



BY ELECTRONIC MAIL: comments@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

January 29, 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

Attention:

The Secretary
Ontario Securities Commission
20 Queen Street West, 19th Floor, Box 55
Toronto, ON M5H 3S8

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Dear Sirs / Madames:

Re: Proposed Amendments to National Instrument 31-103 and Companion Policy 31-103CP

We are writing on behalf of the Members of The Investment Funds Institute of Canada ("IFIC") to provide you with comments regarding the proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and its Companion Policy 31-103CP (collectively the "Proposed Amendments"), published on November 15, 2012.

With a view to ensuring that the Proposed Amendments best serve the interests of both investors and registrants we submit the following comments:

- 1. It would be more appropriate if the time limit on complaints commenced at the time the related trading or advising activity occurred.**

We support the goal of the Canadian Securities Administrators' ("CSA") to ensure that client complaints are considered under a common dispute resolution service applying a uniform standard that promotes consistency in expectations and outcomes. As such, we believe that it would be more appropriate if the time limit on complaints commenced at the time the related trading or advising activity occurred. After every trade or purchase of a security, an investor is provided with a confirmation letter detailing their recent transactions. Since these confirmation letters are delivered on a daily basis, and at the commencement of the time limit, registrants and investors will be certain of the date of when the trading or advising activity occurred.

2. National Instrument 31-103 should include a deadline of 180 days for clients to bring complaints to OBSI.

We believe that National Instrument 31-103 should require a complaint to be made to OBSI within 180 days of the client's receipt of notice of the firm's rejection of their complaint or recommended resolution of the complaint. We submit that this time period is both reasonable and consistent with OBSI's Terms of Reference. Replicating these requirements in National Instrument 31-103 would provide for a common standard thereby furthering the CSA's goal of reducing investor confusion.

3. OBSI Funding Model

We support and encourage the CSA's work with OBSI in developing a funding model that will be fair to all registrants and will ensure that OBSI has the capacity to provide effective services for an expanded base of registered firms if the Proposed Amendments are adopted.

We appreciate that the Proposed Amendments take into account that a registered firm is only required to make one dispute resolution or mediation service available at its expense for each complaint. However, we would request further clarity on how the funding model will be structured to take into account situations where OBSI is unwilling or unable to consider complaints in which case(s) firms would need to retain another service provider for the client.

We would also propose that OBSI's current fee model requiring all participating firms to pay a levy based on their size or volume of business be changed to a fee for service model. Our strong view is that an appropriate and fair fee model to fund OBSI's services is one based on use by the particular participating firm, since it would ensure that OBSI is funded by registrants in proportion to the services rendered to them and their clients.

4. OBSI Terms of Reference

Given the leadership role the CSA has taken in the review and assessment of OBSI's processes and standards against the Framework for Collaboration, we suggest that the CSA consider taking a similar role in overseeing the changes to OBSI's Terms of Reference.

5. OBSI Governance Structure – Board Composition

We believe the foundation of an effective governance structure at the OBSI board-level requires that the Board be composed of directors who reflect the overall composition of OBSI's members. This structure ensures that the organization has individuals who can provide in depth industry knowledge to assist the organization. By industry category, OBSI's members are comprised of banks, dealers, brokers and fund managers. While the current governance structure provides for three industry directors to be selected by the Board from candidate shortlists submitted on behalf of each of the banks (by the Canadian Bankers Association), the mutual fund dealers (by the Mutual Fund Dealers Association) and the investment dealers and brokers (by the Investment Industry Regulatory Organization of Canada), it does not contemplate providing a director nomination right to fund managers who are not represented by any of the foregoing industry associations or self-regulatory organizations. To ensure the Board achieves balanced representation across industry participants, and, more importantly, has access to full industry sector knowledge we would propose that the governance structure provide fund managers with the right to a director nominee.

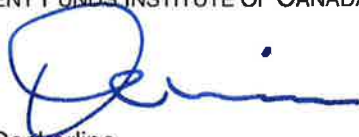
6. Regulatory Oversight

In addition to supporting the CSA's oversight in reviewing OBSI's funding model and terms of reference, we also suggest expanding membership on the oversight body to include representation from the Mutual Fund Dealers Association and the Investment Industry Regulatory Organization of Canada given the close proximity these self-regulatory organizations have to industry operations, standards of practice and business conduct requirements.

Thank you for providing our Members with an opportunity to comment. We would be pleased to discuss our input in greater detail with you. Should you have any questions or wish to discuss these comments, please contact me directly by phone at 416-309-2327 or by email at jcockerline@ific.ca.

Yours truly,

THE INVESTMENT FUNDS INSTITUTE OF CANADA



By: Jon Cockerline
Director of Policy and Research