



Inspiring confidence in the
Canadian financial services sector

2017 Highlights

Opened Cases

721 | **13%**
Increase in Total Cases

Total Compensation

\$2,591,996

Average Banking Compensation

\$2,089

Average Investments Compensation

\$16,180



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Who we are and what we do

The Ombudsman for Banking Services and Investments (OBSI) is a not-for-profit organization that investigates disputes between a consumer and their financial services firm when they are unable to fix a problem on their own.



FERNAND BÉLISLE
Chair, Board of Directors

• • • • •
It has been a privilege to play a part in the growth and evolution of OBSI over the past six years

Message from the Chair

The development and launch of OBSI's 2017-2021 strategic plan and enterprise risk management plan in 2017 were pivotal milestones for the organization and have reinforced OBSI's commitment to inspiring confidence in the Canadian financial services sector by providing fair and accessible investigations and sharing our knowledge and expertise with our key stakeholders and the public.

The strategic directions in the plan follow from the recommendations of the independent external review of OBSI's investment operations and practices, which the board reviewed and commented at the start of this fiscal year.

Strategic approach to ombudsmanship

One of the fundamental recommendations of the external reviewer was that OBSI should adopt a strategic approach to ombudsmanship, and the board agreed with this recommendation. We believe that the public purpose of our organization, as well as our value to all stakeholders, is enhanced through increased knowledge sharing, and we have received strong support from stakeholders for such an approach.

We also agreed with the review's recommendations on improving our organizational transparency through increased publication of policy documents, guides and case studies.

This strategic approach and increased transparency was reflected in the initiatives set out in the strategic plan, which responded to those recommendations as well as to the opportunities and challenges that are shaping OBSI's role within the financial services sector. You can read more about OBSI's 2017 accomplishments related to the strategic plan in the Ombudsman and CEO's message as well as on page 6 of this report.

I want to thank
my fellow board
members, both past
and present, for their
tremendous support

Securing redress for consumers

Another fundamental recommendation of the external review was that OBSI be enabled to secure redress for consumers, preferably by empowering OBSI to make binding awards. OBSI supported this recommendation, which is consistent with those of previous external reviews as well as with our organization's public position for many years. However, OBSI does not have the power to unilaterally determine its powers.

While no final decisions have been made, the Canadian Securities Administrators (CSA), the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA), have publicly stated that they strongly support OBSI as the dispute resolution service for the investment industry in Canada, and are continuing to consider options for strengthening OBSI's ability to secure redress for investors.

Ending my term as Chair

This year was my last as Chair of OBSI's Board of Directors. It has been a privilege to play a part in the growth and evolution of OBSI over the past six years, and I am proud of the work that has been accomplished.

When I joined the board, it marked a renewal of OBSI's governance structure. We established a single-tier board where all directors, including those nominated by industry, participated equally in all decisions and shared a common fiduciary duty to OBSI and its mandate.

Through a focus on our public-service mandate, we have worked hard to earn the trust of stakeholders, consumers, regulators and industry. We developed our loss calculation methodologies through an intensive process of public consultation and these methodologies were recognized as world-leading in our independent external review.

Access to OBSI's service expanded significantly as well. The CSA extended OBSI's mandate to include all segments of the retail-securities marketplace. This was an important expression of confidence in OBSI's services and firmly established OBSI as the sole ombudsman service to address all investor-related complaints in Canada.

Fiscal responsibility and preparedness have also been a key focus for OBSI. In recent years, the board adopted a policy to gradually rebuild an operating reserve fund to reduce operational risk for OBSI and help ensure we are able to provide consistent, effective dispute resolution services even in times of market crisis. The reserve is now fully funded.

I want to take this opportunity to thank the OBSI staff, who have always shown incredible professionalism and a commitment to fairness. They have a difficult role to play, but each one does so with great spirit and real belief in the work they do.

Also, I want to thank my fellow board members, both past and present, for the tremendous support I have received these past six years and the guidance they have provided OBSI's senior management.

As I leave, OBSI's Board of Directors have selected a new Chair – Jim Emmerton. Jim has been a long-serving community director and a member of the Finance and Audit Committee of the board. He has served as the Executive Director of the British Columbia Law Institute (BCLI) and the Canadian Centre for Elder Law. He is also a member of the National Seniors Council (Canada), and served as a member of OBSI's Consumer and Investor Advisory Council before joining the board. I am confident that Jim will provide tremendous leadership to OBSI as the new Chair.

FERNAND BÉLISLE
Chair, Board of Directors



SARAH P. BRADLEY
Ombudsman and CEO



Our core focus is on continuing to deliver value to the consumers, firms and regulators we serve

Message from the Ombudsman and CEO

2017 was a very successful year for OBSI, in which we launched our new five-year strategic plan and made significant progress towards the accomplishment of our key objectives.

Our new plan organizes our strategic priorities under four key 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 services
- Drive continuous improvement and organizational resiliency
- Invest in OBSI's people

We've already made excellent progress towards the accomplishment of these goals, especially in our efforts to increase our organizational transparency, accessibility and awareness, while focusing on managing our enterprise risk and efficiently and effectively resolving disputes for Canadian consumers.

Renewed OBSI brand, website and communications

This year we launched a new, refreshed brand, designed to help create greater clarity about OBSI. Our updated logo features a stylized maple leaf to highlight the fact that we are a national organization and our services

are available across Canada. We also incorporated our acronym, which was absent from our previous logo.

The launch of our new website, aligned with our refreshed branding, was also a significant project this year and supports our efforts to improve our accessibility and our ability to share our knowledge and expertise. Consumers and firms can now more quickly access the information they are looking for and an improved tool for submitting online complaints is easily accessible. Finding a participating firm, understanding the complaint process or browsing through recent case studies are easier and more intuitive. The site features mobile-responsive design so users can easily access information from tablets and phones.

OBSI's social media efforts also began this year. Our initial focus has been on establishing an active calendar of postings on Twitter as @Ombudsman_OBSI. Visitors to our new website also can view a live social media feed on the homepage.

Other communications initiatives have also helped increase our transparency and reinforced our goals. We launched the quarterly electronic newsletter to stakeholders to increase insights and information

sharing. We also produced a new, simplified OBSI consumer brochure to align with our new brand. The brochure maps out all the potential steps involved with making a complaint from start to finish.

Continued focus on enterprise risk management

In conjunction with our strategic plan, we developed and implemented a formal enterprise risk-management strategy. Over the course of the year, we focused on mitigation activities for areas we identified as key risks, such as improvements to our IT security and data governance, as well as implementing enhanced measures for monitoring case volumes and timeliness.

Increase in inquiries and case volumes

All this was accomplished while we continued to effectively manage increases in our inquiries and case volumes, continuing the trend of the past few years.

We had 5,477 inquiries in 2017, an increase of 8% from 2016. Inquiries are handled by our consumer assistance officers (CAOs) who play an important role in the value of the service that OBSI provides to Canadian consumers. Our CAOs not only help consumers with complaints to open their case with OBSI, but they also provide answers to a wide range of consumer questions and direct callers to resources that can help them better understand their situation as well as start the complaint process with their firms.

There were 370 banking cases opened in 2017, a 28% increase compared to last year

In 2017 we saw a 13% increase in the number of cases we investigated. We opened 721 investigations, up from 640 in 2016, largely due to an increase in banking case volumes. There were 370 banking cases opened in 2017, a 28% increase compared to last year. The number of opened investment cases remained flat at 351 cases. We also demonstrated greater efficiency in our investigative work this year, closing 731 cases – an increase of 11% compared to the previous year, with a slightly lower number of investigative staff.

Focus for 2018

For 2018, our core focus is on continuing to deliver value to the consumers, firms and regulators we serve. For example, we plan to further improve timeliness and efficiency for consumers and firms through a more streamlined process for low complexity cases, while also looking for ways to reduce firm and consumer delays. We will also be further enhancing our website and

newsletters with new and easier-to-understand materials for consumers and firms, and we will analyze the results of our Firm Information Service pilot project to determine how we can provide more useful information for participating firms.

To keep building towards our goals of transparency and accessibility, we will continue to work on improving trend reporting and the sharing of data, including demographics and case-related data, and we will also be engaging stakeholders in a consultation process as part of our efforts to renew, rationalize and modernize our terms of reference.

I want to recognize the OBSI team for all their work this past year. Our staff made significant strides in meeting our key priorities, while continuing to strengthen the organization's effectiveness and, most importantly, deliver fair and prompt resolutions.

I also want to thank Fern Bélisle, OBSI's Chair, for the support and guidance he has provided to OBSI over the past six years and to me personally these past two years. His leadership of the board during a time of significant change for the organization has been critical to OBSI's ability to achieve our mandate and continue as Canada's trusted, independent financial ombudsman.

SARAH P. BRADLEY
Ombudsman and CEO

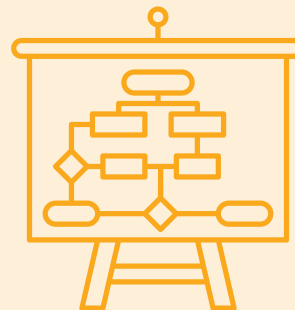
Vision, mission, values

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.

Benefits of our service

- 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 about 1,400 participating firms



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"



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"



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



Progress toward our goals

Four strategic
directions for 2017



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

OUR GOALS ARE TO:

- Continue to deliver quality and accessible service to consumers and participating firms
- Leverage expertise and knowledge to increase insights to stakeholders
- Leverage existing capabilities to expand offering of services







Our strategic plan initiatives	Status	What we accomplished in 2017
Explore and evaluate alternatives to name and shame	Ongoing	<ul style="list-style-type: none"> • OBSI has engaged with the Canadian Securities Administrators (CSA) and other stakeholders in the process of exploring possible alternatives • A CSA working group has been struck and they have made a public commitment to finding a solution
Conduct survey of participating firms on an annual basis	Done	<ul style="list-style-type: none"> • New electronic firm surveys were completed in Q1 and reported in our Annual Report • We communicated our findings and management response to all stakeholders in Q3
Conduct survey of participating consumers	Done	<ul style="list-style-type: none"> • We sent out new electronic consumer surveys on a monthly schedule beginning in Q1 • We are analysing and publishing the full year results in 2018
Improve consumer demographic information collection and gathering	Done	<ul style="list-style-type: none"> • Demographic data collection was gathered for all cases and integrated in our electronic case-management system • Voluntary detailed demographic data was gathered for more than half of all cases
Review and update OBSI's Terms of Reference (TOR)	Ongoing	<ul style="list-style-type: none"> • We developed draft TOR and explanatory documents, with preliminary board approval in Q4 • We will undertake regulator consultation and public consultation in 2018
Improve data-gathering systems and communication to maximize value	Done	<ul style="list-style-type: none"> • We assessed necessary database-system updates as a part of an IT infrastructure review and a three-year work plan is in progress • Our database system has been expanded to capture demographics data and alternative case outcomes • We included trend reporting in all stakeholder communications throughout the year
Demonstrate value of OBSI services by sharing complaint and restitution expertise to consumers and participating firms	Done	<ul style="list-style-type: none"> • We launched a new stakeholder newsletter with clearly outlined trend data in Q4 and improved access to information through redevelopment of our website and an increased social-media presence • Our Ombudsman and staff participated regularly in industry, consumer and professional events



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

OUR GOALS ARE TO:

- Strengthen firm trust and awareness of OBSI value
- Increase consumer brand awareness
- Demonstrate value and service effectiveness to regulators

Our strategic plan initiatives	Status	What we accomplished in 2017
Implement industry relationship management and communications component of public affairs strategy	 Done	<ul style="list-style-type: none"> • We held regular meetings with industry associations and participating firms • We shared detailed results of the firm survey and OBSI's response • We launched the stakeholder newsletter to provide trend data and updates • We made presentations at industry events
Develop and pilot an early-advice program for participating firms	 Done	<ul style="list-style-type: none"> • We developed the project plan, which included outreach efforts to firms and regulators in advance, and launched the pilot Firm Information Service (FIS) project, which included outreach to firms
Explore participating firm interest in OBSI training sessions on dispute resolution and approaches to different case scenarios	 Ongoing	<ul style="list-style-type: none"> • We plan to use some of the feedback from the FIS pilot to determine overall interest in training sessions
Implement consumer-facing components of the public affairs strategy	 Done	<ul style="list-style-type: none"> • We introduced a new OBSI logo to illustrate the national nature of service and increase awareness • We launched a new, user-friendly website during 2017 along with an increased presence on social media • We introduced online and social media advertising to help increase awareness • We developed a new, simplified OBSI consumer brochure to align with the rebranding and new website launch
Implement government and regulator relations components of public affairs strategy	 Done	<ul style="list-style-type: none"> • Ongoing and regular outreach with regulators established
Build internal policy function within the stakeholder relations team to position OBSI to more effectively prepare formal submissions to government and regulators and to respond to requests for advice from regulators	 Ongoing	<ul style="list-style-type: none"> • We deferred the establishment of a policy function in lieu of other priorities • We made formal comments and submissions at both federal and provincial policy-related consumer protection and potential dispute resolution schemes in new or evolving sectors • We provided data and information to regulators on request



3 Drive continuous improvement and organizational resiliency

OUR GOALS ARE TO:

- Standardize and improve processes and timelines
- Enhance information technology (IT) efficiency
- Effectively manage enterprise risk and prepare for external shocks

Our strategic plan initiatives	Status	What we accomplished in 2017
Establish clear benchmarks/best practices/quality review for investigative processes	Done	<ul style="list-style-type: none"> • We established a range of timeliness targets and established a process for ongoing measurement of quality of investigation
Develop and implement satisfaction and quality measurement regime to track firms' and consumers' views and impressions	Done	<ul style="list-style-type: none"> • We developed and introduced new approaches to measure feedback
Review delay data and identify process improvements to reduce delays	Done	<ul style="list-style-type: none"> • We introduced new processes to reduce consumer and firm delays • We reduced the average number of delay days per case by more than 50%
Develop policy for expedited resolutions and use learnings to guide full implementation	Ongoing	<ul style="list-style-type: none"> • We launched a pilot project in 2017 to expedite the resolution process and analysed results in Q4
Conduct expert, independent IT infrastructure and security review	Done	<ul style="list-style-type: none"> • We completed our IT security and efficiency review • In Q3, the Board of Directors approved the business plan response
Complete change management associated with recent IT transformations	Done	<ul style="list-style-type: none"> • All OBSI staff were provided appropriate training and on a consistent basis to ensure a smooth transition
Develop enterprise risk management (ERM) policy framework and implement on a prioritized basis across the organization	Done	<ul style="list-style-type: none"> • We developed and implemented the ERM framework • All of our priority mitigations were identified and implemented
Conduct staff training on ERM policy framework, risk register, and prioritized risk-management activities	Done	<ul style="list-style-type: none"> • We developed and introduced to staff ERM training • We assigned to senior management primary accountability for all key risk mitigations



4 Invest in OBSI's people

OUR GOALS ARE TO:

- Focus on staff retention and professional development
- Continue to develop knowledge-management capabilities
- Strengthen employee engagement

Our strategic plan initiatives	Status	What we accomplished in 2017
Develop internal succession plan for key positions	 Done	<ul style="list-style-type: none">• We identified key positions and established succession plans for each
Develop a professional development framework that includes a skills matrix and needs analysis	 Done	<ul style="list-style-type: none">• We established a regular program for employee skills development
Acquire and assess compensation analysis	 Done	<ul style="list-style-type: none">• We engaged an independent consultant to analyse and report on market compensation, shared this with staff, and made adjustments where appropriate
Increase frequency of case debriefs at investigative meetings that enable all staff to share in the learnings from individual cases	 Done	<ul style="list-style-type: none">• We have case information discussions at team and management meetings
Develop a strategy to capture the knowledge of OBSI's people, including a communications framework to improve internal communications with staff	 Done	<ul style="list-style-type: none">• We established a monthly meeting with all staff to share information from teams across the organization and share important developments• All-staff meetings are held twice a year and are focused on staff development and business priorities
Establish employee engagement committee (EEC) to make recommendations to strengthen engagement and set a framework for appropriate consultation and discussion between management and staff	 Done	<ul style="list-style-type: none">• We established the EEC, which has identified and introduced initiatives for increased engagement
Invest in technical and soft-skills training for managers	 Done	<ul style="list-style-type: none">• We hold annual skills-assessment discussions, and training plans have been developed



Who we serve and how



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 and why 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.

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	# of Inquiries	% of Inquiries
Phone	2,938	53%
Email	1,848	34%
Web	328	6%
Mail	239	4%
Fax	121	2%
Walk-in	3	<1%
Total	5,477	100%

Note: percentages may not total 100 due to rounding.

Inquiries by Sector

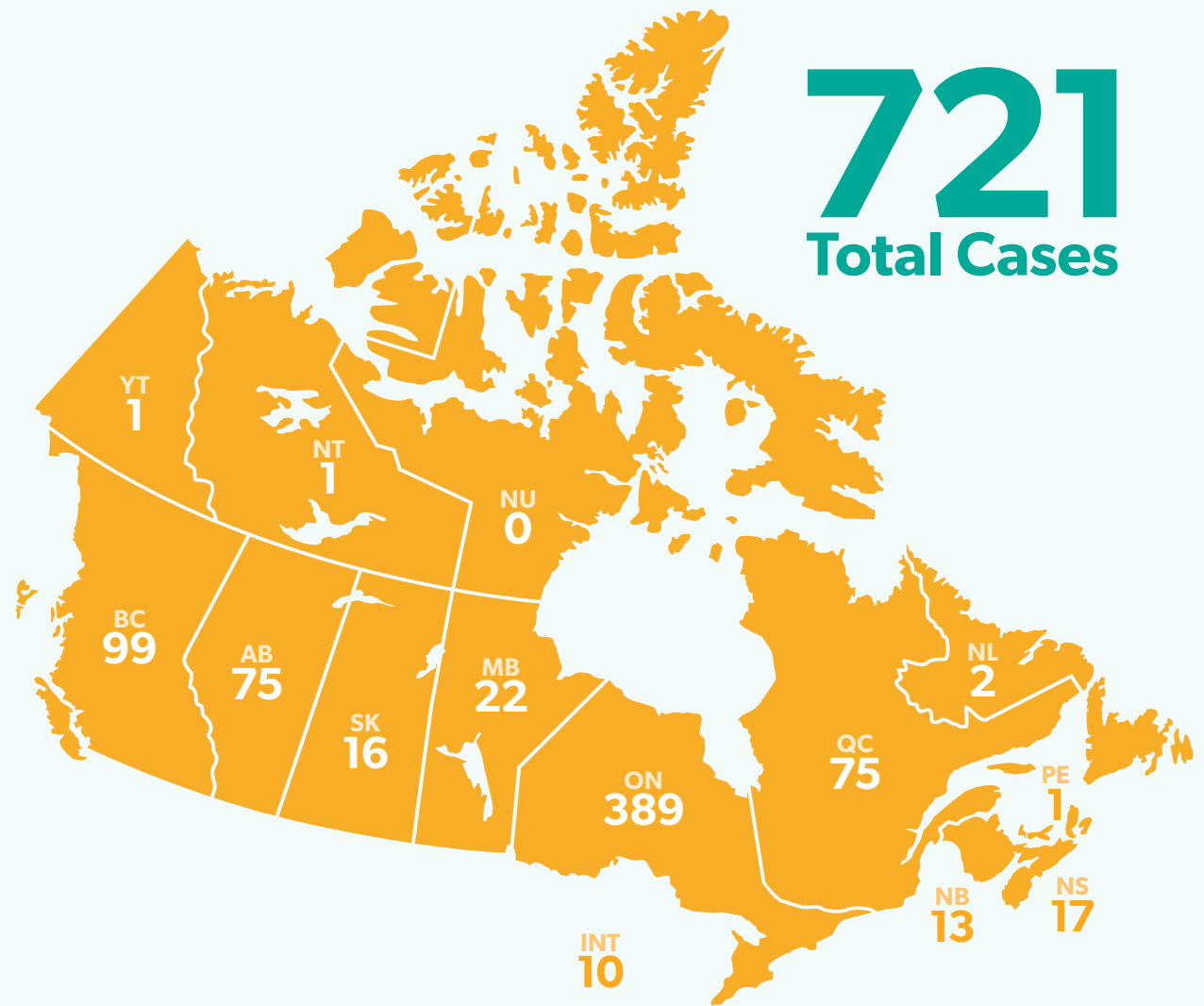
OBSI receives complaints and questions about our participating firms. In addition to complaints, we also receive inquiries from consumers seeking general information about their bank or investment firm. OBSI consumer assistance officers will direct consumers to the correct organization if the issue is outside of our mandate. In 2017, we had one referral to the OmbudService for Life and Health Insurance.

Financial sector	# of Inquiries
Deposit-taking firms	
Banks	3,958
Credit unions	40
Investment firms	
IIROC	379
MFDA	218
Scholarship Plan Dealer	70
Portfolio Manager	44
Exempt Market Dealer	27
Restricted Portfolio Manager	6
Investment – Other	15
Non-participating firms	
Banks	522
Other	198
Total	5,477

Where our complaints come from

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

Jurisdiction	# of Complaints	% of Complaints
Ontario (ON)	389	54%
British Columbia (BC)	99	14%
Quebec (QC)	75	10%
Alberta (AB)	75	10%
Manitoba (MB)	22	3%
Nova Scotia (NS)	17	2%
Saskatchewan (SK)	16	2%
New Brunswick (NB)	13	2%
International (INT)	10	1%
Newfoundland and Labrador (NL)	2	<1%
Yukon Territory (YT)	1	<1%
Prince Edward Island (PE)	1	<1%
Northwest Territories (NT)	1	<1%
Nunavut (NU)	0	0%
Total	721	100%

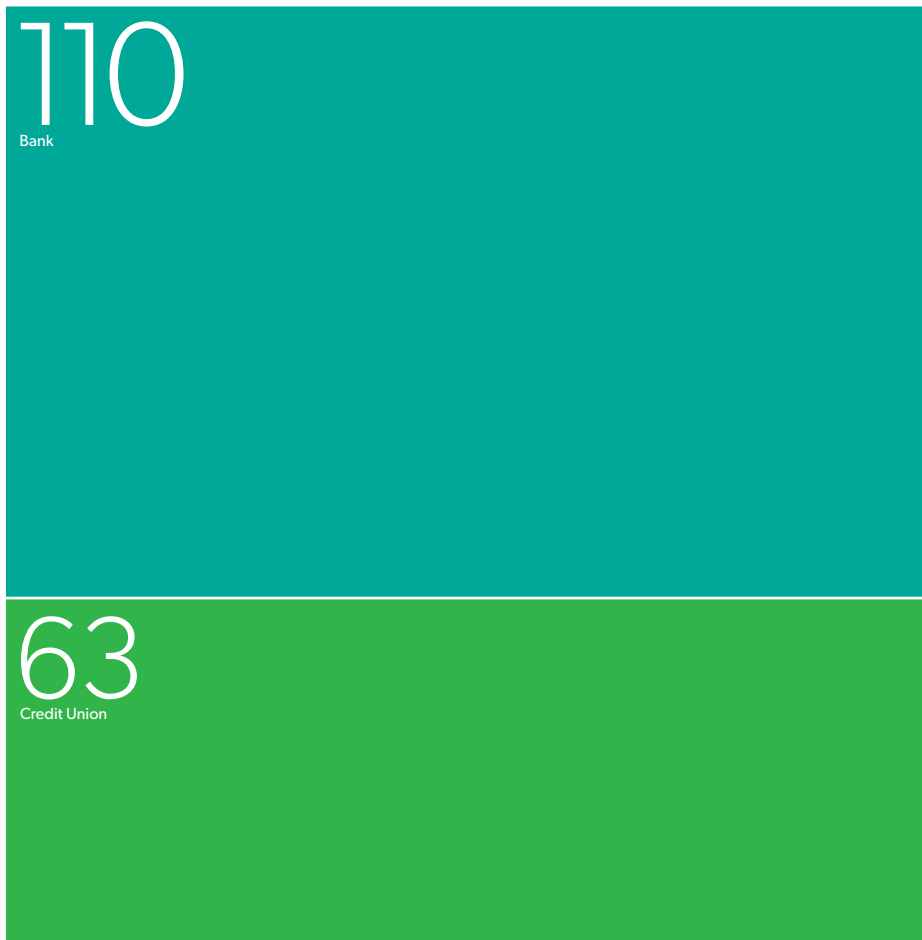


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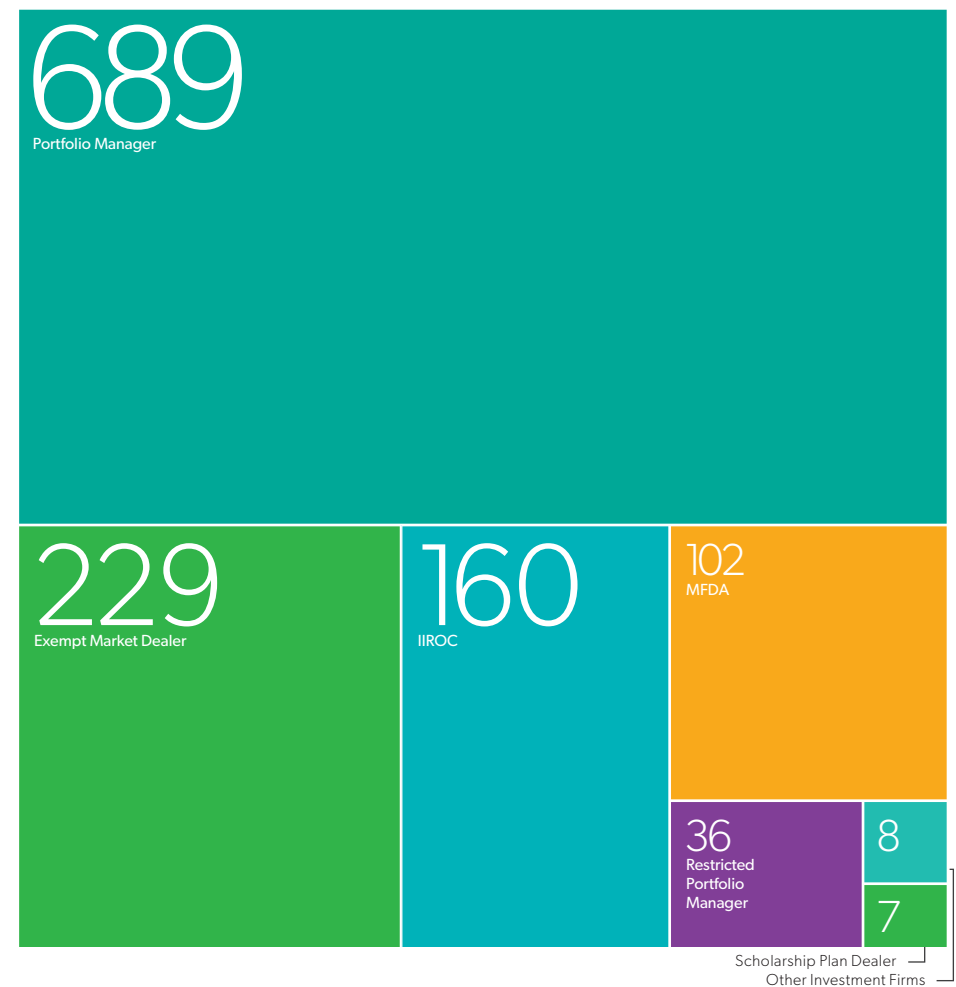
Participating firms

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 Canadian securities regulation are OBSI participating firms. Our services also cover many credit unions, trusts, and loan companies. Any regulated firm providing banking or investment services is eligible to join.

Deposit-Taking Firms



Investment Firms



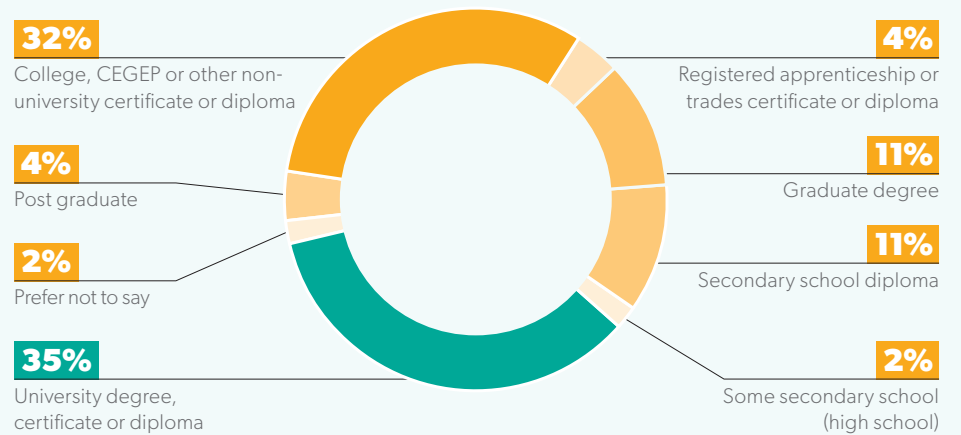
Consumer profile

Banking

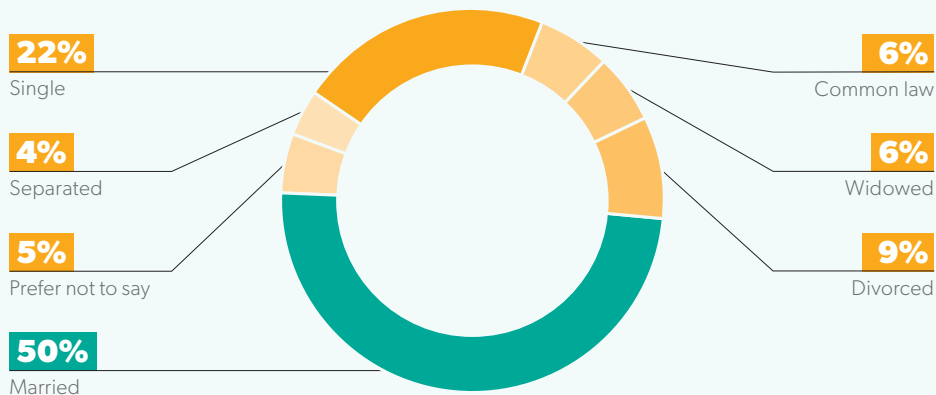
Gender



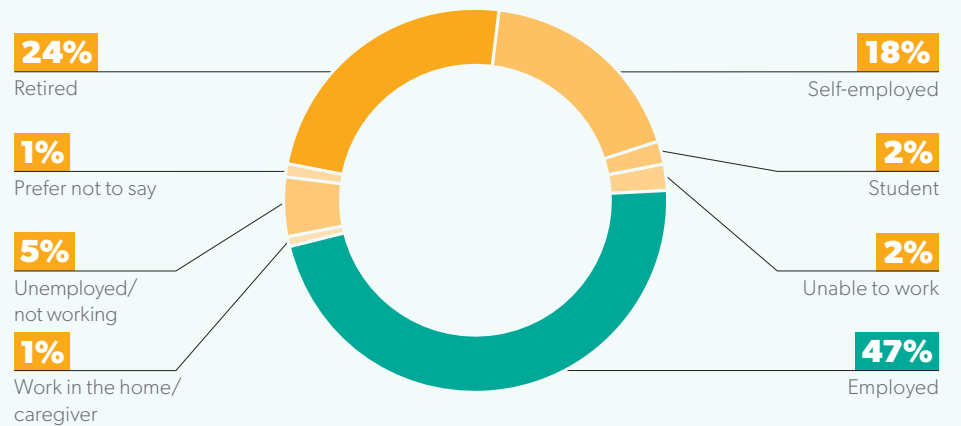
Education



Marital Status

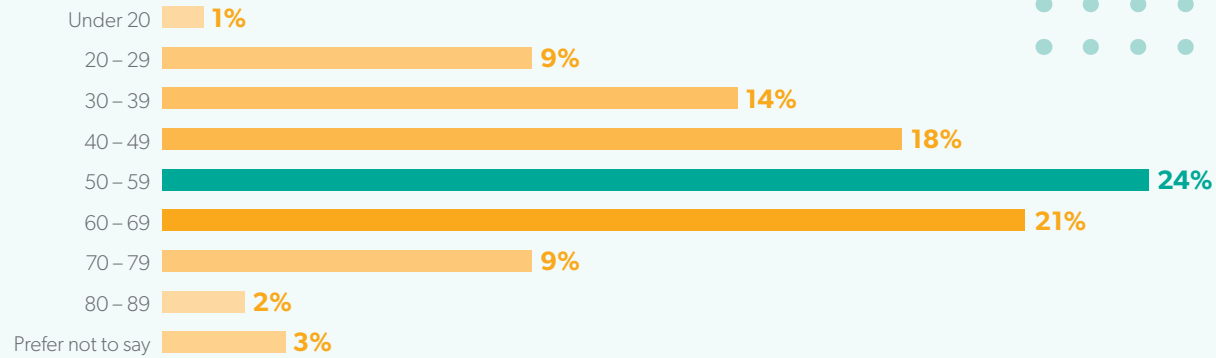


Employment Status

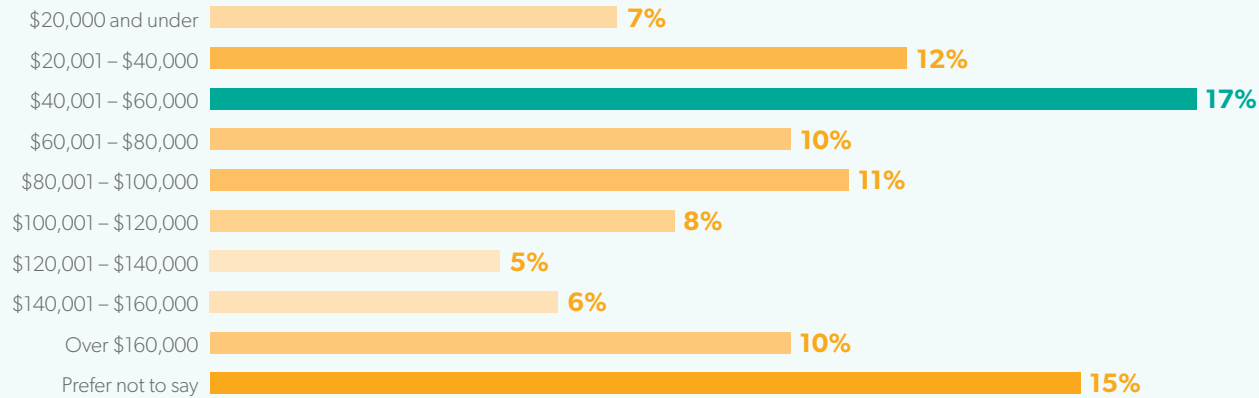


Note: percentages may not total 100 due to rounding.

Age



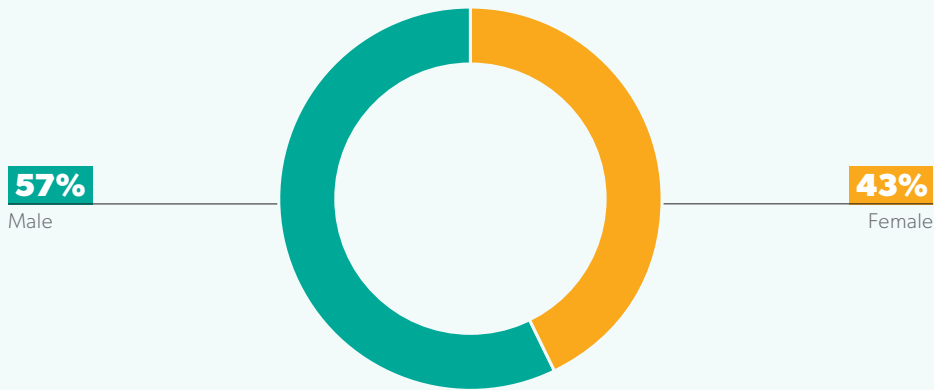
Annual Household Income



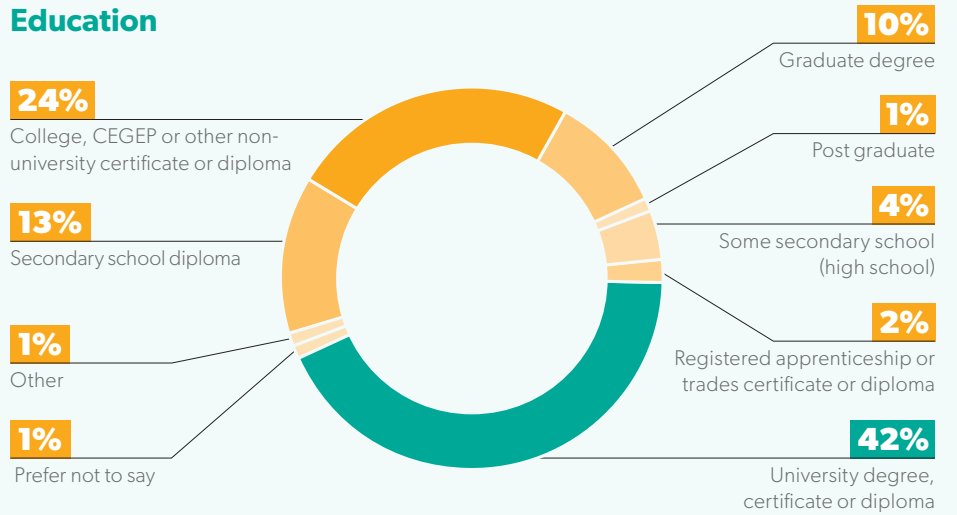
Consumer profile

Investments

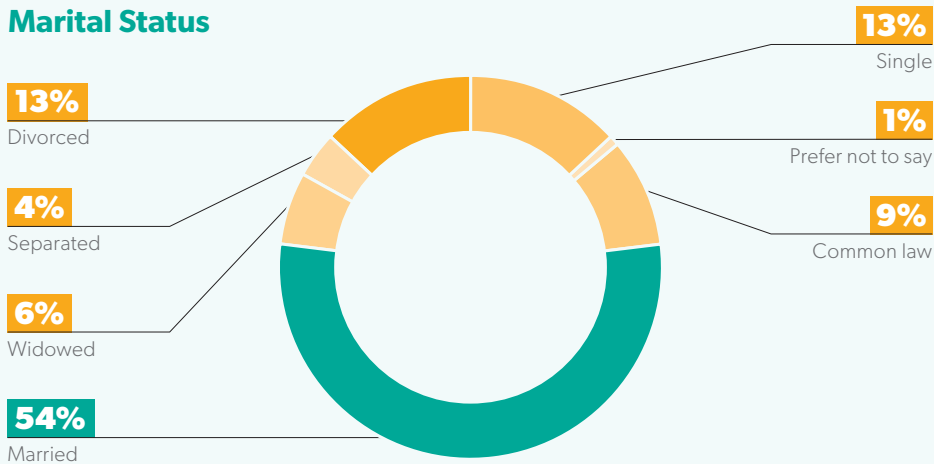
Gender



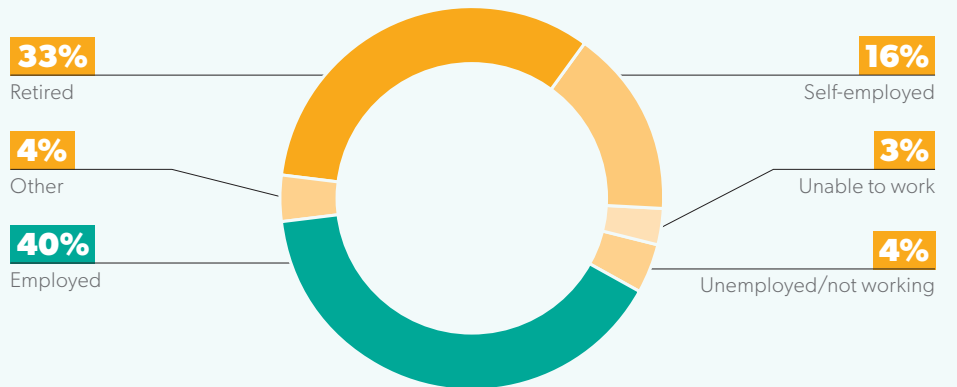
Education



Marital Status

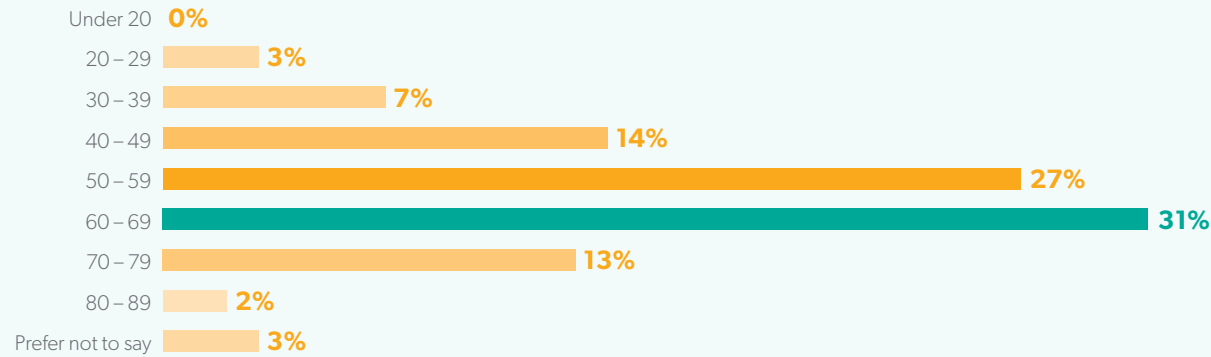


Employment Status

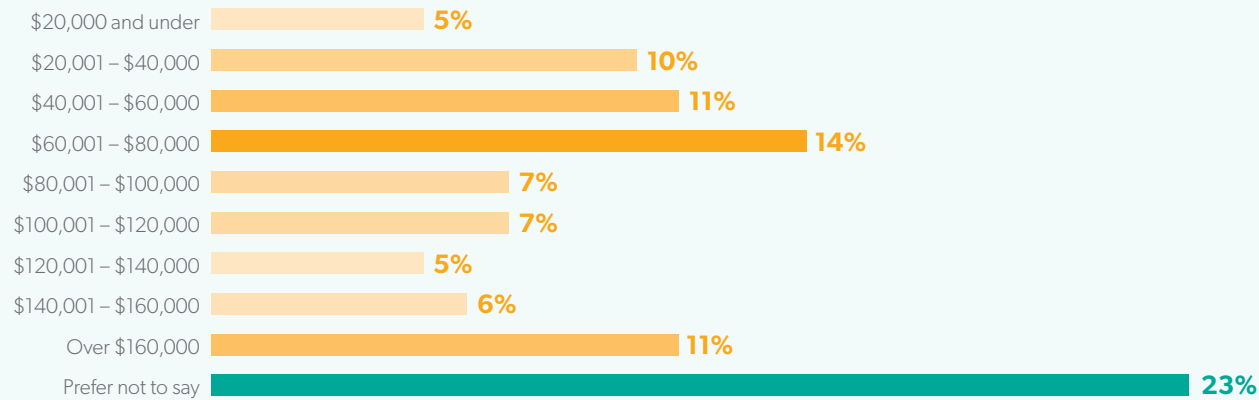


Note: percentages may not total 100 due to rounding.

Age



Annual Household Income





Year in review:

Banking Services

Banking-related complaints increased 28% this year over last year. OBSI opened 370 banking-related cases in 2017 compared to 290 in 2016.

In 2017, the number of banking-related cases was the highest they have been in the past five years. The upward trend may 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.

• • • • •

Top Issues

- Fraud
- Relationship Ended
- Transaction – Unauthorized
- Service

Cases

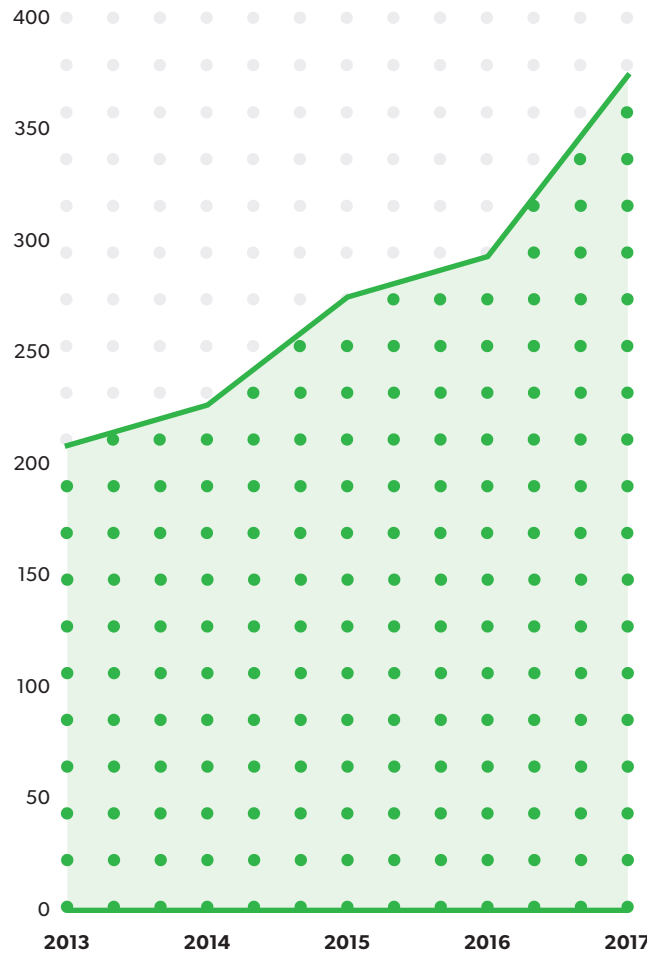
Credit cards, mortgage loans and personal transaction accounts, such as chequing and savings accounts, continue to be among the top bank products consumers complained about. Credit card complaints were up significantly from last year, increasing to 30% from 17%. Mortgages continued to generate a high volume of complaints, representing 18% of banking cases, down from last year. While personal transactions were 16% of cases, their number was down compared to 2016.

Chargebacks replaced fraud as the leading credit card issue. Prepayment penalties and information that is wrong/incomplete continue to be the top issues with mortgage products. For transaction accounts, the relationship ended led concerns, in line with 2016. Total banking cases closed was 349 in 2017 compared to 323 in 2016, an increase of 8%.

Opened Cases

2017	370
2016	290
2015	273
2014	225
2013	207

Opened Cases



370

Opened Cases

349

Closed Cases

28%

Increase in Cases from 2016

\$2,089

Average Compensation

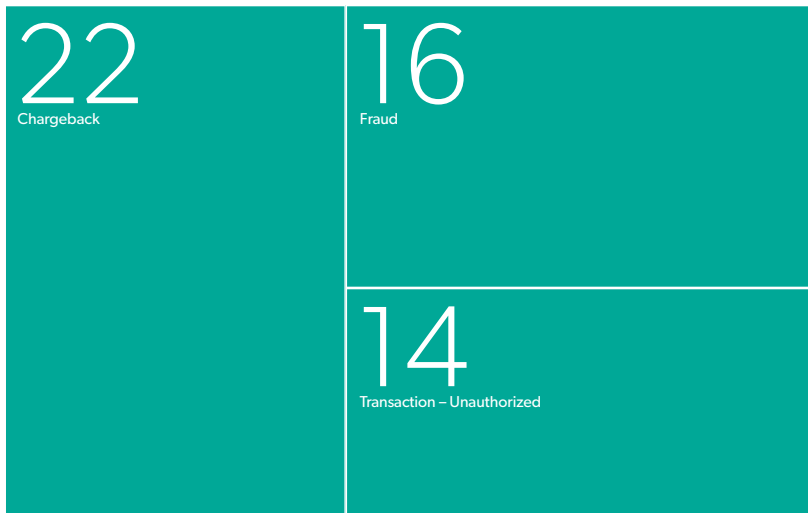
50

Days on Average to Complete an Investigation

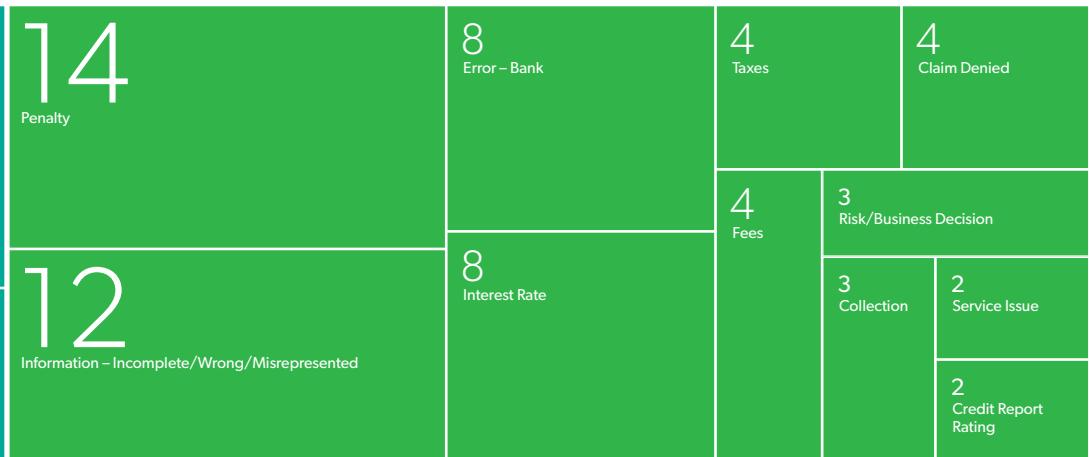
Products and issues

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. Single cases have not been included. Please see page 27 for full list.

Credit Card



Loan - Mortgage



Transaction Account - Personal



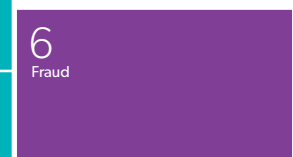
Transaction Account - Personal



Loan - Line of Credit



Cheque



Banking Products	# of Cases	% of Cases
Credit Card	112	30%
Loan – Mortgage	67	18%
Transaction Account – Personal	61	16%
Loan – Line of Credit	20	5%
Cheque	16	4%
Transfer – Electronic	11	3%
Debit Card	10	3%
Transaction Account – Joint	10	3%
Investment – GIC/ Term Deposit	9	2%
Investment – RRSP	9	2%
Transaction Account – Estate	4	1%
Loan – Other	4	1%
Transaction Account – Commercial	3	<1%
Investment – Tax-Free Saving Account (TFSA/CELI)	3	<1%
Insurance – Life	3	<1%
Investment – Brokerage Service	2	<1%
Loan – RRSP	2	<1%
Loan – Personal	2	<1%

Banking Products	# of Cases	% of Cases
Cheque – Official	2	<1%
Investment – RRIF	2	<1%
Cheque – Bank Draft	2	<1%
Investment – RESP (REEE)	2	<1%
Loan – Car	2	<1%
Loan – Consolidation	2	<1%
Safety Deposit Box	1	<1%
Transaction Account – In Trust	1	<1%
Transfer – Wire/Swift	1	<1%
Test product	1	<1%
Investment Counsel/ Discretionary Investment Management	1	<1%
Transaction Account – Youth	1	<1%
Insurance – Other Offered With Credit Card	1	<1%
Insurance – Credit Protection	1	<1%
Loan – Home Equity Loan	1	<1%
Loan – Commercial	1	<1%
Total	370	100%

Banking Issues	# of Cases	% of Cases
Fraud	42	11%
Transaction – Unauthorized	29	8%
Relationship Ended	27	7%
Service Issue	27	7%
Information – Incomplete/Wrong/ Misrepresented	24	6%
Chargeback	22	6%
Interest Rate	21	6%
Missing or Lost Funds/Assets	19	5%
Fees	17	5%
Error – Bank	15	4%
Penalty	15	4%
Credit Report Rating	13	4%
Risk/Business Decision	12	3%
Collection	11	3%
Claim Denied	10	3%
Privacy	7	2%
Power of Attorney	7	2%
Garnishment	6	2%
Hold on Funds	6	2%
Taxes	5	1%

Banking Issues	# of Cases	% of Cases
Misleading Publicity/ Promotion	5	1%
Partner/Spouse Issues	4	1%
Rewards	4	1%
Forged Signature	3	<1%
Disclosure	3	<1%
Transaction – ABM	2	<1%
Premiums	2	<1%
Overpayment Scheme	2	<1%
Transaction – Online	1	<1%
Transaction – Foreign Exchange	1	<1%
Right of Survivorship	1	<1%
Error – Third Party	1	<1%
Transaction – Interac	1	<1%
Statement/Passbook	1	<1%
Fee Disclosure (DSC, LL, Management, Admin Fee)	1	<1%
Cheque – Stale-dated	1	<1%
Cheque – Endorsement	1	<1%
Daily Limit	1	<1%
Total	370	100%

Note: percentages may not total 100 due to rounding.

Timeliness

On average, banking-related cases were closed well within the federally regulated timeliness standards. In 2017, banking-related investigations took 50 days on average to complete. Complaints involving only federally regulated banks also took an average of 50 days.

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*	32
All investigations	50

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

# of Days	# of Closed Cases	% of Closed Cases
≤120	349	100%
>120	0	0%

Opened cases by firm

OBSI opened 370 banking cases this year, from 26 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 76 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 43.

In the adjacent table, the column that refers to number of closed cases in the period, which may differ from the number of cases opened. A recommendation may or may not be in favour of the consumer.



Firm	Complaints Received	Complaints in Mandate	# of Opened Cases	# of Closed Cases	Outcome in Favour of Complainant*
Federally Regulated Banks					
Bank of Nova Scotia (The)	131	125	128	123	23
Canadian Imperial Bank of Commerce	77	69	69	65	13
Bank of Montreal	52	47	48	43	13
Capital One Bank (USA), N.A.	39	35	34	30	11
Tangerine Bank	20	20	18	16	2
National Bank of Canada	22	16	15	19	3
Walmart Canada Bank	10	10	10	6	1
HSBC Bank Canada	10	8	9	11	4
Laurentian Bank of Canada	8	7	7	7	2
Canadian Tire Bank	4	4	3	4	1
JPMorgan Chase Bank, National Association	4	3	3	2	0
B2B Bank	3	3	3	1	0
Amex Bank of Canada	3	2	2	2	0
HomeEquity Bank	2	2	2	1	0
President's Choice Bank	2	2	2	2	0
Equitable Bank	2	2	2	2	0
BMO Harris Platinum Banking	1	1	1	1	0
Shinhan Bank Canada	1	1	1	1	0
Bank of China (Canada)	1	1	0	1	0
Manulife Bank of Canada	0	0	1	1	0
Bank of China	0	0	0	1	1
Trust Companies					
Peoples Trust Company	4	2	2	2	0
Home Trust Company	2	2	2	2	1
Community Trust Company	1	1	1	1	0
Computershare Trust Company of Canada	1	1	1	0	0
Credit Unions					
First Calgary Financial	3	3	2	2	1
Caisse populaire acadienne ltée (UNI)	2	2	2	1	0
Servus Credit Union Ltd.	2	2	2	2	0
Chinook Credit Union Ltd.	1	1	0	0	0
Total	408	372	370	349	76

*Note: may include instances where the firm's offer was reinstated

Year in review:

Investments

Investment-related complaints were consistent this year over last year. We opened 351 cases in 2017 compared to 350 in 2016.

Common shares (or equities) are the number one investment product consumers complained about and represented 38% of all investment complaints in 2017, up from 34% in 2016.

Mutual funds made up 35% of cases, second highest among investment-related complaints, but down significantly when compared to 44% of cases last year. Scholarship trust plans represented 9% of complaints, roughly in line with 2016.

• • • • •

Top Issues

- Suitability
- Fee Disclosure
- Incomplete or Inaccurate Disclosure About a Product



Top issues

The leading investment issue across products was suitability of the investment at 27%, which was on par with 2016. Fee disclosure was the next most frequent issue at 17%, a solid increase from 10% of cases in 2016.

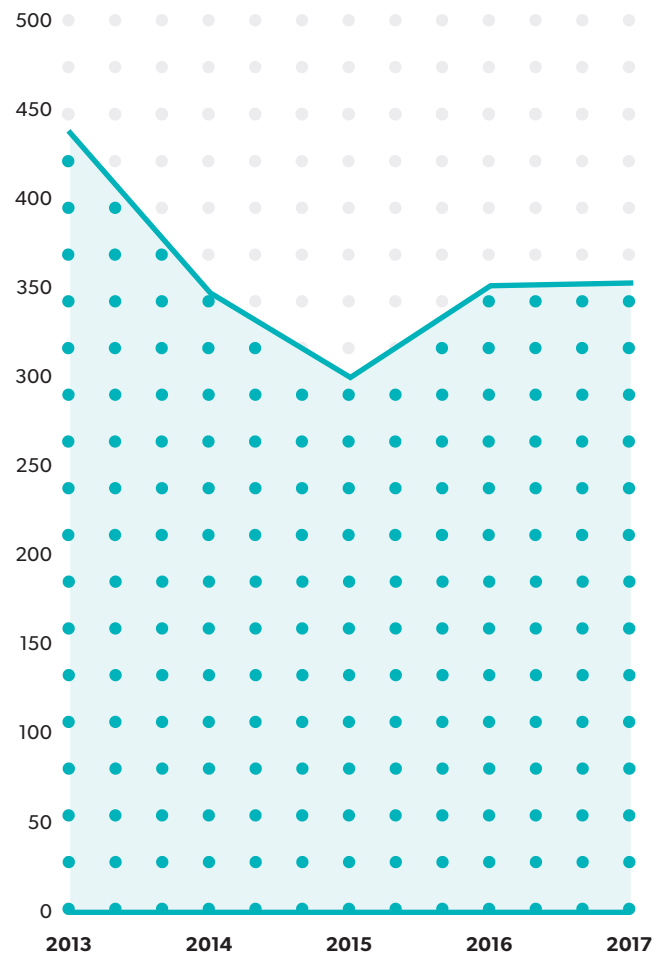
Tied for third was suitability of margin or leverage, which dropped to 9% of cases from 15% in 2016, and incomplete or inaccurate disclosure about a product, which also dropped to 9% of investment cases, down slightly from 11% last year.

The number of investment cases closed in 2017 was 382, compared to 333 in 2016.

Opened Cases

2017	351
2016	350
2015	298
2014	345
2013	434

Opened Cases



351

Opened Cases

382

Closed Cases

0.3%

Increase in Cases from 2016

\$16,180

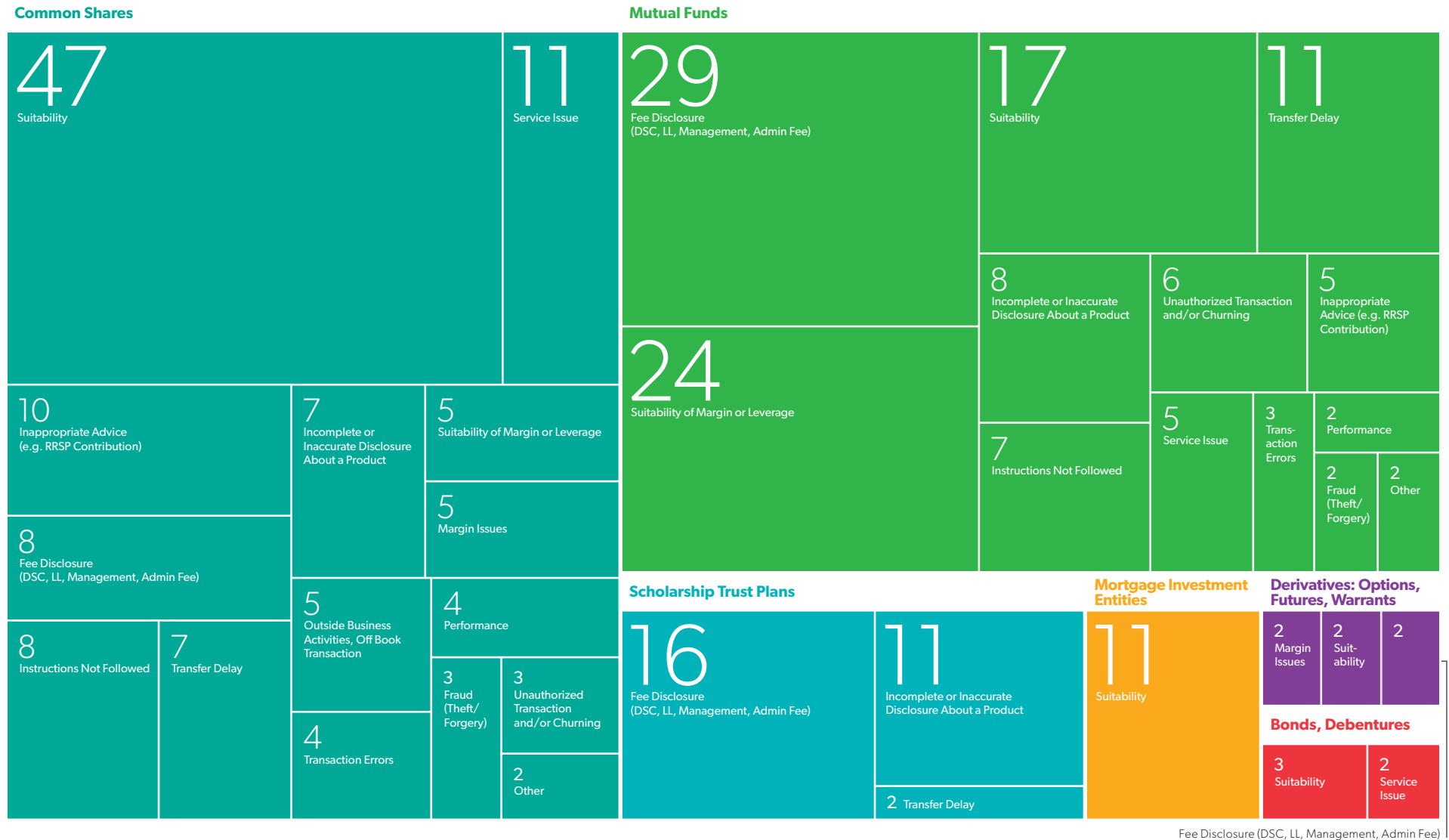
Average Compensation

86

Days on Average to Complete an Investigation

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 represents an issue and is nested with a corresponding product. The size of the issue is proportional to the number of complaints received in relation to the other top five issues. Single cases have not been included. Please see page 33 for full list.



Fee Disclosure (DSC, LL, Management, Admin Fee)

Investment Products	# of Cases	% of Cases
Common Shares	132	38%
Mutual Funds	122	35%
Scholarship Trust Plans	30	9%
Mortgage Investment Entities (MIEs)	12	3%
Bonds, Debentures	9	3%
Derivatives: Options, Futures, Warrants	9	3%
Preferred Shares	8	2%
Other	5	1%
Labour Sponsored Fund	4	1%
Limited Partnerships (Flow-Throughs)	4	1%
Segregated Funds and Other Insurance Products	3	<1%
Private Placement Debt Securities	3	<1%
Guaranteed Investment Certificates (GICs)	2	<1%
Asset Backed Securities	2	<1%
Private Placement Equity Securities (Funds, Preferred or Common Shares)	2	<1%
Exchange-Traded Fund (ETF)	1	<1%
Principal-Protected Notes (PPNs)	1	<1%
Closed-End Investment Funds	1	<1%
Leveraged Exchange-Traded Funds	1	<1%
Total	351	100%

Investment Issues	# of Cases	% of Cases
Suitability	95	27%
Fee Disclosure (DSC, LL, Management, Admin Fee)	59	17%
Incomplete or Inaccurate Disclosure About a Product	31	9%
Suitability of Margin or Leverage	31	9%
Service Issue	22	6%
Transfer Delay	21	6%
Inappropriate Advice (e.g. RRSP Contribution)	18	5%
Instructions Not Followed	15	4%
Unauthorized Transaction and/or Churning	11	3%
Outside Business Activities, Off Book Transaction	9	3%
Other	9	3%
Transaction Errors	8	2%
Margin Issues	7	2%
Performance	7	2%
Fraud (Theft/Forgery)	5	1%
Power of Attorney	1	<1%
Privacy	1	<1%
Inappropriate Investment Strategy	1	<1%
Total	351	100%

Note: percentages may not total 100 due to rounding.

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.

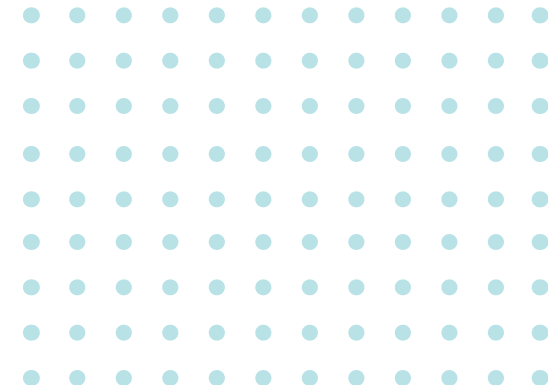
OBSI’s timeliness standard for investment-related complaints is that 80% of investment cases will be closed within 180 days.

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.

Investments Products	Average Number of Days to Close Case File
Straightforward investigations*	47
All investigations	86

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

# of Days	# of Closed Cases	% of Closed Cases
≤180	374	98%
>180	8	2%





Opened cases by firm

OBSI opened 351 investment cases this year, from over 92 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.

Firm	# of Opened Cases	# of Cases Closed	Outcome in Favour of Complainant*
Scotia Capital Inc.	36	35	17
TD Waterhouse Canada Inc.	29	33	14
RBC Dominion Securities Inc.	12	15	11
CIBC World Markets Inc.	11	12	5
National Bank Financial Inc.	11	13	2
BMO Nesbitt Burns Inc.	10	10	5
RBC Direct Investing Inc.	10	7	2
BMO InvestorLine Inc.	7	8	4
Richardson GMP Limited	7	5	4
Industrial Alliance Securities Inc.	6	7	3
CIBC Investor Services Inc.	4	3	1
Raymond James Ltd.	4	3	2
Canaccord Genuity Corp.	3	4	2
IPC Securities Corporation	3	2	1
Assante Capital Management Ltd.	2	4	0
BBS Securities Inc.	2	3	1
Desjardins Securities Inc.	2	4	1
Edward Jones	2	5	1
National Bank Direct Brokerage Inc.	2	2	0
PI Financial Corp.	2	1	0
Scotia iTRADE	2	3	1
Aligned Capital Partners Inc.	1	1	1
Chippingham Financial Group	1	0	0
Echelon Wealth Partners Inc.	1	1	1
GMP Securities L.P.	1	1	0
Haywood Securities Inc.	1	1	1
Interactive Brokers Canada inc.	1	1	0
Mackie Research Capital Corporation	1	5	5
Manulife Securities Incorporated	1	1	1
OANDA (Canada) Corporation ULC	1	0	0

*Note: may include instances where the firm's offer was reinstated

Firm	# of Opened Cases	# of Cases Closed	Outcome in Favour of Complainant*
Odlum Brown Limited	1	1	0
PACE Securities Corp.	1	1	0
Qtrade Securities Inc.	1	0	0
Questrade, Inc.	1	1	0
Wolverton Securities Ltd.	1	1	0
Brant Securities Limited	1	0	0
Argosy Securities Inc.	0	1	1
Credential Securities Inc.	0	3	1
Dundee Securities Ltd.	0	2	0
Hampton Securities Limited	0	1	1
JC Clark Ltd.	0	1	0
Leede Financial Markets Inc.	0	1	1
MacDougall, MacDougall & MacTier Inc.	0	1	0
Scotia McLeod (full service brokerage)	0	1	1
TD Securities Inc.	0	1	0
TD Wealth Private Investment Advice	0	1	0
IIROC	182	207	91
Investors Group Financial Services Inc.	23	25	13
Royal Mutual Funds Inc.	12	13	3
Scotia Securities Inc.	12	9	3
FundEX Investments Inc.	5	2	0
WFG Securities Inc.	5	4	3
IPC Investment Corporation	4	2	2
Keybase Financial Group Inc.	4	5	2
Manulife Securities Investment Services Inc.	4	3	1
Investia Financial Services Incorporated	3	4	1
Quadrus Investment Services Ltd.	3	3	1
Shah Financial Planning Inc.	3	3	1
TD Investment Services Inc.	3	3	0

*Note: may include instances where the firm's offer was reinstated



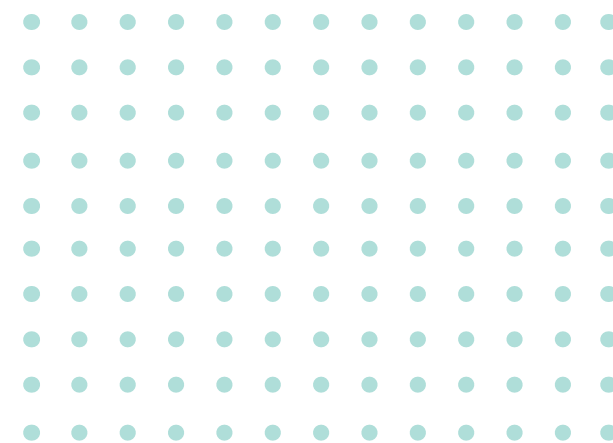
Opened cases by firm, continued

Firm	# of Opened Cases	# of Cases Closed	Outcome in Favour of Complainant*
Desjardins Financial Security Investments Inc.	2	1	1
National Bank Investments Inc.	2	2	0
Sterling Mutuals Inc.	2	3	1
B2B Bank Financial Services Inc.	1	1	0
BMO Investments Inc.	1	2	0
CIBC Securities Inc.	1	1	1
Credential Asset Management Inc.	1	3	0
Desjardins Financial Services Firm Inc.	1	1	0
Equity Associates Inc.	1	2	1
Global Maxfin Investments Inc.	1	0	0
HSBC Investment Funds (Canada) Inc.	1	1	0
Monarch Wealth Corporation	1	1	0
Portfolio Strategies Corporation	1	1	1
Qtrade Asset Management Inc.	1	1	0
Security Financial Services & Investment Corp.	1	1	0
Sentinel Financial Management Corp.	1	0	0
Sun Life Financial Investment Services (Canada) Inc.	1	2	1
Worldsource Financial Management Inc.	1	2	1
Fiera Capital Funds Inc.	1	0	0
Acadia Financial Services Inc.	0	1	0
GP Wealth Management Corporation	0	1	0
HollisWealth Advisory Services Inc.	0	1	1
MFDA	103	104	38
Growth Works Capital Ltd.	3	4	0
Bloom Investment Counsel, Inc.	1	1	0
Campbell, Lee & Ross Investment Management Inc.	1	1	0
CIBC Asset Management Inc.	1	1	0
CIBC Trust Corporation	1	1	0

*Note: may include instances where the firm's offer was reinstated

Firm	# of Opened Cases	# of Cases Closed	Outcome in Favour of Complainant*
Horizons ETFs Management (Canada) Inc.	1	1	0
Marquest Asset Management Inc.	1	1	0
MD Financial Management Inc.	1	1	0
Meckelborg Financial Group Ltd.	1	0	0
RBC Global Asset Management Inc.	1	1	0
Sprung Investment Management Inc.	1	1	0
WealthSimple Financial Inc.	1	1	1
Wickham Investment Counsel Inc.	1	1	1
Chartwell Asset Management Inc.	1	0	0
Bristol Gate Capital Partners Inc.	1	0	0
1832 Asset Management L.P.	1	0	0
Cardinal Capital Management Inc.	0	1	0
Fidelity Investments Canada ULC	0	1	1
MacNicol & Associates Asset Management Inc.	0	1	0
Portfolio Managers	18	18	3
CMS Financial Management Services Ltd.	11	12	0
Pinnacle Wealth Brokers Inc.	3	0	0
Raintree Financial Solutions	2	2	1
Walton Capital Management Inc.	2	4	0
Exempt Market Dealers	18	18	1
Heritage Education Funds Inc.	18	18	9
Children's Education Funds Inc.	6	8	2
Knowledge First Financial Inc.	3	3	0
C.S.T. Consultants Inc.	2	3	0
Global RESP Corporation	1	3	2
Scholarship Plan Dealers	30	35	13
Total	351	382	146

*Note: may include instances where the firm's offer was reinstated

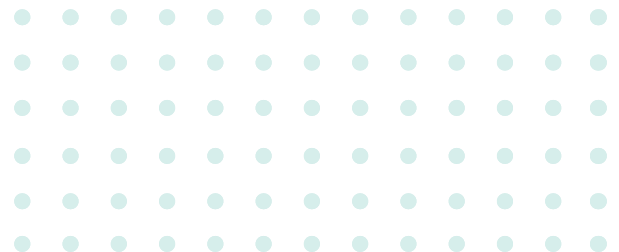


Case outcomes



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 2017, 23% of banking complaints (79 of 349 closed cases) and 39% of investment complaints (150 of 382 closed cases) ended with monetary compensation. Total compensation in 2017 was \$2,591,996.

There were no refusals by any participating firm of an OBSI recommendation in 2017.

	Total	Average	Median	Lowest	Highest	# of Case Files
Banking Services	\$165,023	\$2,089	\$500	\$25	\$17,653	79
Investments	\$2,426,973	\$16,180	\$5,167	\$75	\$250,000	150
Total Combined	\$2,591,996					

Non-monetary Compensation

There were nine cases, six from banking complaints and three from investment complaints, where non-monetary compensation was recommended. Examples of non-monetary compensation are letters of apology or restoring a credit rating.

Average Compensation

Year	Banking	Investments
2017	\$2,089	\$16,180
2016	\$4,016	\$15,552
2015	\$1,674	\$26,258
2014	\$4,897	\$18,608
2013	\$8,982	\$26,728



Consumer and firm 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 are surveyed once each year.



Consumer feedback

The charts show the level of satisfaction with OBSI's services based on whether consumers were satisfied with the outcome of their case or not. There is a strong correlation between higher satisfaction and receiving compensation.

OBSI received responses to the consumer survey, representing about 35% of cases closed during the year. Of these respondents, 20% were either very satisfied or somewhat satisfied with the outcome of their case and 80% reported not being satisfied with their case outcome. Survey results are reviewed by our management teams to identify areas for improvement and better understand the concerns of OBSI's consumers.

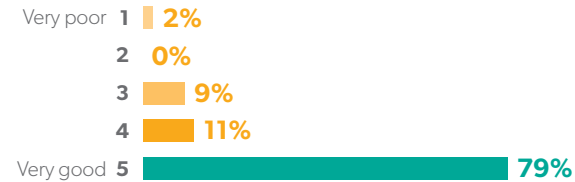
Highlights:

- Almost 30% found out about OBSI through their own online research
- Most consumers indicated that it was easy to find out about OBSI services and to contact us
- About 20% of consumers submitted a complaint on behalf of someone else

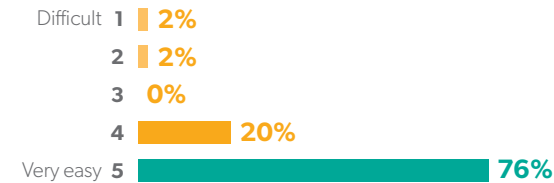
Note: percentages may not total 100 due to rounding.

Satisfied with Case Outcome

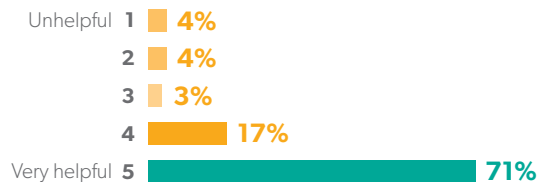
Quality of service



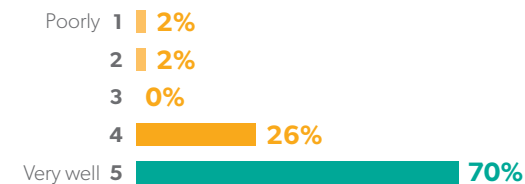
Process was easy to understand and follow



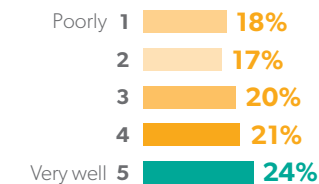
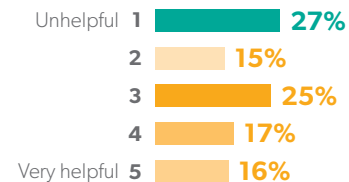
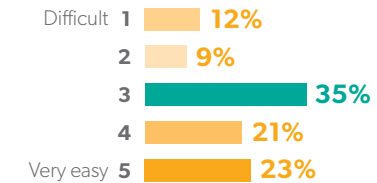
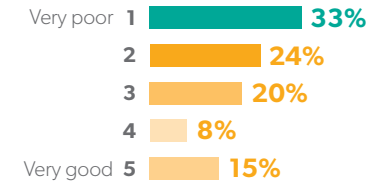
How helpful was the information provided



Kept informed of the status of the complaint



Dissatisfied with Case Outcome



Additional consumer feedback

Banking services Investments

	Yes	No	Don't Know
Were you able to lodge your complaint in the official language of your choice?	99%	1%	0%
	100%	0%	0%
Did OBSI provide services to you free of charge?	100%	0%	0%
	100%	0%	0%
Did OBSI provide to you information on its complaint handling and Terms of Reference?	89%	11%	0%
	94%	6%	0%
Did OBSI help you to understand the complaint process and/or OBSI's Terms of Reference?	79%	21%	0%
	90%	10%	0%
Did OBSI deal with your complaint promptly?	58%	24%	18%
	78%	12%	10%
Did OBSI provide you with a final written conclusion?	84%	16%	0%
	87%	13%	0%

	Very Easy	Somewhat Easy	Neither Easy Nor Difficult	Somewhat Difficult	Difficult
How easy was OBSI's process to understand and follow?	21%	27%	29%	5%	17%
	42%	17%	27%	9%	5%

	Very Clear	Somewhat Clear	Neither Clear Nor Unclear	Somewhat Unclear	Very Unclear
Was OBSI's final written conclusion or recommendation clear?	30%	21%	17%	12%	20%
	45%	16%	17%	10%	13%

Note: percentages may not total 100 due to rounding.

Surveys are sent to consumers approximately 30 days after an investigation is closed



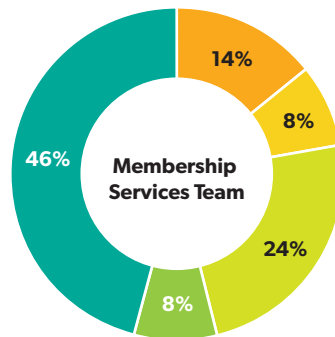
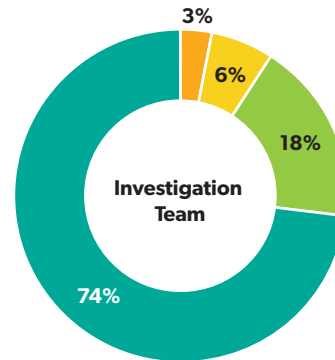
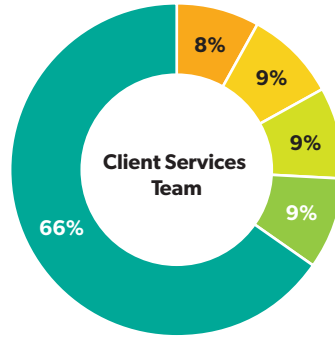
Participating firm feedback

Last year, OBSI began an annual initiative to solicit feedback from participating firms using a standardized electronic survey.

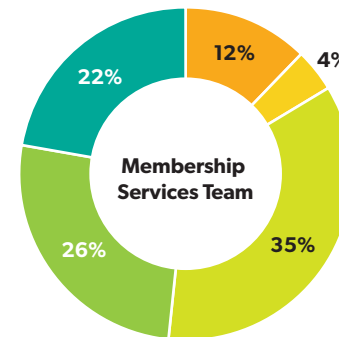
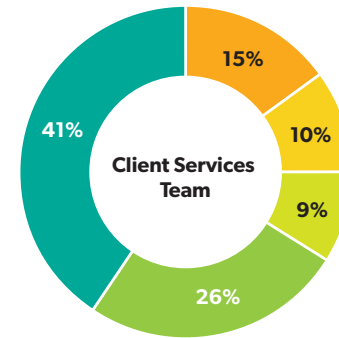
In 2017, we surveyed 209 participating firms. This included all firms that had a complaint handled by us during the year and all federally regulated banks, regardless of whether we had handled a complaint over the course of the year.

Aggregate survey results are reviewed by our management teams to identify areas for improvement and better understand the concerns of OBSI's participating firms. The feedback this year has been positive and many firms have commented on the professionalism and quality of work of our staff. Preliminary assessment of the results indicates the need for continued work on keeping firms informed on the progress of an investigation.

Banking Services: Overall Service Index

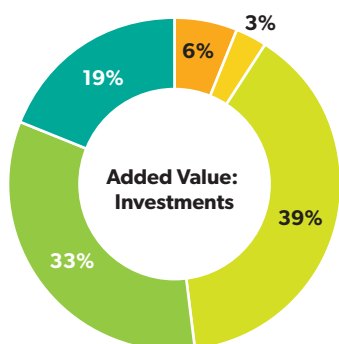
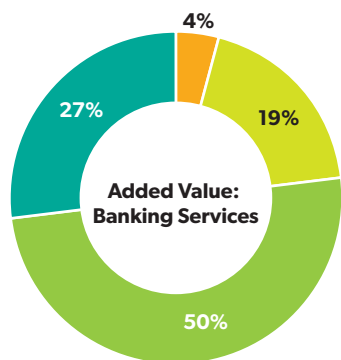


Investments: Overall Service Index



Note: percentages may not total 100 due to rounding.

The majority of firms felt OBSI added value to their complaint process.



Additional firm feedback

Banking services Investments

	Yes	No	Not Applicable
OBSI dealt promptly with complaints concerning our firm	46%	0%	54%
OBSI provided a final written conclusion or recommendation within 120 days for banking-related complaints/180 for investment complaints	92%	8%	0%
OBSI staff who investigated the complaint(s) were knowledgeable about applicable laws and regulations	40%	0%	60%
OBSI staff demonstrated a good understanding of our firm's applicable policies	87%	5%	8%
OBSI staff who investigated the complaint(s) were knowledgeable about applicable laws and regulations	41%	3%	56%
OBSI staff demonstrated a good understanding of our firm's applicable policies	87%	10%	3%
OBSI's final conclusions or recommendations were written in clear, simple, and not misleading language	44%	0%	56%
OBSI's final conclusions or recommendations were written in clear, simple, and not misleading language	72%	10%	18%
OBSI followed its Terms of Reference and its procedures for dealing with complaints	40%	0%	60%
OBSI followed its Terms of Reference and its procedures for dealing with complaints	90%	0%	10%
OBSI followed its Terms of Reference and its procedures for dealing with complaints	40%	3%	57%
OBSI followed its Terms of Reference and its procedures for dealing with complaints	74%	10%	15%

Note: percentages may not total 100 due to rounding.

Governance



OBSI's 10-member board continues to play an important role in providing oversight.

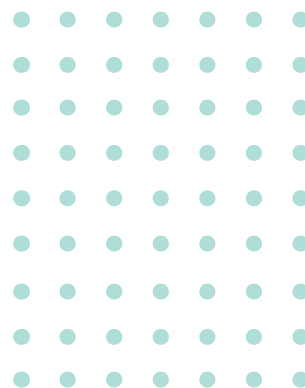
A majority of the directors (seven), including the Chair, are from the community, and are independent as they have not been part of industry or government for at least two years. A minority of the directors (three) are appointed from shortlists of nominees provided by industry bodies. Board renewal is an important part of OBSI's governance framework. This year, OBSI directors came 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
MBA¹

Ms. Adams is a retired financial services executive with over 30 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.²

Mr. Emmerton 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. He is a community director of OBSI and was previously a member of the OBSI Consumer and Investor Advisory Counsel.



Stephen Gaskin
MBA (CBA nominee)²

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, CA²

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

¹ Governance and Human Resources Committee member

² Finance and Audit Committee member



Bharat Mahajan
CPA, CA²

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. Mr. Mahajan is also the Chair of the Finance and Audit Committee at OBSI.

1 Governance and Human Resources Committee member
2 Finance and Audit Committee member



Kevin E. Regan
(MFDA nominee)²

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, MBA¹

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. Ms. Riven is also the Chair of the Governance and Human Resources Committee at OBSI.



Scott Stennett
(IIROC nominee)¹

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.B¹

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. Ms. Tamblyn was also previously a member of the OBSI Consumer and Investor Advisory Counsel.

Board attendance

	December 6, 2016	March 1, 2017	June 6, 2017	September 18, 2017
Fernand Bélisle, Chair	✓	✓	✓	✓
Catherine Adams	✓	✓	✓	✓
Jim Emmerton	✓	✓	✓	✓
Stephen Gaskin	✓	✓	✓	✓
Carmela Haines	✓	✓	✓	✓
Bharat Mahajan	✓	✓	✓	✓
Kevin E. Regan	✓	✓	✓	✓
Janis Riven	✓	✓	✓	✓
Scott Stennett	✓	✓	✓	✓
Laura Tamblyn Watts	✓	✓	✓	✓

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.

2017 activities included:

- Search for new Chair and directors
- Governance evaluation policy process
- Independent evaluation of the Board of Directors
- Ombudsman and CEO evaluation policy and succession policy
- Review of Consumer and Investor Advisory Council Statement of Expectations

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.

2017 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 and investment service provider fees
- Review and approval of 2018 budget

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 2017.

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 2017, 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 the development of its Statement of Expectations, which outlines the council's role and responsibilities, renewal of the council membership, and discussions with the board on OBSI's strategic priorities, as well as challenges facing consumer and investors.

Members:

Julia Dublin, Chair
Guy Lemoine
Ermanno Pascutto
Eric Spink, QC
Richard Swift, QC
Nidhi Tandon

Financial highlights

Year Ended October 31

	2018 Budgeted	2017 Audited	2016 Audited
Revenue			
Participating firm fee	\$ 7,939,333	\$ 8,266,708	\$ 8,338,478
NI 31-103 new firms	\$ 743,537	\$ 694,390	\$ 1,076,083
Interest income	\$ 64,000	\$ 68,934	\$ 59,369
	\$ 8,746,870	\$ 9,030,032	\$ 9,473,930
Expenses			
Personnel	\$ 6,597,270	\$ 6,229,002	\$ 5,636,731
Directors' fees and expenses	\$ 392,500	\$ 395,022	\$ 336,086
Rent and operation cost	\$ 474,000	\$ 423,689	\$ 313,504
Marketing and membership	\$ 177,400	\$ 130,913	\$ 131,363
Supplies, services and travel	\$ 111,000	\$ 88,734	\$ 105,347
Telephone	\$ 35,000	\$ 46,941	\$ 50,337
Information technology and support	\$ 422,700	\$ 306,976	\$ 244,095
Corporate administrative	\$ 165,000	\$ 151,838	\$ 136,948
Legal fees	\$ 66,500	\$ 36,236	\$ 50,707
Insurance	\$ 14,500	\$ 13,873	\$ 12,948
Audit fee	\$ 50,000	\$ 38,420	\$ 36,160
Consultant fees	\$ 36,000	\$ 9,065	\$ 99,248
Other	-	-	\$ 2,730
Special projects	\$ 155,000	\$ 148,564	\$ 170,809
Amortization	TBD	\$ 201,948	\$ 139,018
	\$ 8,696,870	\$ 8,221,221	\$ 7,466,031
Excess of revenue over expenses	\$ 50,000	\$ 808,811	\$ 2,007,899
Funding Adjustments			
Contribution to operating reserve	-	\$ 886,950	\$ 1,570,287
Acquisition of capital assets	\$ 50,000	\$ 123,809	\$ 576,630

OBSI's financial statements were audited by Crowe Soberman LLP

OBSI's budget

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.

Last year, 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 non-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



OBSI OMBUDSMAN FOR BANKING
SERVICES AND INVESTMENTS
OSBI OMBUDSMAN DES SERVICES
BANCAIRES ET D'INVESTISSEMENT

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