

CSA Staff Notice 31-338

Guidance on Dispute Resolution Services- Client Disclosure for Registered Dealers and Advisers that are not members of a Self-Regulatory Organization



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- Published May 1, 2014
 - Amendments to NI 31-103
 - Relates to provision of independent dispute resolution or mediation services to clients of all registered dealers and registered advisers
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- A firm must take reasonable steps to ensure that the Ombudsman for Banking Services and Investments (OBSI) will be the independent dispute resolution or mediation service made available to clients that have an eligible complaint
 - Must provide this information to clients in writing
 - Notice sets out steps a client must take to be able to use OBSI
 - Does not apply to IFMs or in Quebec
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- Transition period to join OBSI ends on August 1, 2014
 - All registered dealers and advisers must join and maintain ongoing membership as a “Participating Firm” by August 1, 2014
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- CSA Staff Notice 31-338
 - Appendix A of CSA Staff Notice 31-338
 - Sample client disclosure
 - Provides additional guidance and best practices
 - May 1, 2014, CCO email: Planning Tips for OBSI Amendments
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- The requirement to use OBSI provides investors with the following benefits:

Access to free,
independent,
consistent dispute
resolution
services

Uniform handling
of client
complaints

Clarity on who
investors can
contact if their
complaints are
not resolved

- “OBSI resolves disputes between [participating banking services and investment firms](#) and their customers if they can't solve them on their own... You must first complain to the firm involved, but if you remain unsatisfied you have a right to bring your case to us. As an alternative to the legal system, we work informally and confidentially to find a fair outcome.”

- Information about OBSI must be provided to clients at three points:

At account opening

As soon as possible after a client makes a complaint

When the firm provides the client with the decision regarding the complaint

When do you need to provide client disclosure?

1. At account opening

A description
of the firm's
obligations

The steps that
the client must
take for the
service to be
made available

May be
provided in a
standalone
document or
as part of
relationship
disclosure
information

Must be
provided in
writing

When do you need to provide client disclosure?

2. At the time of the complaint

- If a registered firm receives a complaint they must provide written acknowledgement within 5 business days which includes:

A description of the firm's obligations

The steps that the client must take for the service to be made available

The name and contact information of the independent dispute resolution or mediation service

3. At the time of the decision

- A registered firm is expected to provide a decision to the complainant within 90 days of receipt
- When the registered firm decides to reject or make an offer on the complaint, the firm must provide the client with written notice of the decision including:

The decision on the complaint

Information about dispute resolution services including timelines, monetary limits and contact information

When do you need to offer OBSI?

- Registered firms are required to ensure that independent dispute resolution or mediation services are available if either of the following apply:
 - after 90 days of the firm's receipt of the complaint, the firm has not given the client written notice of the decision and the client has notified OBSI that it wants to use the service; or
 - within 180 days of the client's receipt of written notice of the firm's decision, the client notifies OBSI that it wants to use its service
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- The amendments requiring the provision of independent dispute resolution services are a significant change to RDI
 - Registered firms are required to notify clients, in a timely manner, of significant changes in RDI
 - Ways to notify clients:
 - Send information separately
 - Include with an upcoming communication
 - Include with next monthly or quarterly statement
 - Before a transaction
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- Review CSA Staff Notice 31-338 and the “Planning Tips for OBSI Amendments” email
 - Join OBSI by August 1, 2014
 - Review the sample client disclosure provided in Appendix A of the Notice
 - Prepare your firm’s client disclosure
 - Develop and implement appropriate policies and procedures
 - Update and deliver revised relationship disclosure information
 - Update your policies and procedures manual
 - Train your staff
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Questions

