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VIA EMAIL

Financial Services Regulatory Authority of Ontario
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**Re: Discussion Questions in FSRA Information Guidance – Complaints
Resolution: Policy Framework and Best Practices (the “Guidance”)**

The Canadian Advocacy Council of CFA Societies Canada¹ (the “CAC”) appreciates the opportunity to provide the following general comments on the discussion questions raised in the Guidance and provide feedback on potential issues that could be explored further in FSRA’s review of the complaints resolution ecosystem in each of its regulated sectors.

As a general statement, we believe a fair and impartial dispute resolution mechanism that is easy to understand and accessible across different areas of financial services is critical to fostering consumer confidence and trust. It is important that any complaint resolution rules put forth not further complicate the existing array of complaint handling and dispute resolution mechanisms from the perspective of financial services consumers.

We support the process that is currently underway by various regulatory agencies examining the framework for dispute resolution services across areas of financial services regulation, including the Department of Finance Canada, the AMF, the FCAC and the current independent reviews occurring with respect to OBSI. We are very interested in the structure and efficacy of dispute resolution and complaint processes that exist across the financial services industry, and would encourage government agencies and regulatory organizations to review best practices across global financial ecosystems and work together towards greater systemic harmony and to help address any policy gaps that may be identified.

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 19,000 Canadian CFA Charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors’ interests come first, markets function at their best, and economies grow. There are more than 178,000 CFA Charterholders worldwide in over 160 markets. CFA Institute has nine offices worldwide and there are 160 local member societies. For more information, visit www.cfainstitute.org.

One of the primary concerns with contemplating the appropriate structure for complaint handling and dispute resolution is the fact that Canada's complaint handling systems are fragmented and cannot be easily holistically understood from the perspective of a financial services consumer. Financial consumers should not be expected to distinguish whether a particular product or service is regulated as a banking, securities, mortgage or insurance product or service – all of which have different recourse mechanisms, some of which then further vary amongst Canadian jurisdictions. We believe the framework for Canada's complaint handling system across financial services could be significantly simplified and premised on a wide and overriding public interest mandate.

We believe that complaints can be a leading indicator of underlying policy issues and practical challenges that can often only be solved through rule-making activities and thus a complaints intelligence function and sharing of complaint data amongst regulators are important to facilitate. Through such co-operation, over time, there should be a way for institutions to collectively become more effective at identifying and resolving problems that are leading to frequent complaints, through escalation to and collaboration with FSRA or the relevant other regulatory agency.

We wish to address our remaining comments with respect to the external dispute resolution (“EDR”) function. We would encourage FSRA to consider leveraging existing EDR mechanisms in Canada that are efficient, accessible, and transparent, as a foundational principle in the Policy Framework. These mechanisms can be costly to set up, but are necessary for consumer trust and buy-in to the efficacy of the Policy Framework and EDR function.

We strongly support the principle behind stated Best Practice #7, that there should only be one EDR body for a particular financial services sector. We would take it a step further to note that there should be further consolidation of EDRs amongst various sectors as it would be a net benefit to the industry, but most importantly alleviate financial consumer confusion. Competition amongst EDR bodies results in a race to the bottom and a net detriment to the financial services consumer/complainant and broader ecosystem.

A complaint-handling body that provides a variety of financial dispute resolution services can better leverage its expertise across the wider financial services industry. It would also be better positioned to opine on systemic issues in the public interest, some policy matters of which may cross the boundaries of regulatory jurisdiction. It also has the inherent advantage of scaling fixed cost allocations across a greater number and types of participating firms, making it potentially more economically effective for a wider array of financial services firms.

Concluding Remarks

We support efforts to continue to move the discussion forward with respect to reviewing dispute resolution and complaint handling processes. The broader framework of our Canadian financial ecosystem demands that we ensure this process is consumer friendly, efficient and transparent. We also would encourage FSRA and other organizations to further harmonize requirements and work in this area.



We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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