



February 25, 2010

Mr. Douglas Melville
Ombudsman and CEO
Ombudsman for Banking Services and Investments
401 Bay Street, Suite 1505, PO Box 5
Toronto, ON M5H 2Y4

Dear Mr. Melville:

Thank you for providing the three industry associations with your briefing and invitation to comment on the issues that the OBSI Board will consider as part of its strategic planning meeting on March 8. We appreciate the opportunity to provide our collective members' views for consideration by the Board as it provides direction on OBSI's future.

We welcome and appreciate the Board's recent decisions to improve transparency and consultation with industry stakeholders. It is critical to its credibility that OBSI is seen to address the concerns that industry stakeholders have identified, and deliver in a timely manner the key operational changes that are important to the industry.

Budget

We understand the Board will be addressing the budget for the last six months of the year at the upcoming meeting. Given your assessment that the levelling of the volumes of complaints and anticipated efficiencies to be implemented over the remainder of the year would allow you to remain on top of current volumes and slowly reduce the backlog on the investment side, we would support a recommendation to your Board for a continuation of the existing staff level (and budget) for the remainder of the year. Going forward, we anticipate that further efficiencies identified by the industry working group, OBSI itself and the outside consultant would prompt a review of the budget for next year to see if any reductions might be realized.

Core Mandate a Priority

We are very concerned that the number and range of issues identified for Board consideration at its strategic planning meeting is overly ambitious and premature at this point in time. There are currently several key operational issues that OBSI has identified as critical to its success, and to its credibility with its stakeholders. Introducing issues of mandate expansion and matters unrelated to the optimizing of operations within the current mandate will result in fragmentation of OBSI's focus and resources to the detriment of a timely resolution of these key operational issues. The collective view of our members is that it is in OBSI's best interests at this time to focus on developing a clearer vision of how to deliver on its core responsibilities.

The industry stakeholder consultation process, now underway to determine how OBSI can streamline its operations to be more efficient, revise the fee formula and calibrate how OBSI handles certain investment investigations, will certainly result in recommendations to help resolve many of the operational questions you listed for strategic planning discussion.

While still in early stages, the above consultation process appears to be a successful communication tool that has enabled member firms to better understand how OBSI operates and the challenges it faces, along with providing member firms with the opportunity to help find solutions to these challenges. If you and your Board agree that the process has been helpful, we would welcome the chance to contribute through a similar process with developing workable solutions for additional high priority operational issues once the first three issues move to implementation stage. The associations' staff would be pleased to continue to offer administrative support to assist with resolution of additional issues.

Setting, Performing to and Reporting on Targets for Performance

It would be helpful if your strategic plan set targets or goals for the operational changes, for example, percentages by which efficiency would be increased (cases handled per staff member, time to close a case and costs on a per case basis). In addition, establishing goals for holding costs in line would provide OBSI and its stakeholders with useful measures against which to gauge OBSI's performance.

Similarly for issues related to transparency, it would be beneficial to establish time lines and processes for communicating with industry stakeholders. This would help ensure that all parties understand and work toward meeting the common objectives, e.g., formal policies for stakeholder meetings, communication/posting of Board decisions and financial reports.

Broader Mandate Issues

While we recognize that discussions of longer term mandate issues would form part of any normal course strategic planning exercise, we feel strongly that the focus of attention at this critical point in OBSI's renewal should be placed on making the core improvements to OBSI's performance presently underway. OBSI's performance of its core responsibilities and the satisfaction of existing stakeholders would be a factor in any policy makers' decisions about a different or expanded role for OBSI in the realm of financial sector dispute resolution.

To the extent that OBSI must weigh in on issues in the broader dispute resolution environment, we suggest that at this time its involvement should be reactive only, and cognizant of conserving scarce resources.

Thank you again for the opportunity to provide input to the Board's strategic planning process. If you have any questions, don't hesitate to contact one of us. Best wishes for a productive meeting.

Yours sincerely,



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Canadian Bankers
Association



Susan Copland
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Jon Cockerline
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