

Joint Regulators Committee Responds to OBSI Independent Evaluator's Report

June 6, 2016 (Toronto, ON) – In response to the release of the independent evaluator's report of the Ombudsman for Banking Services and Investments (OBSI) published today, the Joint Regulators Committee (JRC) is issuing the following statement:

An effective and fair dispute resolution system is an important component of the investor protection framework. The members of the JRC strongly support OBSI as the dispute resolution service, and expect registrants to abide by their obligations by participating in OBSI's services in a manner consistent with their obligations to deal fairly, honestly and in good faith with their clients.

The Canadian Securities Administrators (CSA) and JRC have now received a copy of the report of the independent evaluators delivered to the OBSI Board, and we thank them for their work on this project. The JRC will be meeting with OBSI staff later in June, and the OBSI Board in September, where we expect to learn more about OBSI's position on the report's findings and recommendations. In the meantime, we will begin analyzing the findings and recommendations, along with other stakeholder input, in considering next steps in response to the report.

BACKGROUND:

In 2013, in conjunction with amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) that required all registered dealers and advisers outside Québec to offer OBSI's services to their clients, the CSA and OBSI entered into a Memorandum of Understanding (MOU) that creates a framework for oversight and engagement.

The MOU provides for certain standards that OBSI must meet, including around: governance; independence and standard of fairness; processes to perform functions on a timely and fair basis; fees and costs; resources; accessibility; systems and controls; core methodologies; information sharing; and transparency. It provides a framework for cooperation and information sharing between OBSI and the CSA, and also requires that OBSI undergo an independent evaluation within two years of the amendments to NI 31-103 coming into force.

In addition, at the time the MOU was signed, the CSA and OBSI agreed with the Mutual Fund Dealers Association of Canada (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC) to form the Joint Regulators Committee (JRC). The role of JRC is to:

- facilitate a holistic approach to information sharing and monitoring of the dispute resolution process with an overall view to promoting investor protection and confidence in the external dispute resolution system;
- support fairness, accessibility and effectiveness of the dispute resolution process; and
- facilitate regular communication and consultation among JRC members and OBSI.

Members of the JRC are representatives from the CSA (in 2015, CSA designated representatives were from British Columbia, Alberta, Ontario and Québec), IIROC and MFDA. The JRC meets regularly

with OBSI to discuss governance and operational matters and other significant issues that could influence the effectiveness of the dispute resolution system.

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