'S VISION

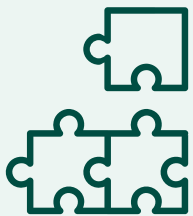
OBSI's core business and value proposition to its key stakeholders is shaped by its vision for its role in Canada's financial services industry.



Inspiring confidence in the Canadian financial services sector

OBSI'S MISSION

OBSI's core business and value proposition is realized by its commitment to its mission that guides the organization's day-to-day operations.



We help resolve and reduce disputes between consumers and financial services firms by conducting fair and accessible investigations and by sharing our knowledge and expertise

OBSI'S VALUES

OBSI's values are the principles that guide how the organization delivers its core business and effects its value proposition to stakeholders.

Fairness

Our process and approach is fair to consumers and firms

Accessibility

Our services are affordable, straightforward, and convenient

Impartiality

We are balanced and objective in our work

Independence

We are free from undue influence

Integrity

We act in a way that is honest and principled

Professionalism

We respectfully listen, understand and engage with consumers and firms

Strategic Directions

Deliver

a high value service and be the dispute resolution provider of choice

Build

enduring relationships through stakeholder awareness of the value of the OBSI service

Drive

continuous improvement and organizational resiliency

Invest

in OBSI's people

Full strategic plan can be found at obsi.ca

What's New



Independent Evaluation

In early 2016, OBSI underwent an independent evaluation of its operations and practices for investment-related complaints. The evaluation was performed in accordance with the Memorandum of Understanding concerning oversight of the Ombudsman for Banking Services and Investments between the Canadian Securities Administrators and OBSI (MOU).

The evaluator's report concluded that OBSI met the MOU requirements and has performed well within its current mandate: its decisions are fair and consistent with those made internationally; and with its loss calculation tools, its ability to determine fair amounts of compensation is world leading. The report also set out 19 recommendations, many with sub-recommendations.

The evaluator noted that, unlike other comparable international financial sector ombudsmen, OBSI does not have the authority to bind firms to comply with its compensation recommendations. A key recommendation was that OBSI be enabled to secure redress for Canadians, preferably by empowering it to make awards that are binding. The OBSI board has accepted this recommendation along with several others put forth by the report.

OBSI will work with consumer groups, participating firms, relevant regulators, and other stakeholders in the coming year to explore solutions that ultimately strengthen confidence in Canada's financial services sector.

Community Outreach

OBSI continued its efforts to reach Canadians and increase awareness of the financial complaint-handling process. Staff attended the National Initiative for the Care of the Elderly Knowledge Exchange conference and ZoomerShow Lifestyle Expo among other events.

Reserve Fund

The reserve fund, which represents six months of operating costs and is intended to help alleviate short-term, unexpected financial pressures, was fully funded in 2016. The reserve fund was used, for example, during the 2008 financial crisis when a significant increase in financial complaints required OBSI to hire more investigators.

Case Management System

OBSI's new case management system, OSCAR, was made operational during the year. It is used at every stage of the complaint-handling process. OSCAR introduces new efficiencies such as automated case tracking, step-by-step process workflows, and improved data collection abilities, including those necessitated by regulatory requirements.

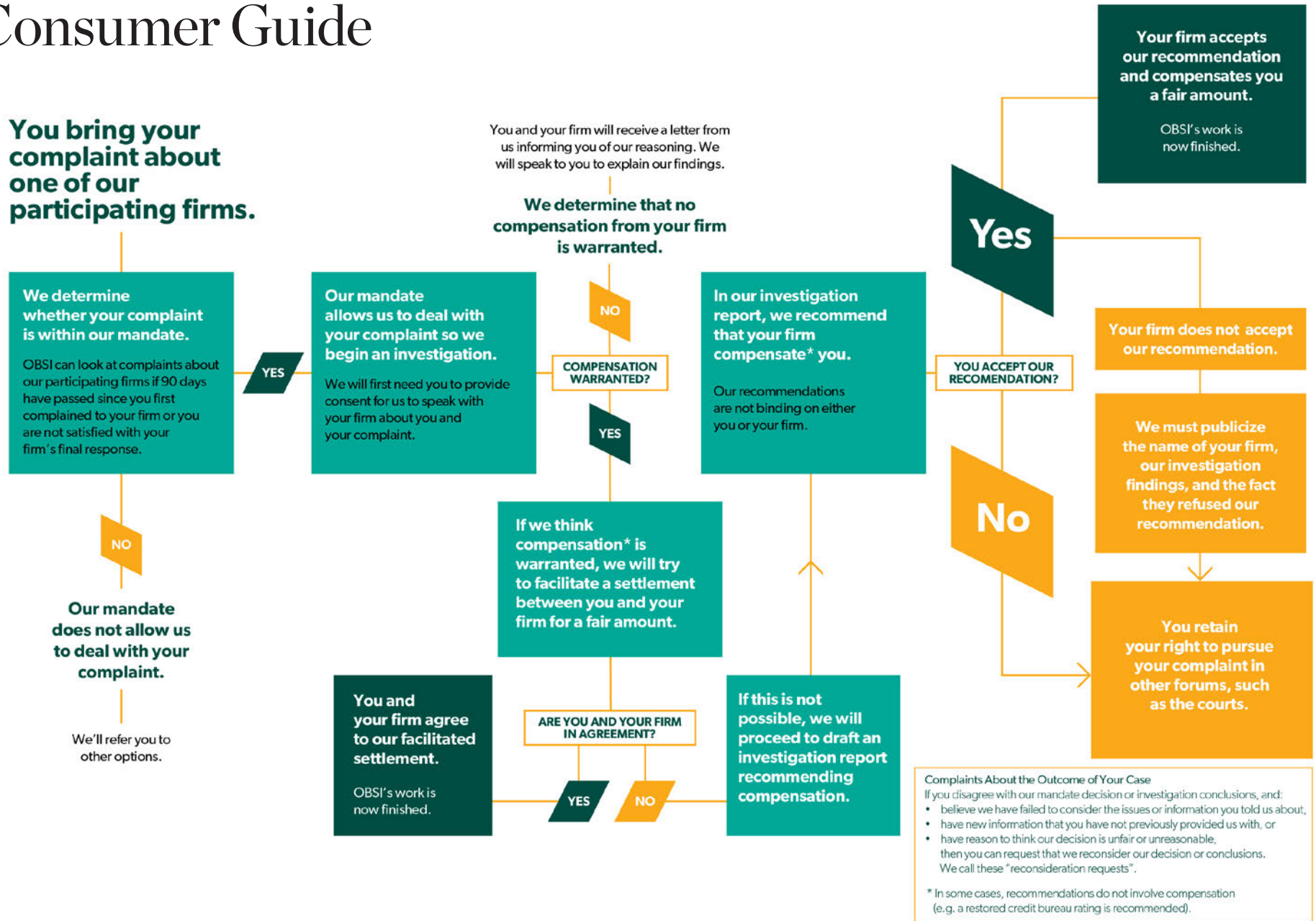
Four New Community Directors

OBSI welcomed four new community directors – Catherine Adams, Carmela Haines, Bharat Mahajan, and Laura Tamblyn Watts – from across Canada, bringing a diversity of skills and experience from both the public and private sectors. The new directors replaced Adrian Burns, Angela Ferrante, Ian Lightstone, and Louise Martel, who have retired following the successful completion of their terms. The board extends its sincere gratitude to the outgoing community directors for their dedication, guidance, and commitment.



Consumer Guide

You bring your complaint about one of our participating firms.



Complaints About the Outcome of Your Case
 If you disagree with our mandate decision or investigation conclusions, and:
 • believe we have failed to consider the issues or information you told us about,
 • have new information that you have not previously provided us with, or
 • have reason to think our decision is unfair or unreasonable,
 then you can request that we reconsider our decision or conclusions. We call these "reconsideration requests".

* In some cases, recommendations do not involve compensation (e.g. a restored credit bureau rating is recommended).

Participating Firm Guide

OBSI receives a complaint from one of your clients.

We determine whether the complaint is within our mandate.
 OBSI can look at complaints if 90 days have passed since your client first complained or they are not satisfied with your final response.

NO

Our mandate does not allow us to deal with the complaint.

We will inform your client of the reasons why, but you will not receive any notice of out-of-mandate decisions.

YES

Our mandate allows us to deal with the complaint so we investigate.
 After receiving your client's consent, we will ask you for relevant documents and may request interviews with firm representatives or advisors.

You and your client will receive a letter informing you of our reasoning. We will speak to your client to explain our findings.

We determine that no compensation is warranted and we close the file.

NO

COMPENSATION WARRANTED?

YES

In our investigation report, we recommend that you compensate* your client.
 You and your client will have the opportunity to comment on our draft recommendation before it is finalized.

If we think compensation* is warranted, we will try to facilitate a settlement between you and your client for a fair amount.

ARE YOU AND YOUR CLIENT IN AGREEMENT?

YES

NO

You and your client agree to our facilitated settlement.
 OBSI's work is now finished.

If this is not possible, we will proceed to draft an investigation report recommending compensation.

Yes

YOU ACCEPT OUR RECOMMENDATION?

Your client also accepts our recommendation and the complaint gets resolved.
 OBSI's work is now finished.

Your client does not accept our recommendation.

Your client retains their right to pursue their complaint in other forums, such as the courts.

No

We must publicize the name of your firm, our investigation findings, and the fact you or your firm refused our recommendation.

* In some cases, recommendations do not involve compensation (e.g. a restored credit bureau rating is recommended).

Serving Canadians



5,055
inquiries

45%
of first contacts by phone

28%
of banking-related cases include fraud, bank error, and service issues

52%
of complaints from Ontario

Canadians from coast to coast to coast and all walks of life come to OBSI looking for help resolving their financial complaints. OBSI's services are free and available in both English and French.

OBSI looks into complaints about most banking and investment matters such as mortgages, mutual funds, bonds and GICs, debit and credit cards, loans and credit, unauthorized trading, transaction errors, fraud, and investment advice.

How Canadians Contact Us

Every day, individuals from across Canada contact OBSI. Many contact us to submit a complaint about their bank, investment firm, or financial institution.

But a large number of contacts are individuals looking for general information such as locating the nearest bank branch or looking for an investment firm's email address. Each unique interaction is recorded as an inquiry. Our customer assistance officers are here to help and are trained to guide consumers to the most appropriate avenue if their issue is outside of our mandate.

5,055
Total inquiries in 2016

Inquiries by Channel

OBSI offers several ways for consumers to contact us. The most common way consumers contact OBSI is through email and by phone. Our service is available in both official languages, English and French. We can also answer questions about our dispute resolution process in over 170 languages using a translation service.

Channel	Number of Inquiries	Percentage of Inquiries
Email	2,017	40%
Fax	227	4%
Mail/Courier	311	6%
Online	247	5%
Phone	2,244	44%
Walk-in	9	0.2%

Top 10 Firms by Inquiry

OBSI receives complaints and questions about our participating firms. In addition to complaints, we also receive inquiries from consumers seeking general information about their bank or investment firm. OBSI consumer assistance officers will direct consumers to the correct organization if the issue is outside of our mandate.

Financial Group	Number of Inquiries	Percentage of Inquiries
Scotia	744	15%
Capital One Bank	687	14%
BMO	463	9%
TD*	399	8%
CIBC	357	7%
RBC*	295	6%
National	274	5%
HSBC	110	2%
Amex Bank of Canada	92	2%
JP Morgan Chase Bank N.A., Canada	79	2%

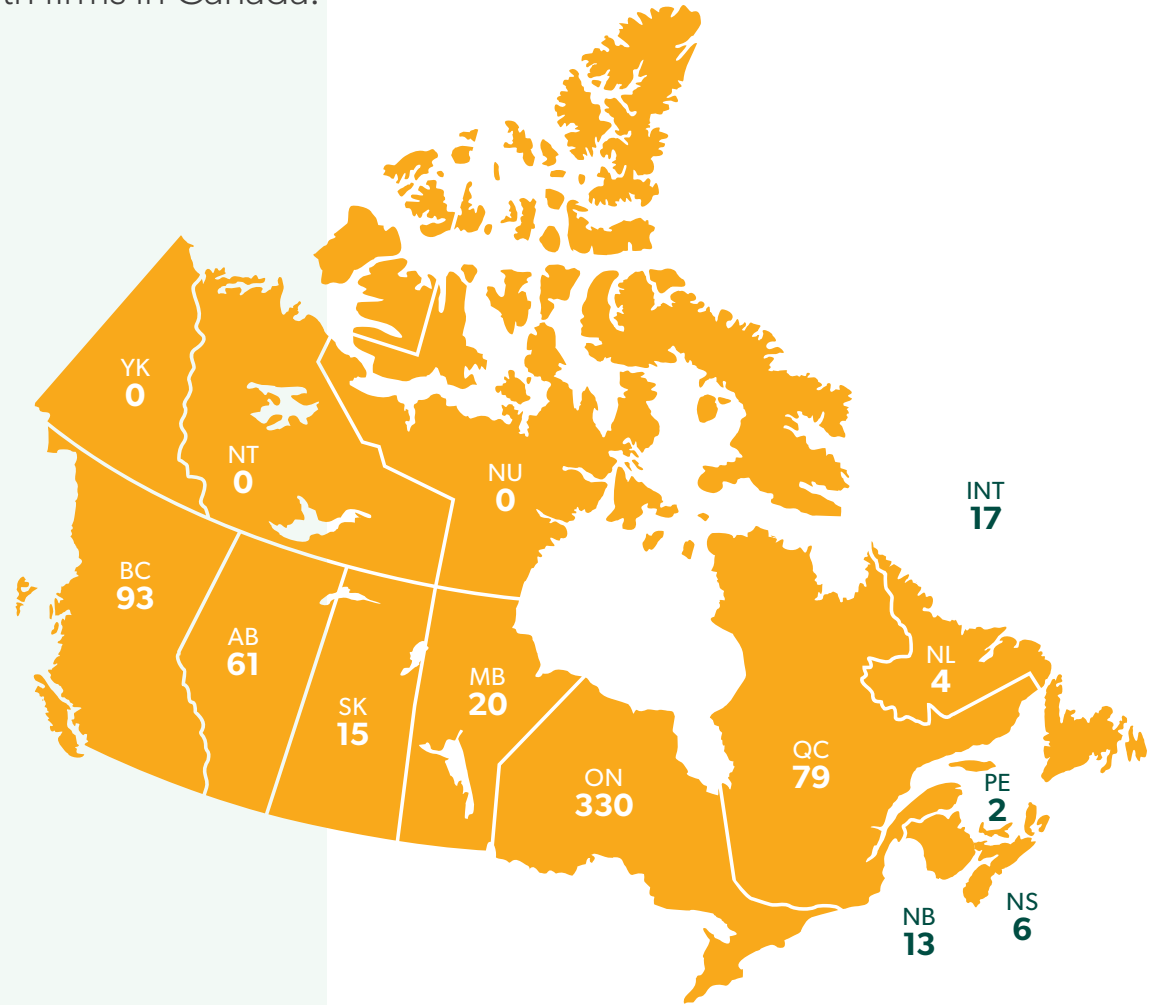
*In 2016, 282 out of 399 TD inquiries (71%) and 202 out of 295 RBC inquiries (68%) were about banking services. OBSI does not handle RBC and TD banking-related complaints – these consumers were directed to other avenues.

Where our Complaints Come From

As a national service, OBSI gets complaints from coast to coast to coast. We also see files from customers of participating firms living abroad who have banking and investment relationships with firms in Canada.

Jurisdiction	# of Complaints	% of Complaints
Ontario (ON)	330	52%
British Columbia (BC)	93	15%
Quebec (QC)	79	12%
Alberta (AB)	61	10%
Manitoba (MB)	20	3%
Saskatchewan (SK)	15	2%
Nova Scotia (NS)	6	1%
New Brunswick (NB)	13	2%
Newfoundland and Labrador (NL)	4	1%
International (INT)	17	3%
Prince Edward Island (PE)	2	0%
Nunavut (NU)	0	0%
Northwest Territories (NT)	0	0%
Yukon Territory (YK)	0	0%
Total	640	100%*

*Note: Percentages may not total 100 due to rounding off.

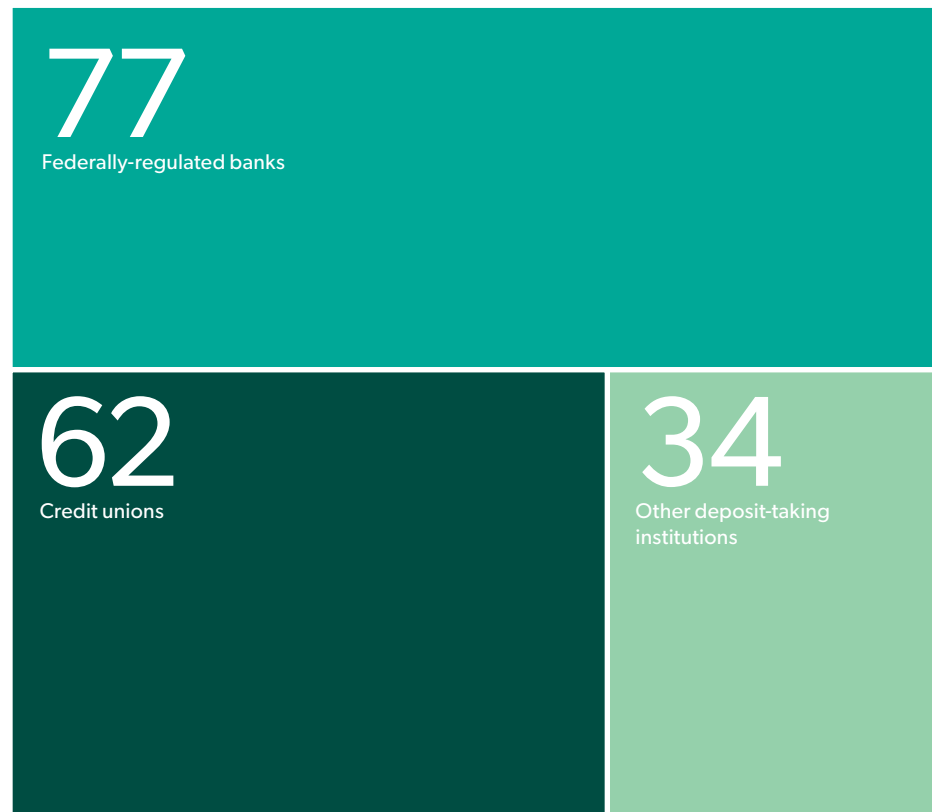


Participating Firms

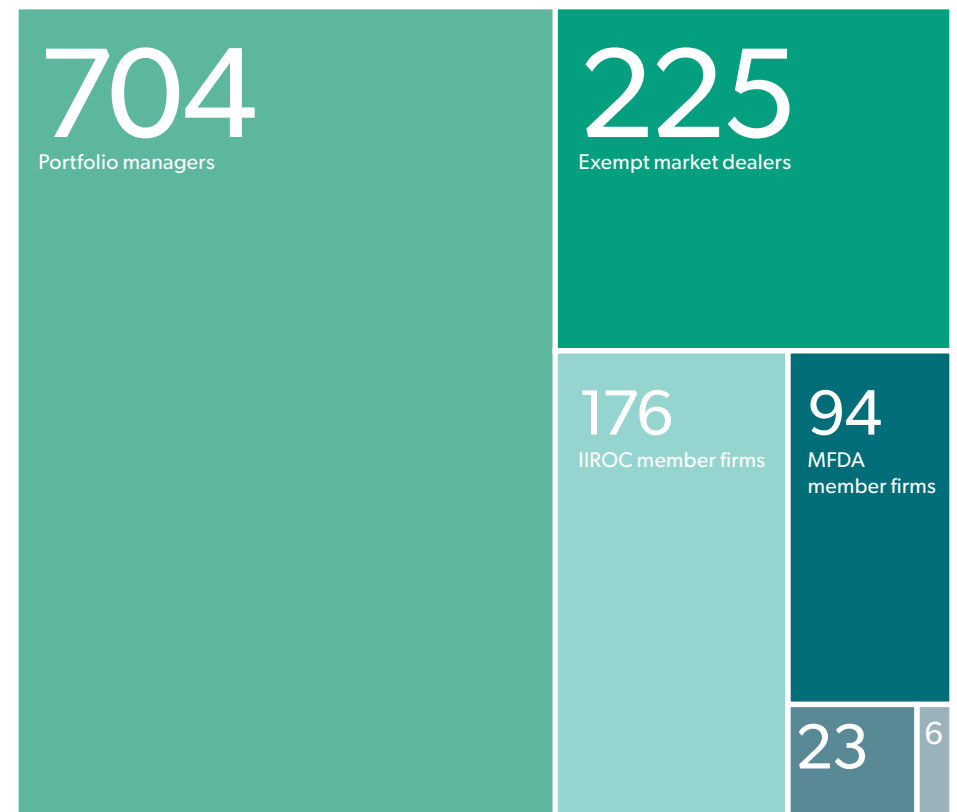
Approximately 1,400 financial institutions and firms across Canada participate in OBSI’s dispute resolution process.

Most federally-regulated banks and all investment firms regulated by the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) are OBSI participating firms. Our services also cover many credit unions, trusts, portfolio managers, exempt market dealers, and scholarship plan dealers. Any regulated firm in the banking services and investment fields is eligible to join.

Banking Services



Investments

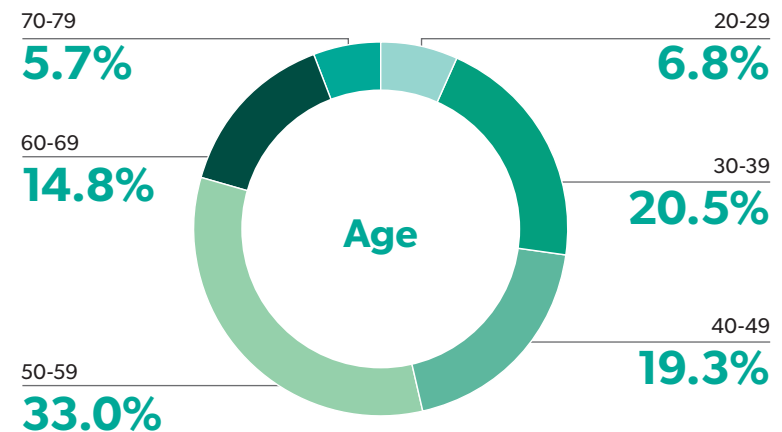
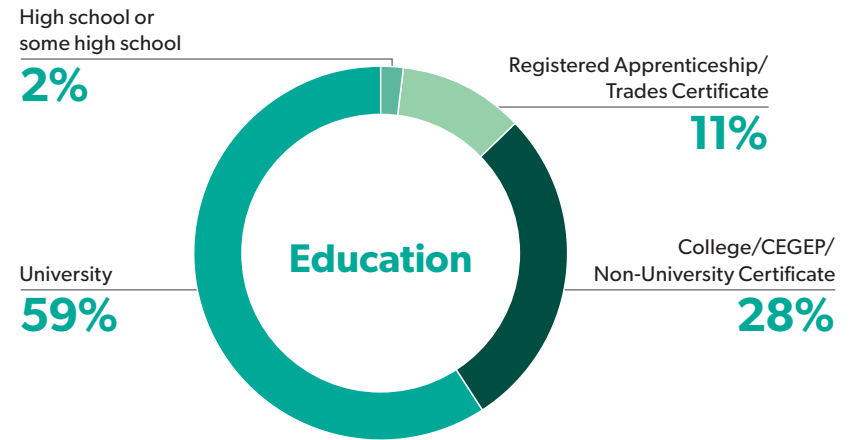
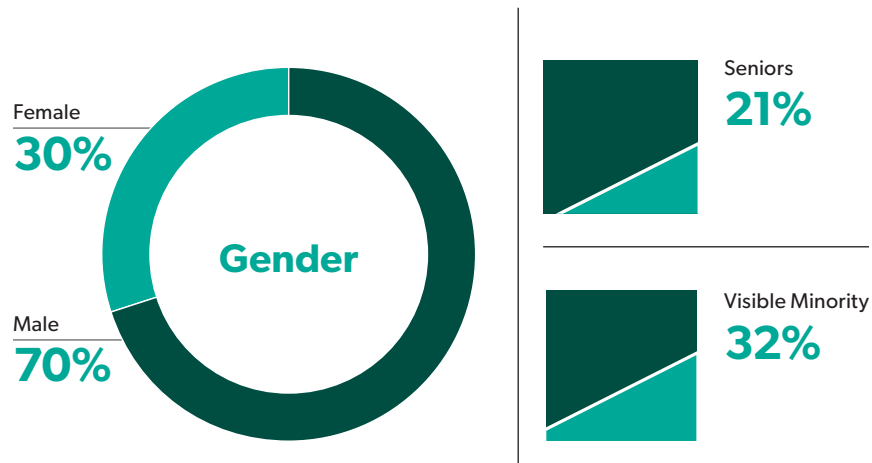


Other investment firms
Scholarship plan dealers

Banking Consumer Profile

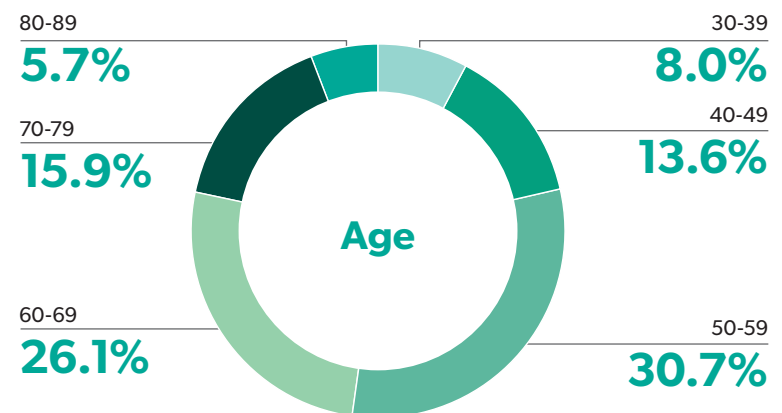
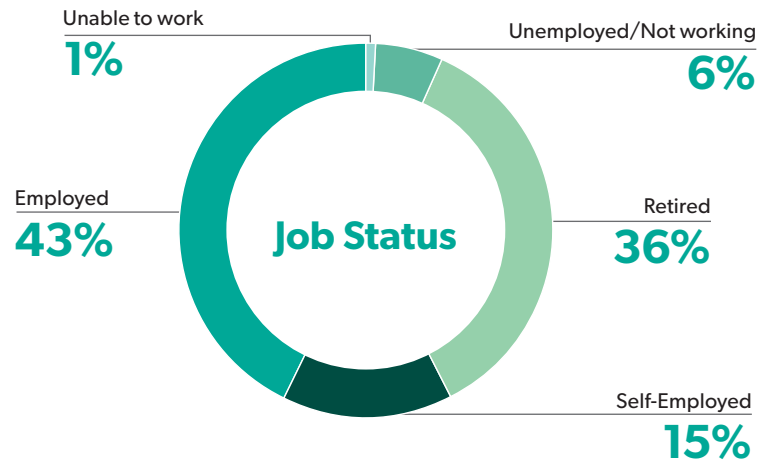
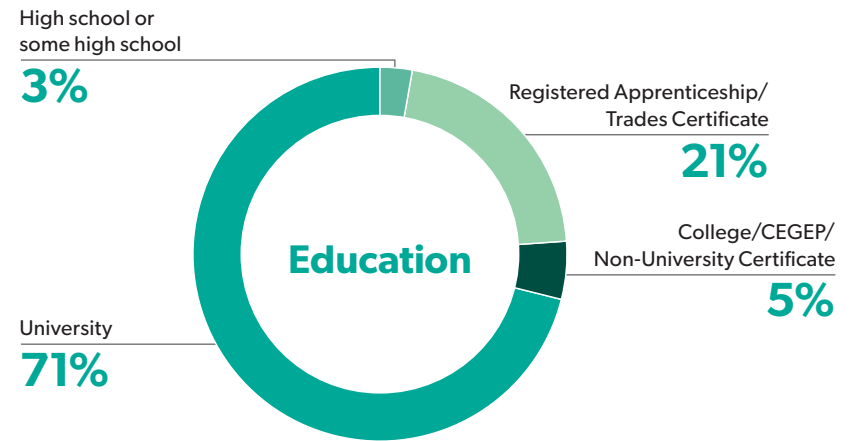
Early in 2016, we began a new process for demographic data collection based on phone calls with consumers at the outset of the complaint-handling process (we previously relied on responses to a mailed-out consumer survey).

Consumers had the option to participate and were asked if they would provide demographic information to help us better understand the profile of Canadians accessing our service.



Note: Percentages may not total 100 due to rounding off.

Investments Consumer Profile



Note: Percentages may not total 100 due to rounding off.

Year in Review: Banking Services

290

opened cases

323

closed cases

Top
issues

include fraud,
bank error,
and service

6%

increase in cases
from 2015

57

days on average
to complete an
investigation

Banking-related complaints increased 6% this year over last year. OBSI opened 290 banking-related cases in 2016 compared to 273 in 2015.

In 2016, the number of banking-related cases was the highest they have been in the past five years. The upward trend can be attributed, in part, to increased consumer awareness as well as efforts by participating banks to communicate more frequently about complaint handling processes as well as OBSI as an option to resolve their disputes.

Cases

Mortgages continue to generate the most complaints, representing 24% of banking cases, down slightly from 27% last year.

Credit cards and personal transaction accounts, such as chequing and savings accounts, continue to be among the top products consumers complained about.

Fraud continues to be the overall leading issue for bank complaints, representing 12% of cases, however, this is down from 14% in 2015. Fraud is also the leading complaint for credit cards. Prepayment

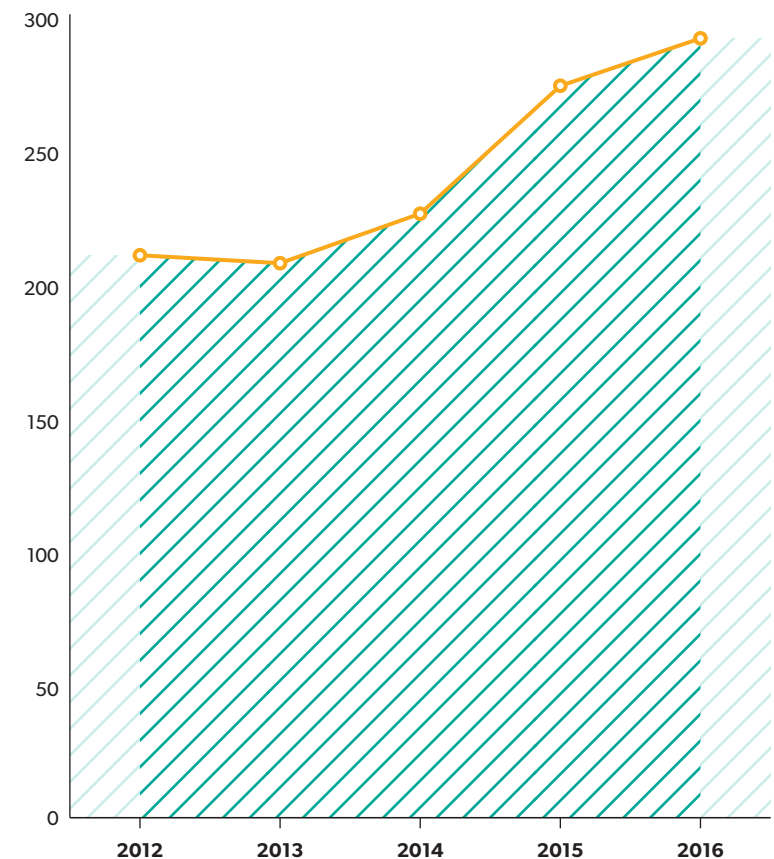
penalties and disclosure are the leading issues with mortgage products. Bank errors were 8% of complaints, up from 3% in 2015. Service issues were also 8% of complaints, compared to 9% last year.

Total banking cases closed was 323 in 2016 compared to 245 in 2015, an increase of about 32%.

Opened Cases

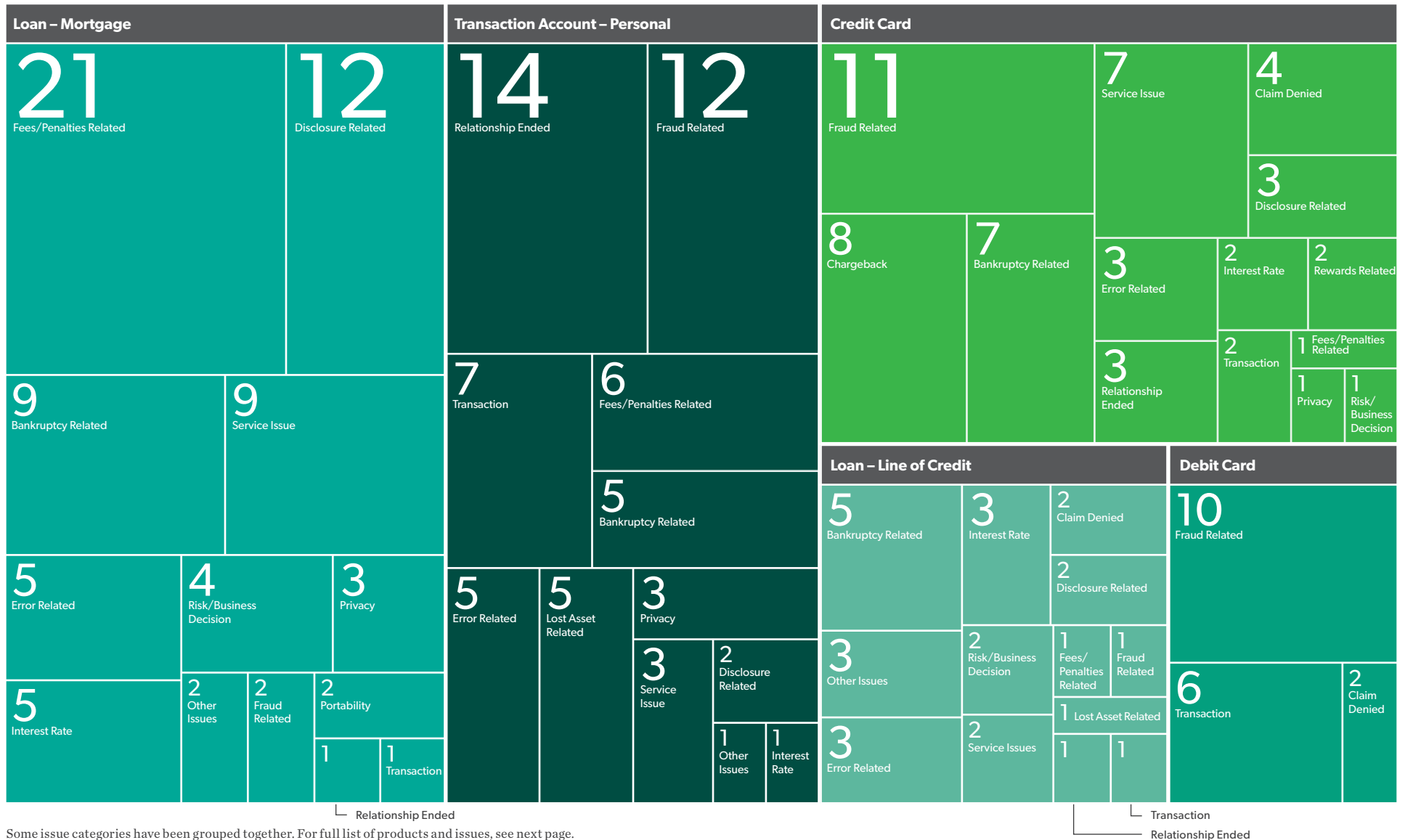
2016	290
2015	273
2014	225
2013	207
2012	210

Opened Cases



Products and Issues

This is a visual representation of the top five most complained about banking products during the year and the related issues. Each rectangle represents an issue and is nested with a corresponding product. The size of the issue rectangle is proportional to the number of complaints received in relation to the other issues.



Some issue categories have been grouped together. For full list of products and issues, see next page.

Banking Products	# of Cases	% of Cases
Loan – Mortgage	76	24%
Transaction Accounts – Personal	64	20%
Credit Card	55	17%
Loan – Line of Credit	28	9%
Debit Card	18	6%
Loan – Home Equity Loan	13	4%
Cheque	10	3%
Investment – GIC/Term Deposit	10	3%
Investment – Tax-Free Saving Accounts (TFSA/CELI)	6	2%
Loan – Personal	6	2%
Transaction Accounts – Commercial	6	2%
Loan – Car	5	2%
Transfer – Wire/Swift	5	2%
Investment – RRSP	4	1%
Transfer – Electronic	4	1%
Investment – GIC: Index Linked	2	1%
Safety Deposit Box	2	1%
Insurance – Credit Protection	1	<1%
Investment – Mutual Funds	1	<1%
Investment – RRIF	1	<1%
Loan – Commercial	1	<1%
Loan – Other	1	<1%
Loan – Overdraft Protection	1	<1%
Loan – RRSP	1	<1%
Transaction Accounts – Estate	1	<1%
Transaction Accounts – Joint	1	<1%

Banking Issues	# of Cases	% of Cases
Fraud	39	12%
Error – Bank	26	8%
Service Issue	26	8%
Information – Incomplete/Wrong/Misrepresented	23	7%
Penalty	22	7%
Relationship Ended	22	7%
Fees	20	6%
Collection	15	5%
Credit Report Rating	14	4%
Missing or Lost Funds/Assets	13	4%
Interest Rate	11	3%
Privacy	11	3%
Transaction – Branch	11	3%
Claim Denied	10	3%
Chargeback	9	3%
Risk/Business Decision	7	2%
Transaction – ABM	6	2%
Transaction – Unauthorized	5	2%
Disclosure	4	1%

Banking Issues	# of Cases	% of Cases
Forged Signature	3	1%
Hold on Funds	3	1%
Partner/Spouse Issues	3	1%
Dementia/Mental Incapacity	2	1%
Error – Third Party	2	1%
Misleading Publicity/Promotion	2	1%
Portability	2	1%
Product Modification	2	1%
Bankruptcy	1	<1%
Cheque – Endorsement	1	<1%
Error – Client	1	<1%
Guarantor/Security	1	<1%
Rewards	1	<1%
Right of Survivorship	1	<1%
Foreign Exchange Transaction	1	<1%
Interac Transaction	1	<1%
Pre-Authorized Debit Transaction	1	<1%
Direct Deposit Transaction	1	<1%

/ Timeliness

All banking-related cases were closed well within the federally regulated timelines. In 2016, banking-related investigations took 57 days on average to complete. Complaints involving only federally-regulated banks also took 57 days on average to complete and 10 days on average to determine if the complaint was within mandate.

OBSI follows the federal government’s standards for the reporting of complaint resolution timeliness by external complaints bodies. These standards provide OBSI with 120 days to make a final written recommendation to the parties to a complaint after receiving the information that we require.

The 120-day standard typically begins when an investigation is assigned – when all relevant information is collected – and ends when a final written conclusion is provided to the consumer and participating firms. External delays that are outside of OBSI’s control are factored into time measurements.

Average Number of Days to Close Case File

Straightforward investigations*	33
All investigations	57

*Straightforward investigations are typically less complex cases where a resolution may be reached more quickly.

Number of Banking Case Files Percentage of Total

≤ 120 Days	323	100%
> 120 Days	0	0%



Opened Cases by Firm

OBSI opened 290 banking cases this year, from 25 firms providing banking services. When reviewing case numbers for each firm, it is important to note that a higher number of cases opened for a firm may not be a negative indication. Higher case volumes are generally unrelated to case outcomes, and may simply be a result of the firm effectively informing consumers about OBSI's services.

Of the banking-related cases closed this year, we recommended compensation to consumers in 68 cases (i.e. the cases were resolved to the satisfaction of the consumer), as shown on the chart on this page. The results of our consumer satisfaction surveys can be found on page 39.

Notes

^a "Final recommendations made" refers to all cases closed in the period, which may differ from the number of cases opened. A recommendation may or may not be in favour of the consumer.

	# of Cases	Complaints Received	Complaints in Mandate	Final Recommendations Made ^a	Outcome in Favour of Complainant
Federally-Regulated Banks					
Amex Bank of Canada	2	4	3	2	2
B2B Bank	0	1	1	1	0
Bank of China (Canada)	1	1	1	N/A	N/A
Bank of Montreal	44	54	45	49	8
Bank of Nova Scotia (The)	111	144	120	121	15
Canadian Imperial Bank of Commerce	41	49	45	44	14
Canadian Tire Bank	2	3	2	2	0
Canadian Western Bank	1	1	1	1	0
Capital One Bank (Canada Branch)	13	23	15	12	2
Equitable Bank	1	2	1	1	0
HomeEquity Bank	0	N/A	N/A	1	1
HSBC Bank Canada	12	14	13	11	3
JP Morgan Chase Bank N.A., Canada	3	2	2	3	0
JPMorgan Chase Bank, National Association	1	1	1	1	0
Laurentian Bank of Canada	8	10	8	6	0
Manulife Bank of Canada	1	3	1	1	0
National Bank of Canada	27	31	26	40	19
President's Choice Bank	2	2	2	3	0
Rogers Bank	2	2	2	2	0
Tangerine Bank	11	18	15	12	3
Walmart Canada Bank	3	4	3	3	1
Trust Companies					
Canadian Western Trust Company	1	1	1	1	0
Investors Group Trust Co. Ltd	1	1	1	1	0
Peoples Trust Company	1	1	1	1	0
Credit Union					
Servus Credit Union Ltd.	1	1	1	3	0

Year in Review: Investments

350

opened cases

333

closed cases

136

days on average
to complete an
investigation

17%

increase in cases
from 2015

3%

decrease in
mutual fund
complaints

Top
issues

suitability, suitability
of margin or leverage,
incomplete or inaccurate
disclosure about a product

Investment-related complaints increased 17% this year over last year. We opened 350 investment-related cases in 2016 compared to 298 in 2015. OBSI opened an average of 381 cases in the previous four years.

Mutual funds are the number one investment product consumers complain about and represented 44% of all investment complaints in 2016. Common shares (or equities) made up 34% of cases, second highest among investment-related complaints. Scholarship trust plans represented 8% of complaints followed by preferred shares (4%).

/ Cases

The leading investment issues across products are suitability of the investment (27%) and suitability of margin or leverage (15%) if funds were borrowed to invest.

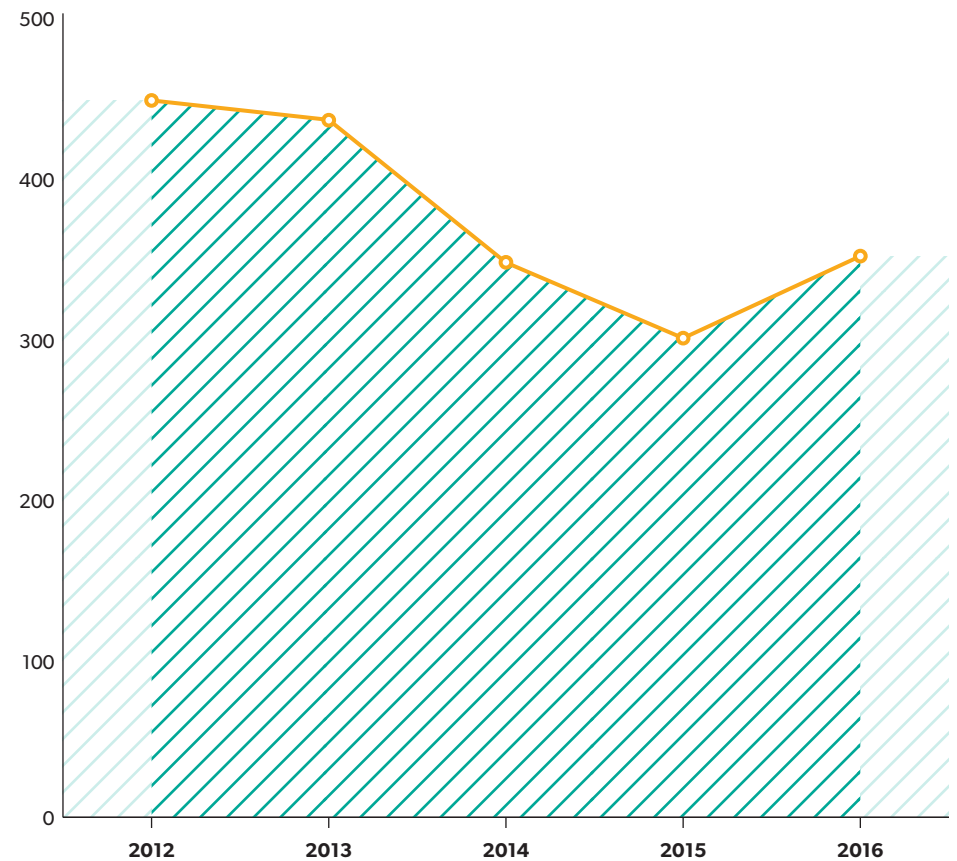
Incomplete or inaccurate disclosures were 11% of cases while fee disclosure represented 10% of cases. These trends were consistent with previous years.

The number of investment cases closed in 2016 was 333, compared to 384 in 2015. This 13% decline was largely due to the elimination of the backlog of investment cases in 2015.

Opened Cases

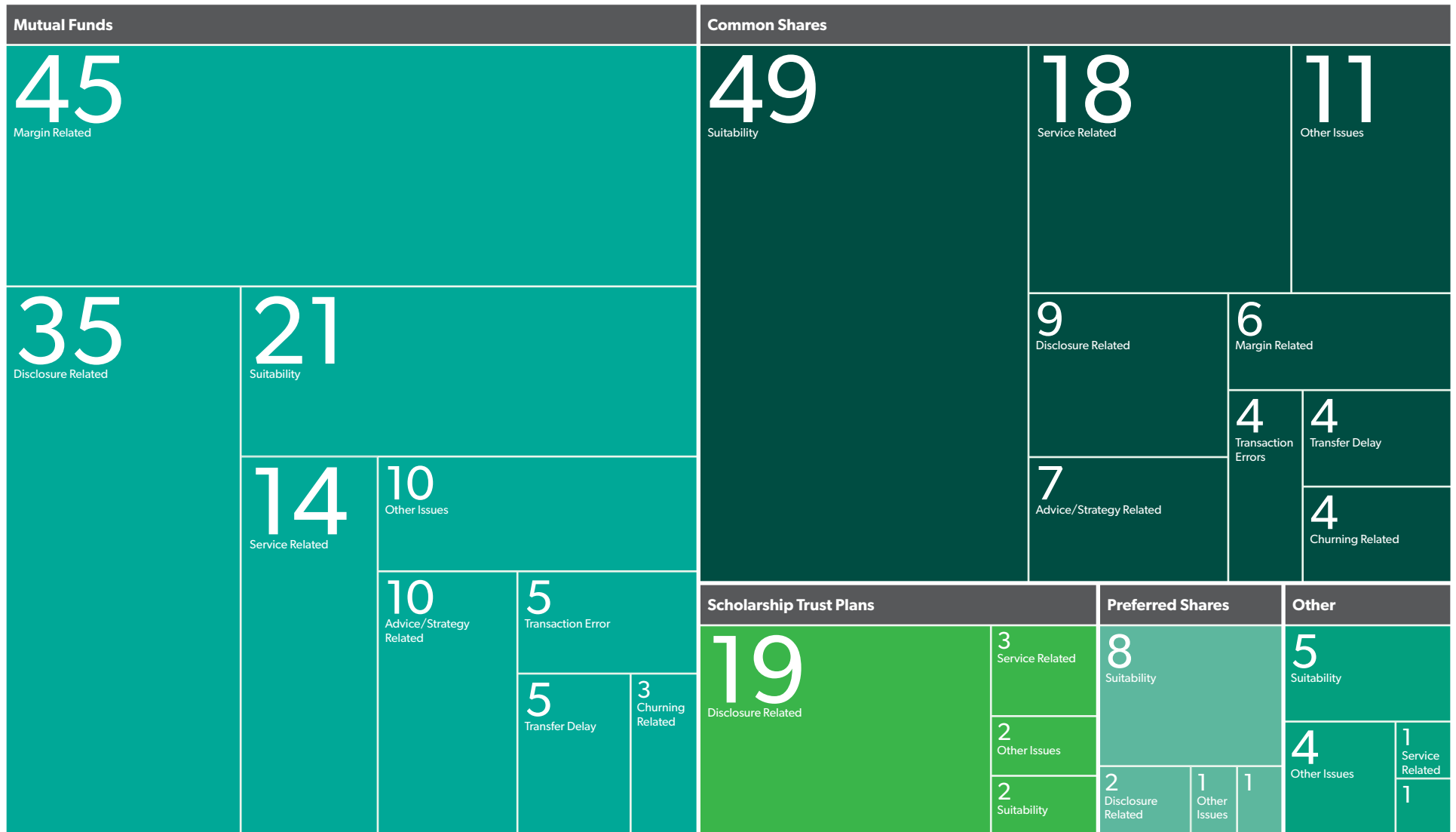
2016	350
2015	298
2014	345
2013	434
2012	446

Opened Cases



Products and Issues

This is a visual representation of the top five most complained about investments products during the year and the related issues. Each rectangle represents an issue and is nested with a corresponding product. The size of the issue rectangle is proportional to the number of complaints received in relation to the other top five issues.



Some issue categories have been grouped together. For full list of products and issues, see next page.

Transfer Delay | Advice/Strategy Related

Investment Product	# of Cases	% of Cases
Mutual Funds	148	44%
Common Shares	112	34%
Scholarship Trust Plans	26	8%
Preferred Shares	12	4%
Other	11	3%
Bonds, Debentures	4	1%
Derivatives: Options, Futures, Warrants	4	1%
Exchange-Traded Fund	4	1%
Foreign Exchange	2	1%
Labour Sponsored Fund	2	1%
Limited Partnerships (Flow-Throughs)	2	1%
Guaranteed Investment Certificates	1	<1%
Hedge Funds	1	<1%
Income Trusts	1	<1%
Leveraged Exchange-Traded Funds	1	<1%
Private Placement Debt Securities	1	<1%
Segregated Funds and Other Insurance Products	1	<1%

Investment Issues	# of Cases	% of Cases
Suitability	91	27%
Suitability of Margin or Leverage	51	15%
Incomplete or Inaccurate Disclosure About a Product	36	11%
Fee Disclosure	34	10%
Instructions Not Followed	22	7%
Service Issue	18	5%
Inappropriate Advice	14	4%
Transfer Delay	12	4%
Performance	10	3%
Transaction Errors	10	3%
Other	9	3%
Unauthorized Transaction and/or Churning	7	2%
Fraud	4	1%
Inappropriate Investment Strategy	4	1%
Privacy	4	1%
Outside Business Activities, Off Book Transaction	3	1%
Margin Issues	2	1%
Elder Abuse	1	<1%
Power of Attorney	1	<1%

/ Timeliness

OBSI’s benchmarks for investment complaint timeliness are different than those for banking complaints because investment complaints are often more complex and time-consuming to investigate. As a result, different standards are set for each sector.

OBSI’s timeliness standard for investment-related complaints is that 80% of investment cases will be closed in 180 days.

Timeliness is measured by the date OBSI assigns an investigation and ends when a final written conclusion is provided to the consumer and participating firm. External delays that are outside of OBSI’s control are factored into time measurements.

Average Number of Days to Close Case File

Straightforward investigations*	80
All investigations	136

*Straightforward investigations are typically less complex cases where a resolution may be reached more quickly.

Number of Investment Case Files Percentage of Total

≤ 180 Days	326	98%
> 180 Days	7	2%





98%

of investment-related investigations completed within 180 days

/ Opened Cases by Firm

OBSI opened 350 investment cases this year, from over 90 investment firms. When reviewing case numbers for each firm, it is important to note that a higher number of cases opened for a firm may not be a negative indication. Higher case volumes are generally unrelated to case outcomes, and may simply be a result of the firm effectively informing consumers about OBSI's services.

Clear and frequent disclosure of OBSI's services is one example, as is encouragement for clients to come to OBSI so that they have the benefit of an independent third-party confirming the firm treated them fairly.

	# of Cases
IIROC	
Argosy Securities Inc.	1
Assante Capital Management Ltd.	4
BBS Securities Inc.	2
Beacon Securities Limited	1
BMO InvestorLine Inc.	7
BMO Nesbitt Burns Inc.	7
Canaccord Genuity Corp.	4
CIBC Investor Services Inc.	3
CIBC World Markets Inc.	15
Credential Securities Inc.	6
Desjardins Securities Inc.	3
Dundee Securities Ltd.	2
Edward Jones	7
Foster & Associates Financial Services Inc.	2
Hampton Securities Limited	1
Haywood Securities Inc.	2
Industrial Alliance Securities Inc.	5
Interactive Brokers Canada Inc.	1
JC Clark Ltd.	1
Leede Jones Gable Inc.	2
MacDougall, MacDougall & MacTier Inc.	2
Mackie Research Capital Corporation	3
Mandeville Private Client Inc.	1
Manulife Securities Incorporated	3
National Bank Direct Brokerage Inc.	2

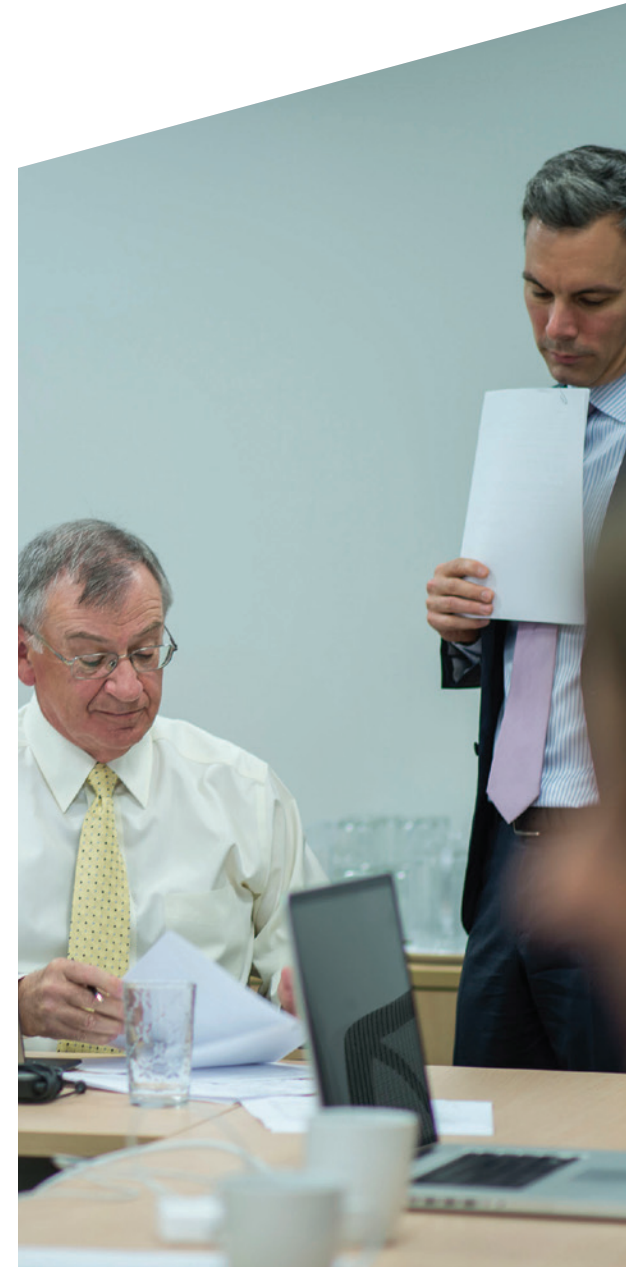
	# of Cases
National Bank Financial Inc.	16
OANDA (Canada) Corporation ULC	1
Odlum Brown Limited	1
PI Financial Corp.	3
Qtrade Securities Inc.	1
Questrade, Inc.	4
Raymond James Ltd.	7
RBC Direct Investing Inc.	4
RBC Dominion Securities Inc.	13
Richardson GMP Limited	4
Scotia Capital Inc.	22
TD Securities Inc.	1
TD Waterhouse Canada Inc.	15
Trapeze Capital Corp.	1
MFDA	
Acadia Financial Services Inc.	1
Assante Financial Management Ltd.	1
BMO Investments Inc.	6
Canfin Magellan Investments Inc.	1
Credential Asset Management Inc.	4
De Thomas Wealth Management Corp	1
Desjardins Financial Security Investments Inc.	1
Equity Associates Inc.	2
FTC Investor Services Inc.	1
FundEX Investments Inc.	3

of Cases

GP Wealth Management Corporation	1
HollisWealth Advisory Services Inc.	2
HUB Capital Inc./Capital HUB Inc.	1
Investia Financial Services Incorporated	5
Investors Group Financial Services Inc.	25
Keybase Financial Group Inc.	4
Manulife Securities Investment Services Inc.	2
Monarch Wealth Corporation	2
National Bank Investments Inc.	4
PEAK Investment Services Inc.	1
PFSL Investments Canada Ltd.	4
Planmar Financial Corp.	1
Portfolio Strategies Corporation	1
Qtrade Asset Management	1
Quadrus Investment Services Ltd.	2
Royal Mutual Funds Inc.	13
Scotia Securities Inc.	3
Sentinel Financial Management Corp.	1
State Farm Investor Services (Canada) Co.	1
Sterling Mutuals Inc.	2
Sun Life Financial Investment Services (Canada) Inc.	1
TD Investment Services Inc.	8
TeamMax Investment Corp.	1
WFG Securities Inc.	9
Worldsource Financial Management Inc.	2

of Cases

Scholarship Plan Dealer	
C.S.T. Consultants Inc.	7
Children's Education Funds Inc.	8
Global RESP Corporation	2
Heritage Education Funds Inc.	13
Knowledge First Financial Inc.	4
EMD	
Becksley Capital Inc.	1
Walton Capital Management Inc.	2
Portfolio Manager	
Cardinal Capital Management Inc.	1
CMS Financial Management Services Ltd.	1
Fidelity Investments Canada ULC	1
Growth Works Capital Ltd.	4
HSBC Private Wealth Services (Canada) Inc.	1
Leon Frazer & Associates Inc.	1
MacNicol & Associates Asset Management Inc.	1
MD Financial Management Inc.	1
RBC Phillips, Hager & North Investment Counsel Inc.	1
TD Waterhouse Private Investment Counsel Inc.	3



Case Outcomes

\$15,552

average investment-related compensation

\$4,016

average banking-related compensation

\$2,645,035

in recommended compensation

OBSI works with consumers and participating firms to arrive at fair and reasonable outcomes.

If an investigation finds that a participating firm acted unfairly, made a mistake, or gave bad advice, OBSI will recommend the firm compensate the consumer or investor for any loss, damage, or harm up to \$350,000. OBSI may also recommend non-financial compensation when appropriate, such as correcting a mistake made to a credit history. If OBSI concludes that the consumer or investor was treated fairly, or the compensation previously offered by the firm is fair, a clear explanation of the findings will be provided to the consumer or investor. In accordance with OBSI's Terms of Reference, the name of any firm that refuses a recommendation will be made public.

/ Compensation

In 2016, 21% of banking complaints (68 of 323) and 45% of investment complaints (150 of 333) ended with monetary compensation. Total compensation was \$2,645,035.

Three banking complaints and one investment complaint ended in some form of non-monetary restitution.

	Total	Average	Median	Lowest	Highest	# of Case Files
Banking	\$281,106	\$4,016	\$597	\$52	\$100,000	68
Investments	\$2,363,929	\$15,552	\$5,000	\$21	\$253,602	150

Average Compensation

	Banking	Investments
2016	\$4,016	\$15,552
2015	\$1,674	\$26,258
2014	\$4,897	\$18,608
2013	\$8,982	\$26,728
2012	\$3,178	\$22,613

/ Refusals

Sentinel Financial Management Corp.

The overwhelming majority of complaints brought to our organization have been successfully resolved. In one case this year, however, Sentinel Financial Management Corp. (Sentinel Financial) did not follow an OBSI recommendation to compensate its customers after causing financial harm.

To date, Sentinel Financial has refused four OBSI recommendations. Having exhausted all avenues to settle these complaints, OBSI is required under our Terms of Reference to publicize the refusals.

Sentinel Financial failed to compensate its customer \$128,799, an amount recommended by OBSI after we concluded that the Sentinel Financial advisor recommended unsuitable investments. The customer, Mr. E, had limited investment experience and minimal investment knowledge. The Sentinel Financial advisor characterized investments products as “low-risk” but failed to adequately disclose the actual risks and product features. The investment products performed poorly and caused serious financial harm.

Feedback



As part of our commitment to continuously improve our services, OBSI requests feedback from consumers and participating firms who have had a complaint handled by us. Surveys are sent to consumers approximately 30 days after an investigation is closed. Participating firms were surveyed for the first time in 2016. Participating firms will be surveyed once a year.

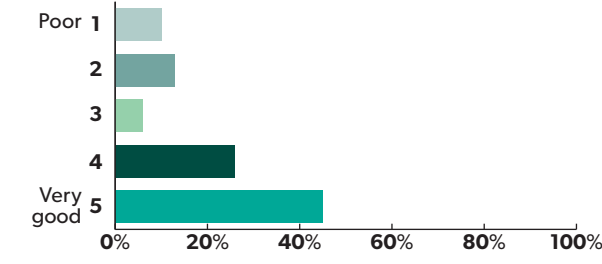
Consumer Feedback

The charts show the level of satisfaction with OBSI's services, whether consumers received compensation or not.

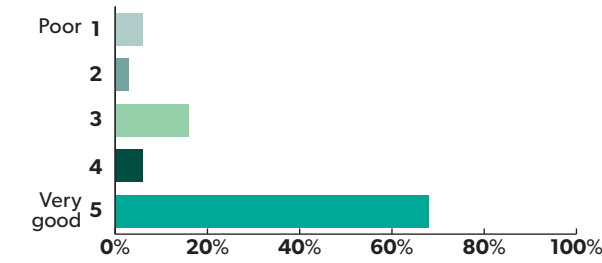
OBSI received 142 responses, representing 22% of cases closed during the year (58 responses from consumers with a banking-related complaint and 84 responses from consumers with an investment-related complaint). Overall results in all four categories were favourable. Consumers with investment-related complaints also provided overwhelming favourable feedback when asked about their interactions with staff and ease of process. While the majority of consumers with banking-related complaints also provided favourable feedback, interactions with staff scored slightly lower.

Banking Services

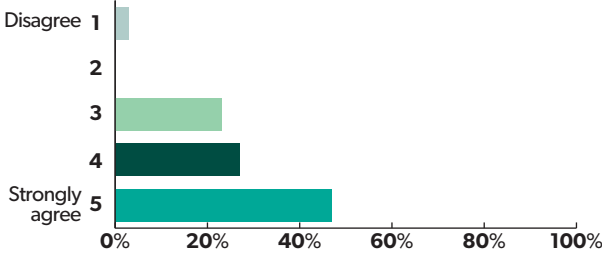
Quality of service



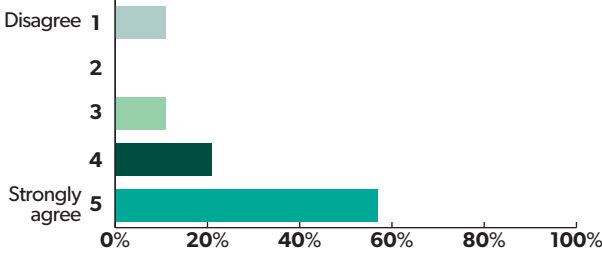
Interactions with staff



Process was easy to understand and follow

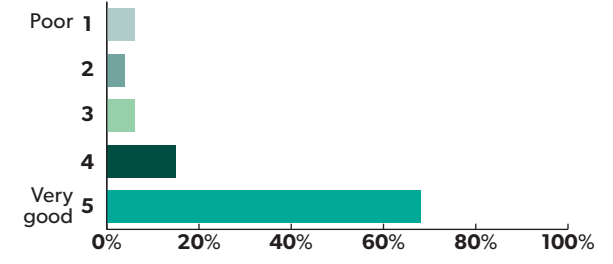


Final written conclusion or recommendation was clear

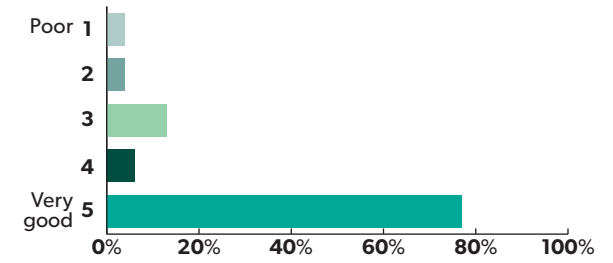


Investments

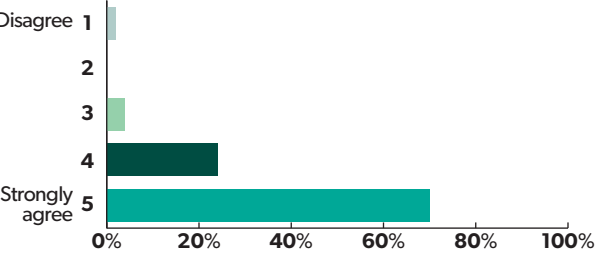
Quality of service



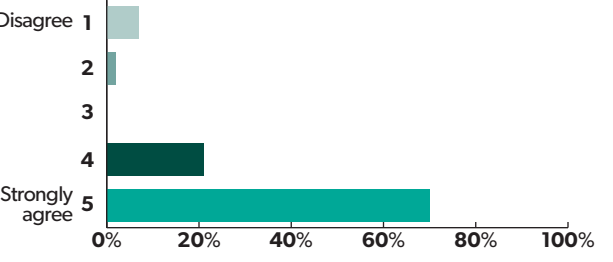
Interactions with staff



Process was easy to understand and follow



Final written conclusion or recommendation was clear



Additional Consumer Feedback

Banking services
 Investments

	Yes	No	Not Applicable
I was able to lodge my complaint in the official language of my choice	100% 98%	0% 0%	0% 2%
OBSI provided services to me free of charge	97% 98%	0% 2%	3% 0%
OBSI provided me with information on its complaint-handling procedures	94% 100%	0% 0%	6% 0%
OBSI dealt with my complaint promptly	68% 89%	32% 11%	0% 0%
OBSI provided me with a final written conclusion or recommendation	87% 85%	10% 15%	3% 0%

	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Disagree
OBSI helped me to understand the complaint process	45% 66%	31% 26%	21% 4%	0% 2%	3% 2%
Process was easy to understand	47% 70%	27% 24%	23% 4%	0% 0%	3% 2%
Final written recommendation was clear	57% 70%	21% 21%	11% 0%	0% 2%	11% 7%

*Note: Percentages may not total 100 due to rounding off.



Most consumers

agree that OBSI's process
was easy to understand

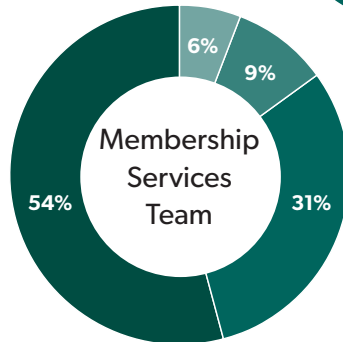
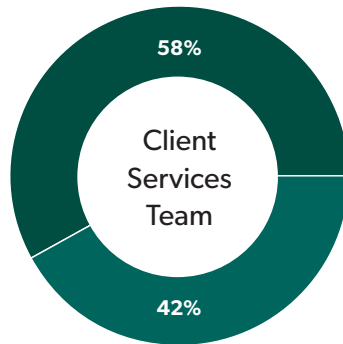
Participating Firm Feedback

OBSI began a new annual initiative to solicit feedback from participating firms using a standardized electronic survey.

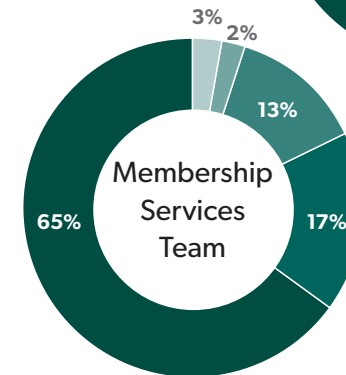
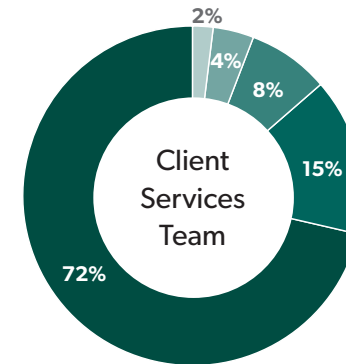
While OBSI will continue to engage participating firms through industry associations and direct correspondences, the new survey initiative provides a convenient method for confidential feedback.

Aggregate survey results are studied by our senior management team to identify areas for improvement and better understand the concerns of OBSI's participating firms. The feedback this year has been very positive and many firms have commented on the professionalism and quality of work of our staff. Preliminary results indicate the need for additional clarity with respect to the progress of an investigation, which is a potential area for improvement.

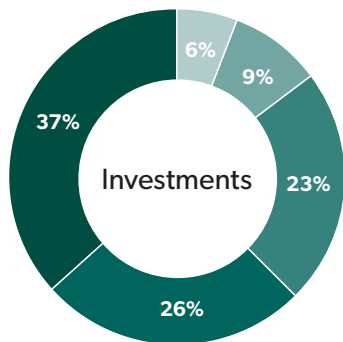
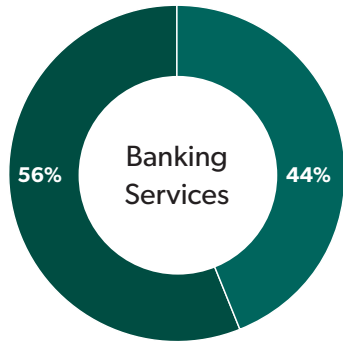
Banking Services



Investments



OBSI added value to our firm's complaint handling process



Strongly Agree Neutral Disagree

Note: Percentages may not total 100 due to rounding off.

Additional Participating Firm Feedback

Banking Services

	Yes	No	Not Applicable
OBSI dealt promptly with complaints	56%	0%	44%
OBSI provided a final written conclusion or recommendation within 120 days for banking-related complaints and 180 days for investment-related complaints	50%	6%	44%
OBSI staff who investigated the complaint(s) were knowledgeable about applicable laws and regulations	56%	0%	44%
OBSI demonstrated a good understanding of the firm's applicable policies	50%	0%	50%
OBSI's final written conclusions or recommendations were written in a clear, simple, and not misleading language	60%	0%	40%
OBSI followed its Terms of Reference and its procedures for dealing with complaints	56%	0%	44%

Investments

	Yes	No	Not Applicable
OBSI dealt promptly with complaints	89%	5%	5%
OBSI provided a final written conclusion or recommendation within 180 days	82%	5%	13%
OBSI staff were knowledgeable about applicable laws and regulations	78%	17%	6%
OBSI staff demonstrated a good understanding of the bank's applicable policies	77%	11%	11%
OBSI's final written conclusions or recommendations were written in a clear, simple, and not misleading language	79%	3%	18%
OBSI followed its Terms of Reference and its procedures for dealing with complaints	81%	5%	14%

OBSI surveyed 178 participating firms. This included all firms that had a complaint handled by us in 2016 and all federally-regulated banks, regardless of whether we handled a complaint in the course of the year.

Governance



OBSI's 10-member board continues to play an important role in providing oversight. A majority of the directors (7), including the chair, are from the community, and are independent as they have not been part of industry or government for at least two years. A minority of the directors (3) are appointed from shortlists of nominees provided by industry bodies.

Board renewal is an important part of OBSI's governance framework. This year, OBSI welcomed four new community directors, who come from across Canada, bringing a diversity of skills and experience from both the public and private sectors.

Independence

Independence is fundamental to OBSI's governance. Beyond the composition of the board, further important safeguards of OBSI's independence are in place. Votes on key independence questions are not only decided by a majority of votes cast by all directors present at the meeting but also require a majority of the community directors present.

These key independence questions include such matters as the hiring and evaluation of the Ombudsman, the budget, and changes to OBSI's Terms of Reference.

Every search for new board members balances diversity, geography, and the need for a variety of backgrounds and skills. Collectively, the directors have experience in governance, business, law, accounting, consumer and regulatory affairs, economics, community organizations, dispute resolution, and public service.

Performance reviews of the board and board chair are conducted every two years. Strict rules prohibit the board and individual directors from becoming involved with individual complaints. The final decision concerning complaints rests with the Ombudsman. There is no appeal to the board, nor can the board influence the decisions of the Ombudsman.

Director Compensation

Community directors receive a \$10,000 honorarium per year, with the chair of the board receiving an additional \$40,000 annually and committee chairs receiving an additional \$4,000 annually. Community directors also receive \$1,800 for every day of meeting they attend (or \$750 if attending by teleconference). Any travel or preparation time is included in the above amounts and is not compensated further. Industry-nominated directors do not receive any compensation from OBSI.



/ Board of Directors



Fernand Bélisle, Chair

Mr. Bélisle brings to OBSI a wealth of experience in complex multi-stakeholder, highly regulated environments. He was a trustee of the Canadian Association of Broadcasters during their restructuring and is a consultant to several broadcast companies.



Catherine Adams, MBA

Ms. Adams is a retired financial services executive with over thirty years' experience in business strategy, product management, marketing, distribution and finance. Her executive roles have been both domestic and international with her last role based in Trinidad.



Jim Emmerton, LL.B

Mr. Emmerton is a community director of OBSI and a member of the Finance and Audit Committee. He retired in June 2015 having served as the Executive Director of the British Columbia Law Institute (BCLI) and the Canadian Centre for Elder Law, from 2007.



**Stephen Gaskin, MBA
(CBA nominee)**

Mr. Gaskin is Senior Vice-President, Ontario Region, for Scotiabank, with accountability for acquiring, retaining and deepening customer relationships in Retail and Small Business Banking.



Carmela Haines, CPA, CA

Ms. Haines is the Vice-President, Finance & Administration with Access Communications Co-operative Limited. Ms. Haines has served as a board member, audit committee chair and board chair for the Regina & District Food Bank.



Bharat Mahajan, CPA, CA

Mr. Mahajan is Vice-President, Finance and Chief Financial Officer of Aveda Transportation and Energy Services Inc. He led Aveda to become the largest rig-moving company in North America.



**Kevin E. Regan
(MFDA nominee)**

Mr. Regan is the Executive Vice-President and Chief Financial Officer of IGM Financial Inc. and is responsible for all financial functions of IGM Financial Inc. and its subsidiaries, Investors Group, Mackenzie Investments and Investment Planning Counsel Inc.



**Janis Riven,
LL.B, BCL, MBA**

Ms. Riven, based in Montreal, has an established consulting practice on governance and compliance, and is currently Adjunct Professor at the John Molson School of Business, Concordia University, where she teaches Corporate Governance.



**Scott Stennett
(IIROC nominee)**

Mr. Stennett is the Chief Operating Officer and a Director for Richardson GMP Limited. He is a member of the firm's Executive Committee and New Product Review Committee, and is chair of the Joint Operating Committee.



Laura Tamblyn Watts, LL.B

Ms. Tamblyn Watts is a lawyer and researcher who focuses on elder law, law reform and social inclusion. She is Senior Fellow at the Canadian Centre for Elder Law and its past National Director. She teaches at the University of Toronto, where she is a Fellow of the Institute for Life Course and Aging.

Board Attendance

	December 5, 2015	February 29, 2016	May 24, 2016	September 27 & 28, 2016
Fernand Bélisle, Chair	✓	✓	✓	✓
Catherine Adams	N/A	N/A	✓	✓
Jim Emmerton	✓	✓	✓	✓
Stephen Gaskin	✓	✓	✓	x
Carmela Haines	N/A	N/A	✓	✓
Bharat Mahajan	N/A	N/A	✓	✓
Kevin E. Regan	✓	✓	✓	✓
Janis Riven	✓	✓	✓	✓
Scott Stennett	✓	✓	✓	✓
Laura Tamblyn Watts	N/A	N/A	✓	✓
Adrian Burns	✓	✓	N/A	N/A
Louise Martel	✓	✓	N/A	N/A
Angela Ferrante	✓	✓	N/A	N/A
Ian Lightstone	✓	✓	N/A	N/A

N/A = not applicable

Board Committees

Governance and Human Resources Committee

The Governance and Human Resources Committee assists the board on matters of corporate governance and relations with OBSI's stakeholders, including government. The committee also fulfills an oversight role relating to human resources policies and compensation matters.

2016 activities included:

- Search for and on-boarding of four new directors
- Staggering of director terms
- Chair compensation review
- Review of governance evaluation process
- Review of Ombudsman performance objectives

Finance and Audit Committee

The Finance and Audit Committee provides oversight of financial reporting and control activities for the board. The Committee also oversees OBSI's defined contribution pension plan, receives the report of the external auditor, and ensures OBSI's compliance with its legal, regulatory, and contractual obligations.

2016 activities included:

- Review of unaudited quarterly statements of revenue, expenses, and balance sheet
- Review of auditor engagement letter
- Review and approval of auditor and audit fees
- Review of employee pension plan

Standards Committee

The Standards Committee is responsible for overseeing OBSI's quality and performance standards and making recommendations to the board of directors regarding the organization's performance against regulatory requirements and expectations. As in previous years, the board was of the view that, given the importance of the operational issues the organization was tackling, the full board of directors should participate in each of those discussions. As a result, the board's Standards Committee did not meet separately in 2016.

Consumer and Investor Advisory Council (CIAC)

Members come from across Canada and have backgrounds that ensure they are familiar with consumer issues and concerns. The CIAC is intended to provide an alternative perspective to the input the OBSI board regularly receives from industry stakeholders and regulatory and government officials. Throughout 2016, the council met as a group approximately monthly via conference call and in person to exchange ideas and to receive briefings on current issues from senior management. The focus for the CIAC over the course of the year has been development of its submission

to the independent evaluation of OBSI, commentary to the board on the final recommendations from the independent evaluation report, and a review of the CIAC mandate.

Members:

Julia Dublin, Chair
Guy Lemoine
Ermanno Pascutto

Eric Spink, QC
Richard Swift, QC
Nidhi Tandon

Financial Highlights

Year ended October 31

	2017 Budgeted	2016 Audited	2015 Audited
Revenue			
Participating firm fees (banking services, IIROC, MFDA)	\$ 8,269,505	\$ 8,338,478	\$ 8,380,993
Participating firm fees (CSA registrants)	\$ 630,495	\$ 1,076,083	\$ 1,118,736
Interest income		\$ 59,369	\$ 48,653
	\$ 8,900,000	\$ 9,473,930	\$ 9,548,382

Expenses			
Personnel	\$ 6,678,128	\$ 5,636,731	\$ 5,873,981
Directors' fees and expenses	\$ 363,200	\$ 336,086	\$ 390,574
Rent and operation cost	\$ 464,400	\$ 313,504	\$ 317,046
Marketing and membership	\$ 171,400	\$ 131,363	\$ 136,833
Supplies, services and travel	\$ 126,500	\$ 105,347	\$ 110,318
Telephone	\$ 60,000	\$ 50,337	\$ 67,911
Information technology & support	\$ 257,000	\$ 244,095	\$ 194,941
Corporate administrative	\$ 164,000	\$ 136,948	\$ 139,241
Legal fees	\$ 126,500	\$ 50,707	\$ 70,279
Insurance	\$ 15,000	\$ 12,948	\$ 13,419
Audit fee	\$ 36,000	\$ 36,160	\$ 36,160
Process innovation	\$ 15,000	-	\$ 452
Consultant fees	\$ 25,000	\$ 99,248	\$ 4,441
Other	\$ 1,000	\$ 2,730	\$ 15,633
Special projects – IT risk review and response, website redesign	\$ 236,500	\$ 170,809	
Amortization	\$ 194,000	\$ 139,018	\$ 97,523
	\$ 8,933,628	\$ 7,466,031	\$ 7,468,752
Excess of revenue over expenses	\$ 33,628	\$ 2,007,899	\$ 2,079,630

Funding Adjustments			
Contribution to operating reserve	\$ 3,372	\$ 1,570,287	\$ 1,754,434
Acquisition of capital assets	\$ 157,000	\$ 576,630	\$ 422,719

OBSI's financial statements were audited by Crowe Soberman LLP. <https://www.obsi.ca/en/about-us/governance/financials>

OBSI is a not-for-profit organization and operates on a cost-recovery basis. Our budget reflects the expenses we incur to provide services to Canadians.

In 2016, we achieved our objective of a fully-funded reserve fund. The reserve fund is equal to approximately six months of expenses. It is intended to ensure OBSI maintains a high level of service during periods of unexpected expenses, such as hiring more investigators if complaint volumes suddenly increase.

No Cross-Subsidization

In determining our membership fees, we build on the principle that no sector or registrant category should subsidize another. Banks do not subsidize the investment sector and vice versa. Within the investment sector, IIROC member firms, MFDA member firms and non-IIROC or MFDA registrants each pay for the costs associated with resolving their group's complaints only. We engage our auditor to verify compliance with this "no cross-subsidization" policy.

Senior management, administration, and overhead costs are divided proportionally across the sectors according to their share of complaints.

Ombudsman for Banking Services and Investments



OMBUDSMAN

for Banking Services | des Services Bancaires
and Investments | et d'Investissement

401 Bay Street, Suite 1505
P.O. Box 5
Toronto, ON
M5H 2Y4

Toll-free telephone: 1-888-451-4519
Toll-free TTY: 1-855-TTY-OBSI (1-855-889-6274)
Toll-free fax: 1-888-422-2865
ombudsman@obsi.ca
www.obsi.ca