

VIA EMAIL

February 14, 2013

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

Delivered to:

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

comments@osc.gov.on.ca

Anne-Marie Beaudoin
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Autorité des marchés financiers
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Dear Sirs/Mesdames:

RE: Notice and Request for Comment on Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and Companion Policy 31-103 – Dispute Resolution Service

The members of the RESP Dealers Association of Canada (RESPDAC)¹ are pleased to provide the Canadian Securities Administrators (CSA) with this letter commenting on the proposed amendments to NI 31-103 and the Companion Policy relating to the proposed revised section 13.6 *Dispute Resolution Service* which was published for comment in the November 2012 publication noted above.

¹ The members of RESPDAC are C.S.T. Consultants Inc., Global RESP Corporation, Knowledge First Financial Inc., Heritage Education Funds Inc. and Universitas Management Inc. All RESPDAC members are registered as scholarship plan dealers with their principal regulator, as well with the securities regulators in other applicable province and territories.

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Since November 1, 2007, it has been a condition of membership in RESPDAC that members be participants in the dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI). RESPDAC and each of its member companies² outlines on their respective websites what a planholder or prospective planholder should do if he or she has a complaint about the services offered by a particular RESPDAC member firm or its dealing representatives, including the availability of the OBSI service if the planholder does not feel that the RESPDAC member firm has resolved the complaint to his or her satisfaction. Each RESPDAC member also provides this information in its respective “relationship disclosure” information provided to planholders as required by NI 31-103.

By being participating firms in OBSI since November 2007, in addition to complying with the unique Quebec complaint handling and resolution requirements, RESPDAC members have been ahead of the regulatory requirements concerning dispute resolution and complaint handling.

RESPDAC members’ experience with the dispute resolution service offered by OBSI is largely positive and consider that planholders who have gone to OBSI generally appreciate being able to discuss their issue with an independent third party. We note that OBSI has opened an average of roughly 15 cases per year relating to complaints raised about RESPDAC members since 2007, an incidence of approximately 0.001 percent of the number of group RESPs currently active with RESPDAC members.³ The Executive Director of RESPDAC meets regularly with senior staff of OBSI to ensure appropriate industry understanding by OBSI staff (given the unique circumstances involved with investing in group RESPs) and to ensure that RESPDAC, as a trade association, is kept up-to-date on the complaint experience relating to its members. Neither RESPDAC nor any of its members has had any particular concerns about the way that OBSI has handled the few complaints that have been brought to OBSI by planholders.

Notwithstanding RESPDAC members’ positive experience with OBSI to date, RESPDAC members wish to provide the CSA with the following comments.

- 1. Regulatory Oversight of OBSI** –RESPDAC is concerned that OBSI and its dispute resolution service will change in unknown (and unknowable) ways once it becomes the “de facto” dispute resolution process for *all* registrants if the proposed amendments come into force. As participating firms in OBSI, RESPDAC members need to understand any changes to OBSI’s operations, including whether or not there will be regulatory oversight of OBSI, *before* section 13.16 comes into force. This issue is not addressed in the CSA’s notice proposing the change to section 13.16 and we believe that it should be addressed in some way prior to bringing this change into force.
- 2. Fee structure and governance of OBSI** –RESPDAC considers that the fee and governance structure of OBSI must be better understood by participant firms, and both must be fair to all registrants, before OBSI can be mandated as the sole dispute resolution service for all registrants.

² Universitas Management Inc. does not participate in OBSI at this time, given that it operates principally in Quebec and is therefore subject to the AMF’s dispute resolution service. Each of the other RESPDAC members also complies with the AMF’s requirements in respect of any Quebec-based complaints.

³ Currently, there are approximately 1.4 million group RESPs active through RESPDAC member firms.

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Today, the fee structure of OBSI is based on assets under administration of the participating firms. RESPDAC would like to see alternatives to this fee structure discussed publicly and understood before the revised section 13.16 comes into force. Fees could either continue to be an AUM model or be modified to be a “user” pay or “fee for service” model (the latter being those firms with the most complaints would bear more of the costs of operating OBSI).

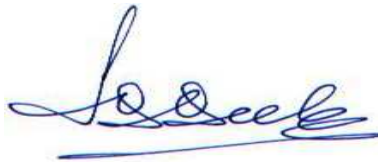
RESPDAC also consider that it is important that its members have a say in the direction of OBSI, through the right to nominate a member to the Board of OBSI, similar to today’s model where the various banks (through the CBA), the MFDA and IIROC each have a board nominee. Given the unique structures of group RESPs and to ensure appropriate balanced industry representation, RESPDAC considers this to be very important to ensure that any complaints handled by OBSI relating to RESPDAC members are given the appropriate consideration by OBSI staff and executive.

Thank you for considering our comments. Please contact James Deeks, RESPDAC’s Executive Director, at 416-689-8421 or jdeeks@primarycounsel.com if you have any questions about our comments or you would like to meet with our members to discuss them.

Yours very truly,



Peter Lewis
Chair



James Deeks
Executive Director