February 28, 2024

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Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
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Re: CSA Notice and Request for Comment - Registered Firm Requirements Pertaining to an Independent Dispute Resolution Service (the 'Notice') - Proposed Amendments to National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and 31-103CP

We are pleased to provide comments on behalf of Investors Group Inc. ("IG Wealth Management") on the Proposed Amendments to National Instrument 31-103 and the Companion Policy, which would form part of a new regulatory framework allowing binding authority to an independent dispute resolution service.

Our Company

IG Wealth Management is a diversified financial services company and one of Canada's largest managers and distributers of mutual funds, including the exclusive distributor of its own products. We carry out our distribution activities through our subsidiaries; Investors Group Financial Services Inc., our mutual fund dealer, and Investors Group Securities Inc., our investment dealer, both of which are members of the Canadian Investment Regulatory Organization ("CIRO"). We are committed to comprehensive personal financial planning delivered through long-term client and advisor relationships. The company provides advice and services through a network of advisors located across Canada to over one million clients. We currently have approximately 3300 advisors registered with CIRO, located across 52 regional offices spanning all provinces throughout Canada. IG Wealth Management has over $121.2 billion in assets under advisement as of December 31, 2023. We are part of IGM Financial Inc., which is a member of the Power Corporation of Canada group of companies.

General Comments

We support the intended outcomes of the CSA's proposal related to an independent dispute resolution service. Specifically, we agree that binding authority to an identified ombudservice may improve confidence in our markets and provide clients and their firms with an effective system of redress when clients are dissatisfied with the firm's response to a complaint. We further support the recommendation that the Ombudsman for Banking Services and Investments ("OBSI") be the designated or recognized ombudservice.

Our comments are focused on the framework's design, and specifically on the need to ensure the proposed framework is seen to be evenhanded to all parties, at all stages of the review and decision-making process, including rights of objection and binding authority. We note that the Notice focuses on patterns observed by the CSA under the current OBSI dispute resolution process, including low settlements and settlement refusals. We believe it is important for the CSA to acknowledge that the vast majority of firms, which includes IG Wealth Management, have robust and fair complaint handling processes. It is from this viewpoint that we provide our feedback on the proposals.

Binding Authority

As noted, we support an independent dispute resolution service for clients and their firms and support the proposal of binding authority for the identified ombudservice. As outlined, the "Investigation and Recommendation Stage," which permits both clients and their firms to accept or object to the ombudservice recommendation, in our view supports the CSA's objective of being 'fair, efficient and accessible for all parties" while ensuring appropriate access for redress for clients. Similarly, we agree

with the “Review and Decision Stage” that allows either party to trigger a secondary review, by submitting a written objection to the initial recommendation.

With respect to this secondary review stage, we encourage the CSA to reconsider the scope of the decision-maker’s review. We believe it would be important for the decision-maker to have access to all of the information that formed part of the initial recommendation in order to properly consider the specific objections raised by the parties. Without this full scope, we are concerned that achieving a decision that will be deemed fair by both parties will be difficult. With this in mind, we also believe it is important for all parties to better understand, and ideally be able to comment on, what the proposed legislative “procedural threshold test” referred to in the Notice will be.

On binding authority, we strongly believe that a final decision following the “Review and Decision Stage” of the ombudservice should bind both the firm and the client, regardless of which party sought the secondary review. We do not understand why a client would be permitted to reject the dispute resolution process and instead pursue a civil proceeding in instances (presumedly) where the ombudservice finds for the firm, simply because it was the firm that triggered the secondary review and decision stage. In our view, this design will undermine the integrity of the proposed framework, which should have consistent rights of objection and binding authority for all parties. Further, we believe some form of appeal process continues to be warranted to ensure fairness in the decision-making process, and if done correctly we do not believe it will create the power imbalance between clients and their firms articulated in the Notice. We strongly encourage the CSA to create an appeal process, either within the ombudservice, the securities regulatory regime or to an independent tribunal. We note that the Dutch Institute for Financial Disputes (Kifid)[1] employs a similar process, allowing both firms and complainants to escalate binding decisions to an *“Appeals Committee”* for an independent, final review. Lastly, with respect to both the “deeming provision” and the “post decision period”, we recommend the CSA pursue a 30-day review period to support a timely review and conclusion for both parties.

<u>CSA Oversight</u>

We support the CSA’s recommendation for the development of a more comprehensive oversight regime that more closely mirrors the approach used for the SRO, clearing agencies, and exchanges. In our view, it will be increasingly important that the CSA and the SRO provide guidance to firms to ensure there will not be friction between the fairness standard applied by the ombudservice and securities regulatory obligations. Along these lines, further clarification is also needed as to what type of “corrective actions” may be part of any final decision of the ombudservice. It will be important for clients and their firms to understand the intersection between the authority of the ombudservice, the SRO and the CSA. Finally, we ask the CSA to speak to industry insurers to gain a greater understanding of the impact of binding authority on advisor and firm coverage as part of the CSA’s assessment of the impacts of the proposed framework.

<u>Terminology</u>

We support the recommendation to prohibit industry use of terminology that implies independence as it relates to consumer complaints and disputes, such as ‘ombudsman’, or ‘ombudservice’. We agree that restricting the use of these titles will aid in providing clarity to clients and the general public.

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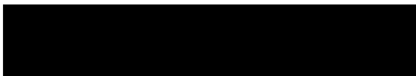
1 Kidif, “Binding – Non-Binding”; https://www.kifid.nl/bindend-niet-bindend/

Conclusion

Thank you for the opportunity to provide comments on the proposed dispute resolution framework. We would be pleased to engage further with you on this important initiative. Please feel free to contact Kate Schroeder at kate.schroeder@ig.ca or myself if you wish to discuss our feedback further or require additional information.

Yours truly,

IG Wealth Management



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