Tyler Fleming
publicaffairs@obsi.ca

Dear Mr. Fleming,

Thank-you for the opportunity to respond to OBSI's Suitability and Loss Assessment Process Consultation Paper.

The underlying context referred to is "investment firms are requesting a great deal of supporting detail and analytical rigour from OBSI to support compensation amounts recommended before deciding to accept or reject OBSI's recommendation."

What firms really need to be requesting is a great deal more supporting and analytical rigour from their financial advisors, particularly during their initial contact with their client. The KYC (Know Your Client) and (POS) Point of Sale interview, need to be far more thorough.

The problem does not rest with OBSI's approach, it stems from how the situation came to be at OBSI's doorstep to begin with.

Any bank or investment firm that holds itself out as acting in a client's best interest should have no problem with OBSI's approach to: thoroughly investigate and review a complaint, assess suitability issues, and calculate the loss to determine a reasonable estimate of the financial position the investor would be in had the mistakes or unsuitable advice not been given and acted upon. OBSI's Terms of Reference are based on: general principles of good financial services and business practices, the law, regulatory policies and guidance and any applicable professional body, standards, codes of practice and conduct.

In my opinion, the mere fact that this is even up for discussion, is exactly why OBSI should not be industry funded but government funded. Firms should not be in a position to accept or reject the Ombudsman's decision, nor influence how it conducts business.

Firms need to get serious about the trust, responsibility and confidence clients entrust in them. If any changes are to be made it should be to how the industry conducts business. The KYC needs to be revamped. Many questions are ludicrous in how they are phrased and how they are scored. Advisors need to actually know the products they are recommending. The industry as a whole needs to be more transparent and use plain language. Put more safeguards in place. There should be zero tolerance by firms and regulators for those who break the rules. Swift decisive action needs to be taken when rules have been broken to restore consumer confidence.

Having a complaint escalate to OBSI should be a wake-up call to the investment firm to review their procedures. The only reason the industry wants things changed is to benefit them, not to protect the interests of the people they are paid to be servicing. If any rule needs to be changed, it is the one where once you commence legal action OBSI ceases their involvement.

Let's make sure we are not pandering to the industry at the price of offering fair protection to the public. Let's look at the source and root of the real problem and focus our attention to fixing it. Since OBSI's inception to the present time, OBSI now has a huge database of complaint information at their disposal. This valuable resource of information should be mined. Regulators should be carefully reviewing the data with a view towards improving securities regulation.

Changing the rules or procedures on how OBSI proceeds in its mandate just to satisfy a disgruntled investment industry, is a huge red flag that we are heading in the wrong direction.

Sincerely,
Debra A. McFadden