

ANNEX A

Summary of Changes to the Instrument

This Annex describes the key changes we made to the Instrument and the 2012 Proposal.

Section 13.16 of NI 31-103 provides in very general terms that a registered dealer or registered adviser must ensure that independent dispute resolution or mediation services are made available, at the firm's expense, to resolve clients' complaints about trading or advising activity of the firm or its registered representatives.

We are amending section 13.16 to specify which complaints will be eligible for independent dispute resolution or mediation services paid for by a registered dealer or adviser:

- a complaint must be brought within 6 years from the time when the client first knew or reasonably ought to have known of an act or omission that is a cause of the complaint
- a client may refer a complaint to the independent service provider if the firm has not responded with its decision in respect of the complaint within 90 days of receiving the complaint
- a client has up to 180 days after the firm has responded with its decision in which to refer the complaint to the independent service provider

A client must agree that, for the purpose of the independent service's consideration of an eligible complaint, the amount claimed (if any) will be no greater than \$350,000. Clients retain the option of pursuing claims for amounts exceeding this limit through other means, such as civil litigation.

The Amendments substantially align the complaints that are eligible for dispute resolution or mediation services paid for by the registered firm under section 13.16 with the complaints that OBSI will consider under its terms of reference. The Amendments specify that, outside of Québec, firms must take reasonable steps to ensure that OBSI will be the independent resolution and mediation service that is made available to a client at the firm's expense.

The Amendments provide that section 13.16 does not apply in respect of a permitted client that is not an individual.

Among other things, the Amendments to the Companion Policy also clarify that:

- We expect that all client complaints will be addressed under a registered firm's internal complaint handling policy under section 13.15 of NI 31-103. Recourse to an independent dispute resolution or mediation service is intended to be provided at a registered firm's expense for specified complaints where the firm's internal complaint handling process has not produced a timely decision that is satisfactory to the client.
- In order to comply with the requirement to take reasonable steps to ensure that OBSI will be the independent dispute resolution and mediation service that is made available to any client with a complaint eligible under section 13.16, we will expect a registered firm to maintain ongoing membership in OBSI as a "Participating Firm" and participate in OBSI's services in a manner consistent with the firm's obligation to deal fairly, honestly and in good faith with its clients.
- A registered firm is only required to make one dispute resolution or mediation service available at its expense for each complaint.

We have made conforming changes to the requirement in paragraph 14.2(2)(j) of NI 31-103 to provide clients with relationship disclosure information about the availability of dispute resolution services.

The Amendments are generally consistent with the 2012 Proposal. A 90 day trigger for escalation of a complaint was added to section 13.16 to align with our stated purpose of creating a common standard for dispute resolution services. This is consistent with requirements for OBSI Participating Firms and SRO members. The \$350,000 limit has been changed from a limit on the amount of the claim, to a limit on the amount that may be claimed for the purpose of the independent service's consideration of the complaint. This was done because when a complaint is first brought by a client to a firm's internal complaint handling system, it might include a claim for a higher amount.