

January 10, 2013

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon  
Superintendent of Securities, Nunavut

The Secretary  
Ontario Securities Commission  
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19th Floor, Box 55  
Toronto, ON M5H 3S8  
E-mail: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

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Dear Sirs/Mesdames:

**Re: Notice and Request for Comment on Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”) and to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“31-103CP”)**

The Canadian Advocacy Council<sup>1</sup> for Canadian CFA Institute<sup>2</sup> Societies (the CAC) appreciates the opportunity to comment on the CSA’s proposed amendments to NI 31-103 and 31-103CP.

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<sup>1</sup>The CAC represents the 13,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfasociety.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

As a general matter, the CAC agrees with the choice of the Ombudsman for Banking Services and Investments (“OBSI”) as the dispute resolution service for the discharge of a registrant’s obligation (outside of Quebec) under Section 13.16 of NI 31-103.

The CAC believes that the independence of such services will be in the best interests of investors and will help to provide consistency in the outcome of investment disputes. We believe that independence, not-for-profit mandate and adherence to international standards are essential criteria for any required dispute resolution provider. It is important that a dispute resolution provider approach all cases with the same process and framework and provide all investors with the same infrastructure for finding assistance.

The CAC wishes to respond to the specific issues for comment as follows:

1. *Would the time limit on complaints be more appropriate if it was counted from the time when the trading or advising activity that it relates to occurred, rather than from the time when the client knew or reasonably ought to have known of the trading or advising activity?*

We believe it is appropriate to start the limitation period from the time the client knew or reasonably ought to have known of the trading or advising activity. Particularly for discretionary accounts, there will be a time lag between the time the activity took place and the time the adviser or dealer reports on such activity to their clients.

2. *OBSI’s current terms of reference require a complaint to be made to the ombudsman within 180 days of the client’s receipt of notice of the firm’s rejection of their complaint or recommended resolution of the complaint, subject to the ombudsman’s authority to receive and investigate a complaint in other circumstances if the ombudsman considers it fair to do so. Should NI 31-103 include a deadline for clients to bring complaints to it? If so, is 180 days the appropriate period?*

We believe that including a deadline for escalating complaints to OBSI would help registrants conduct their affairs with more certainty, including maintaining the appropriate reserves and notations in their financial statements. We believe 180 days is an acceptable period of time within which to escalate a complaint. We note however that it is important that clients be made aware of the internal process within each registrant to resolve complaints prior to contacting OBSI, and of the 180 day deadline for contacting OBSI. Registrants should be specifically required to provide clients with OBSI’s contact information, together with any required forms necessary to start the escalation process, at the time the clients are notified of the outcome of the internal complaint review.

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<sup>2</sup> CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors’ interests come first, markets function at their best, and economies grow. CFA Institute has more than 113,000 members in 140 countries and territories, including 102,000 CFA charterholders, and 137 member societies. For more information, visit <http://www.cfainstitute.org/>.

### **Concluding Remarks**

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at [chair@cfaadvocacy.ca](mailto:chair@cfaadvocacy.ca) on this or any other issue in future.

(Signed) *Ada Litvinov*

**Ada Litvinov, CFA**  
**Chair, Canadian Advocacy Council**