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bulletin



ASSOCIATION
CANADIENNE
DES COURTIERS
EN VALEURS MOBILIÈRES

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For distribution to relevant parties within your firm

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By-Laws and Regulations

Financial Services OmbudsNetwork (FSON)

Last winter, it was announced that the Investment Dealers Association and four other major industries of Canada's financial services sector (banks, life and health insurers, property and casualty insurers, and the mutual fund industry) were to create a national ombudservice. The new initiative is expected to be in place by later this summer.

The Financial Services OmbudsNetwork (FSON) is an industry-based, integrated consumer assistance service that builds on existing industry consumer redress mechanisms, including the IDA's arbitration program, by providing a single point of entry for the consumer. By calling the 1-800 number for the Centre for the Financial Services OmbudsNetwork (the FSON's Call Referral and Assistance Centre), clients with complaints about their financial services provider will be referred to the appropriate dispute resolution service. Depending on the individual facts of the case, the client will be referred to the financial institution, the industry's ombudsman, or to a further level of dispute resolution, where it is available.

Additionally, the participating industry groups will sponsor independent ombudsman services that will assess individual complaints, work fairly and impartially with both the consumer and the firm, and produce a report that includes recommendations. The services, which will be cost-free to clients, will operate independently of the industry association and will have their own Board, with a majority of independent directors. The IDA, the Mutual Fund Dealers Association and the Investment Funds Institute of Canada have agreed to create a single ombudsman service for their member firms.

Following our Board of Directors meeting today, we wanted to update you on our progress with respect to the securities ombudservice:

TORONTO Suite 1600, 121 King Street West, Toronto, Ontario M5H 3T9 Telephone: (416) 364-6133 Fax: (416) 364-0753
CALGARY Suite 2300, 355 Fourth Avenue S.W., Calgary, Alberta T2P 0J1 Telephone: (403) 262-6393 Fax: (403) 265-4603
HALIFAX Suite 1620, 1791 Barrington Street, Halifax, Nova Scotia B3J 3K9 Telephone: (902) 423-8800 Fax: (902) 423-0629
MONTRÉAL Suite 2802, 1 Place Ville Marie, Montréal, Québec, H3B 4R4 Téléphone: (514) 878-2854 Télécopieur: (514) 878-3860
VANCOUVER Suite 1325, P.O. Box 11614, 650 West Georgia Street, Vancouver, B.C. V6B 4N9 Telephone: (604) 683-6222 Fax: (604) 683-3491

- It was agreed, in principle, that we will combine the securities industry ombudservice with the Canadian Banking Ombudsman. This would create certain economies, in both expertise and resources.
- A By-law to mandate Member participation in the ombudservice was approved by the Board. The By-law will be similar to the arbitration By-laws (37.1 and 37.2). The primary difference between the 2 processes is that the ombudservice's recommendations are non-binding on clients and Members, while the arbitrator's decisions are binding on both. However, the names of those firms that do not comply with the ombudservice's recommendations will be made public. Additionally, as the ombudservice must complete an independent investigation of client complaints, the By-laws will mandate that Members must co-operate with the ombudservice's investigation, including providing access to all relevant materials and interviews with Member firm employees.
- A communications plan has been created to keep you informed regarding developments around the FSON and the securities ombudservice, including a dedicated area on our website, www.ida.ca. A copy of the CFSON's May newsletter is available through the website, as is December's full report, entitled, A National Financial Services Ombudsman.

We will continue to update you on this innovative program which will result in a robust and comprehensive consumer redress system for clients of IDA Member firms. For additional information, please contact Morag MacGougan, Ontario Regional Director, IDA, at 416 943 6991 or mmacgougan@ida.ca.

Kenneth A. Nason
Association Secretary