

August 12, 2013

Tyler Fleming
Director, Stakeholder Relations and
Communications
401 Bay Street
Suite 1505, Box 5
Toronto, Ontario M5H 2Y4

Dear Mr. Fleming:

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

Thank you for the opportunity for public comment to further proposed changes to the OBSI's Terms of Reference.

Various of the proposed changes are positive in their efforts to bring some resolution to issues surrounding the OBSI role and process for retail investors of IIROC and MFDA dealer firms.

We provide the following by way of comment with reference to the paragraph numbering in the proposed Terms of Reference:

OBSI's Mandate

9(e), 10(b) Where the subject matter of the complaint by the same complainant is the subject of complainant initiated proceedings in or before any court of law, tribunal or arbitrator or any other independent dispute resolution body, the OBSI should, for the purposes of clarity, consistency and fairness to all, be unwilling to accept the complaint. By way of example, a civil proceeding may well have proceeded to examinations for discovery whereby sworn evidence has been produced by all parties in turn subject to an implied undertaking and not producible to the OBSI. The complainant agreeing to "hold" that litigation does not resolve the complications which would nonetheless arise in such circumstance. Similarly, with respect to paragraph 10(b), the OBSI's non-involvement should not be limited to circumstances where a binding decision on the merits has been made by either a court of law or tribunal or independent dispute resolution body. Rather, the presence of other litigation or arbitrary proceedings in and of themselves render those proceedings a more appropriate forum for the dispute resolution process.

11. The wide scale six year limitation period imposed by the OBSI runs contrary to various provincial statutes. All individuals are subject to statutory limitation periods and exemptions from the law cannot apply on a self-imposed or self-proclaimed basis. Therefore the statement that the "OBSI process is not a court proceeding and so we are not subject to a statutory limitation period" is not responsive.

14(a) With respect to the OBSI's \$350,000 threshold, within that threshold, the OBSI should consider and endorse different processes for the resolution of different complaints. In light of the common issues involving investor disputes (including but not limited to past investment experience, trading patterns in the account, multiple issues of credibility) complaints of a certain monetary threshold within \$350,000 may well be better resolved other than through the OBSI's current investigation process. In particular, where a dealer offers to mediate a complaint at its own costs, the OBSI should invariably be highly supportive of the offer which has the possibility of providing the investor with more expedient and satisfactory redress.

Procedure

18(c) Tolling agreements should be requested and considered on the facts of any given case with a view to whether they are necessary as a matter of fairness to the investor only. By way of example, in the event that there are no concerns regarding a pending statutory limitation period, a tolling agreement is unnecessary to the investor. On this basis, it is highly unclear why a dealer should invariably be required to enter into a blanket tolling agreement relating to all complaints.

Confidentiality and Disclosure

20(c) The disagreement with an OBSI recommendation or a refusal to accept that recommendation as fairly reflective of the circumstances is not tantamount to non-cooperation with the OBSI process. The OBSI is not a regulatory body and as such the applicable regulator's view of any underlying circumstances or complaint where applicable should take precedence. In other words, where a regulator has issued a closing letter or taken a view of a particular fact scenario, the OBSI should not be permitted to override that view. In addition, the OBSI cannot sanction a firm's (in)ability to refer publicly to a client's confidential information which remains subject to a participating firm's legal obligations to that client, which in turn should be respected by and have due accord in the OBSI's public name/shame process.

Recommendations and Rejections of Complaints

23. The OBSI should actively encourage the participating firm and complainant to continue to seek to resolve the complaints wherever the firm expresses a desire and willingness to do so.

27. In the event that the OBSI continues to wish to make public the name of a participating firm who disagrees with an OBSI's recommendation, the manner in which public statements are made, the contents of those statements and the OBSI's use of the media in making those statements should be reviewed for appropriateness. By way of analogy, any regulatory infraction by participating firms are also publicly available but the regulators, who have higher authority than the OBSI, use very different processes and content in their public statements.

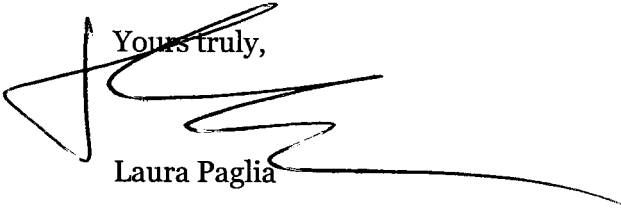
Governance

31. Please note that the statement that the board of directors does not consider specific complaints runs contrary to paragraph 20(c) regarding the OBSI's wish to go to the Board in the event that a firm refuses an OBSI recommendation or does not cooperate in an investigation.

Third Party Evaluation

36. A process for the selection of a knowledgeable independent third party evaluator should be put in place which preserves the integrity of that process and ensures the evaluator is not selected solely by the OBSI.

Yours truly,

A large, stylized handwritten signature in black ink, appearing to be 'Laura Paglia', written over the 'Yours truly,' text.

Laura Paglia

Tel 416.865.8192
lpaglia@torys.com