RPrice CIRO Complaint Handling Resolution Timelines Commentary FINAL November 2-2026

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RE: Complaint Handling Resolution Timelines

Thank you for the opportunity to comment on this proposal.

To ensure transparent consultation of all views I agree to the CIRO / OSC sharing my "unedited" communication and posting on the CIRO / OSC website hopefully within a reasonable time frame after receipt and vetting by the CIRO and not batched and posted weeks later as the intent of my communication is to allow any other contributors the opportunity to review my input on the issues before they comment, if desired. Should CIRO / OSC decide not to make this communication "public", I respectfully request that no material or references to my communication be made in any public releases by the CIRO / OSC.

As I review all CIRO proposals I am assessing how the proposals may benefit main street investors, which is part of CIRO's mandate, of enhancing investor protections as all proposals should be balanced and designed to also include improved protections for main street investors in addition to benefiting direct industry participants.

Unfortunately for main street investors is that Canada's financial industry regulation framework is totally fragmented as we do not have a national regulator which manifests itself in many different jurisdictional rules that add risks and complexity for main street investors in one jurisdiction versus another jurisdiction. My assessment is that this fragmented regulation will **NEVER** be resolved.

I am dumbfounded by the length of this proposal to discuss what I would consider a simple solution, which would be defined as a main street investor improvement, to reduce the complaint timeline from 90-days to 60-days, (calendar or business days not specified, hopefully calendar as I see no clear definition), specifically with respect to the following points:

- ASIC Dispute Resolution Rules allows 30 calendar days for complaint responses.
- Canadian financial institutions must provide final response letters within 56 calendar days.
- Quebec's standard timeline for financial institutions and investment firms to provide a final response to an investor complaint is 60 days.
- International complaint handling timelines primarily range between 30 and 60 calendar days.

The 60-day timeline is at the high end compared to other similar jurisdictions. Surely CIRO should be aiming higher in the best interests of Canadian retail investors.

The over-riding caveat is that, the 60-day (calendar / business) response window can be extended for complex cases or if delays happen beyond a firm's control. Given that there is no prescribed definition of complex cases provided and I see no proposals as to how CIRO is going to manage / assess complex case assignment along with no clear definition of a firms control, my assessment is that the 90-day response timeline is potentially going to be the norm.

All timeline modification proposals should have a feedback mechanism by which CIRO can assess, measure, obtain investor feedback on as to whether or not additional changes are required to the processes, and most importantly to identify route causes of delays using a Root Cause Analysis ("RCA") approach as delays cost main street investors money whereas the financial industry could potentially be incented to favour delays (see below).

The biggest risk for main street investors is that unreasonably long assessment periods potentially erode the potential eventual financial settlement, if awarded. Specifically, your proposal did not discuss the fact that the longer it takes for final responses to be received that enable main street investors to engage the OBSI the more main street investors can be potentially negatively impacted by the following reasons (not a complete list and not prioritized):

- Simple time value of money principles, otherwise known as inflation and / or the cost of borrowed capital for main street investors benefits firms delaying the process at every opportunity using whatever vehicles as delaying a final response letter / settlements as it delays the payments of any settlement amounts.
- Potentially the settlement funds, if firms pay the OBSI recommended amounts, as OBSI decisions are still not binding, could be invested in other financial products to generate income for main street investors, or to pay down debt.
- As OBSI decisions are non-binding that egregious fact could potentially be exploited by firms and potentially impact the OBSI findings as the OBSI must remain cognizant as part of their investigations as to what firms will agree to accept, in the circumstances, not what the true investor loss calculations represent.
- As OBSI decisions are non-binding the OBSI is potentially negotiating as opposed to calculating compensation using loss methodology calculations with firms by virtue of the OBSI's weaker position,
- The OBSI loss calculation methodology does not incorporate the above points and even if the loss calculations did, there is no guarantee that the firms would pay the awarded amount as the OBSI decisions are not binding, which is an ongoing critical shortfall that is totally unfair to main street investors.
- Not related to this consultation but still important for main street investors is that the fact that OBSI time frames to assess complaints, from my experience growing exponentially, which can impact main street investors negatively, even just considering time value of money.
- The longer complaints take to be resolved by firms improperly diverting complainants away from the independent OBSI, who should by now have a binding decision mandate if CIRO was acting for investors interests, through the use of internal dispute systems, could potentially lead to complainant fatigue resulting in settling the complaints for a lower amount than is fair or even worse, complainant abandonment.

Surely with the advent of Artificial Intelligence ("AI") firms could use AI to reduce complaint cycle time and make the processes more efficient / effective, and potentially more cost effective by:

- Triaging and classifying initial complaints and directing the complaints to the correct agents,
- Automating initial acknowledgements to complainants,
- Generate drafts for agents to review based on IA reviews of all case records and historical outcomes associated with issues and / or firms which would also assist CIRO / OBSI identifying systemic issues at a firm / issue level,
- All the above would slash average response times.

However, as noted above there are numerous advantages for firms to draw out complaint time frames so my assessment is that AI will never be used by firms unless mandated by the CIRO. CIRO should be cognizant of this point. An added benefit is that CIRO as a regulator could gain tremendous valuable insight into firms to discharge their regulatory mandate by mandating firms to be required to use AI in complaint handling. My assessment as confirmed with many of my peers is that there are a lot of very intelligent people at that CIRO that most probably have an appreciation of the power and benefits that AI can bring to firms with respect to efficiency, effectiveness, including additional investor protection through identification of systemic issues. **With that said, given investor protection is included in CIRO's regulatory mandate to investors, why is CIRO not mandating firm AI implementation, at some level, is a valid question that deserves an answer?**

To be very frank, In the absence of an OBSI binding decision mandate what does it really matter how many days FINAL response letters and OBSI investigations take as all parties involved in the process, with the exception of the complainants, are potentially adjusting their respective processes, which could manifest itself in negotiation skills being a key skill set as opposed to a loss calculation methodology, to reach a mutually agreeable financial resolution that will be accepted, as my assessment is that it is not in the best interests of all parties involved to have the OBSI decisions rejected.

In addition, unless CIRO intends to enforce Client Focused Reforms (“CFR”) and monitor complaint handling timelines, whatever comes out of this proposal will be moot.

If the time spent waiting for whatever time period was mandated by CIRO to be able to go to the OBSI including the longer time that it is taking the OBSI to render a decision was included in the OBSI loss calculation methodology then potentially most complainants would not care how long the complaint time period is, unless they pay attention to the fact that the OBSI decisions are still not binding.

CIRO should prohibit dealers escalating complaints to unregulated, unaccountable affiliates such as financial institution CCAO’s and / or any Internal Dispute Resolution Services (“IRDS”) and if so, the time limitation clocks should stop as the OBSI does not appear to be doing enough to educate financial consumers that they are not required to use internal dispute processes.

What is also not commented on is all the other timelines involved as but not limited to:

- For complaint acknowledgment and for payment after the FINAL response letter has been accepted,
- All FINAL response letters should state that complainants have 180 calendar days timeline to file an OBSI complaint,
- All FINAL response letters should specify that complainants should be aware of statute of limitation time periods exist for bringing cases to civil court that should be referenced with the required hyperlink(s).
- All FINAL response letters should specify the complainants time line to accept / reject the decision with the aforementioned timelines not being overly restrictive to unduly pressure complainants into making a decision.

Final response letters should be identified as such. If not identified as FINAL, then financial consumers should assume that any / all firm communications are FINAL. The OBSI needs to provide more guidance on those situations. Recognizing the foregoing, it is unfortunate that main street investors remain confused about their rights with respect to timeframes and definitions of FINAL response letters from firms as a FINAL response letter allows main street investors to approach the OBSI faster. After observing all the comments over many years with respect to timelines and many other issues my assessment is that financial consumers would potentially be better off commencing civil court action, for the following reasons:

- No need to concern themselves about waiting for CIRO mandated time periods to commence a legal claim.
- Court action would potentially secure faster firm responses and increased attention to your concerns due to potential public issue disclosures.
- Firms want financial consumers to sign restrictive NDAs that prevent financial consumers from public disclosure of the issues as firms are interested in protecting their reputation. In court, everything is public.
- As OBSI decisions are non binding anyway, even if you have a good case and are recommended a settlement amount by the OBSI, firms are free to ignore the OBSI recommendation and low-ball a settlement offer. Court decisions can not be varied unless appealed which is more negative media exposure for firms.

Given the potential incentive for firms to delay responses with many vehicles (such as - complexity of issues) to allow those delays and / or to direct complainants into alternate processes that this proposal does not address my assessment is that in the end I think that the time frames will end up being close to ninety (90) days, which means little would be achieved necessitating an additional more robust proposal.

Maybe CIRO should consider allowing complaints to go to the OBSI after sixty (60) days even if a FINAL letter has not been received as the OBSI is so backed up with active cases, that is extending timeframes for the OBSI to assign cases, that the OBSI would not be accessing the complaint in the thirty (30) day intervening period wherein complainants are allowed to go to the OBSI nonetheless.

A glaring omission in this proposal are some important aspects of complaint handling rules such as but not limited to:

- How are the principles of investor fairness going to be served?
- What are the methodologies for loss calculations and should waiting times factor into the calculations as wait times cost investors money?
- There are no processes proposed to mandate RCA to analyze complaints to improve the process and potentially identify systemic issues that are manifesting themselves in a recurrence of similar complaint issues.

One final observation, it would be refreshing at some point to review a CIRO proposal that has concrete benefits for main street investors front and center and in that regard, I sincerely believe more work is required to make the CIRO complaint resolution process less stressful, fairer, faster, and more professional. The ASIC Dispute Resolution Rules are a good example of an investor focussed complaint resolution system.

Thanks for your attention to this matter.

Rick Price