January 31, 2025

General Counsel's Office
Canadian Investment Regulatory Organization
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Email: GCOcomments@ciro.ca

Re: Proposal to Modernize the CIRO Arbitration Program

On behalf of the Ontario Securities Commission's Investor Advisory Panel (the "Panel"), I wish to thank you for this opportunity to comment on the Proposal to Modernize the Canadian Investment Regulatory Organization's ("CIRO") Arbitration Program (the "Proposal").

The Panel is an initiative of the Ontario Securities Commission ("OSC") to ensure investor concerns and voices are represented in the OSC's policy development and rulemaking process. Our mandate is to solicit and articulate the views of investors on regulatory initiatives that have investor protection implications.

General Comments

The Panel supports the Proposal. We believe that the CIRO Arbitration Program (the "Program") is a valuable alternative to the Ombudsman for Banking Services and Investments ("OBSI") informal dispute resolution process and formal litigation through the civil courts. We support the proposed enhancements and believe that they will make the Program more accessible, functional and transparent for investors. As we stated in our comments on the recommendations of the Arbitration Program Working Group, we believe that accessibility is the central pillar of meaningfully improving the experience of investors. Accordingly, we commend CIRO's efforts to make the Program a meaningful and accessible alternative to OBSI and the civil courts, in particular the inclusion in the Proposal of making funding available for case management and mediation. We recognize the limits on the use of the Restricted Fund, but would strongly support fee waivers and subsidies if possible, which would enhance access to justice.

Specific Comments

1. *Should the Program be available to clients of all CIRO dealers?*

The Panel supports the expansion of the Program to clients of all CIRO dealers. Making the Program available for claims against both investment dealers and mutual fund dealers is consistent with and will foster both investor protection and confidence in the capital markets. The Panel would further recommend that CIRO consider evolving the Program in line with the evolution of CIRO's scope, particularly in the exempt market distribution channel, where the Program would be an appropriate dispute resolution process.

2. *Should the Program continue to be available for claims i) that are outside of OBSI's mandate/eligibility criteria and ii) where investors have attempted to resolve their dispute through OBSI but have withdrawn or abandoned that process?*

The Panel wishes to take this opportunity to reiterate its support for OBSI, and would strongly urge the Canadian Securities Administrators to move swiftly in granting OBSI binding authority. We would also encourage CIRO to ensure that the Program does not draw away from OBSI or disrupt the granting of binding authority to OBSI. We are in favour of CIRO making the Program available for claims that fall outside of the OBSI compensation limit in order to avoid potential overlap and confusion with the services offered by OBSI.

3. *Is the proposed range of $350,000 to $1,000,000 appropriate for arbitration claims involving investor disputes in Canada?*

As stated above, the Panel supports making the Program available for claims that exceed OBSI's compensation limit. We also support the proposed claim limit of $1,000,000 with the option to pursue arbitration claims over that amount on consent.

4. *Should the limitation period for claims under the Program be extended, and what would be the appropriate limitation period for arbitration claims in the Program?*

The Panel recommends increasing the limitation period to six years. Given the potential complexity of claims under the Program, a longer limitation period is in the interest of investors and investor protection. A two-year limitation period is a significant barrier to access to justice for retail investors, who often take more time understanding the harm that has occurred in light of market returns and the complexity of seeking compensation. A six-year limitation period would also align the Program with the limitation periods applicable to OBSI and FINRA proceedings.

With respect to the 90-day period to access the Program, we do not recommend changing the amount of time required to respond to an investor complaint. However, we do recommend that access to the Program should be available in cases where the firm is unable to provide a response within the required 90-day period, or where the firm does not provide any response within 90 days.

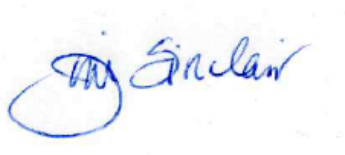
5. *Would the proposed changes, in particular: (1) funding reasonable case management and mediation costs, (2) setting reasonable arbitrators' rates and offering fixed fee arbitration, and (3) referring self-represented litigants to pro bono legal assistance, effectively address the issue of costs in the Program and promote greater access to justice for parties in investment-related disputes?*

The Panel is supportive of the proposed changes. We believe that case management, mediation, and fixed fee arbitration could be effective in reducing the time and costs of the parties. We also support the proposed efforts to form partnerships with investment protection clinics and other sources of *pro bono* representation. As we stated in our previous comment letter, legal representation is a critical component

of access to justice in an adjudication proceeding such as arbitration. However, we also support the addition of potential representation by an agent, which can also help improve accessibility of the Program.

Again, thank you for the opportunity to comment on the Proposal. We would be pleased to clarify or elaborate on our comments should the need arise.

Sincerely,



James Sinclair
Acting Chair, Investor Advisory Panel