



November 20, 2024

Mark Wright, Director, Communications and Stakeholder Relations
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Dear Sir:

RE: OBSI consultation on loss calculation for complaints involving unsuitably sold illiquid exempt market securities – request for public comment dated September 26, 2024

We appreciate this opportunity to provide commentary to the Ombudsman for Banking Services and Investments (OBSI) with respect to loss calculation methodologies for unsuitably sold illiquid exempt market securities.

In regard to the practice of assigning a value of zero to an illiquid security for which it has been decided that no ending value can be determined, we acknowledge that there are inherent difficulties in valuing exempt market securities and have no alternative method to present. We do, however, feel it is important for the OBSI to prioritize the determination of investment values by working with issuers over defaulting to assigning a zero value first, thus putting the burden on the issuer to prove that an ending value is determinable. This is especially true for real estate based investment products for which industry standard methods of value calculation can be utilized and historical transactions can be referenced.

Further to this, concerning the determination of financial harm in the OBSI's Process for Assessing Investment Suitability and Compensable Losses document, examples of financial harm are provided for situations in which no loss has occurred. In particular, an investor who gained \$10,000 as a result of an unsuitable investment, but would have gained \$15,000 on what the OBSI considers to be suitable investment alternatives, is described as having suffered \$5,000 in financial harm. In our opinion, harm must have occurred in quantifiable losses to be assessed as compensable damages, not as theoretical differences in relative gains, even if these gains were achieved via unsuitably sold securities.

While we continue our focus as an organization on investor suitability and above all else, acting in the best interests of the client, we are grateful for the opportunity to provide input on these specific topics and trust that the OBSI will consider our commentary.

Regards,

A handwritten signature in black ink, appearing to read "Kyle Touet", is written over a white background.

Kyle Touet, CFA
Chief Compliance Officer