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Member Regulation Policy
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Complaint Handling Resolution Timelines | Canadian Investment Regulatory Organization consultation
https://www.ciro.ca/newsroom/publications/complaint-handling-resolution-timelines?shem=aimgspe

Kenmar are pleased to respond to this consultation on complaint resolution timelines.

60+30+30 days = 4 months

Kenmar Associates is an Ontario-based, privately funded investor education organization. We publish canadianfundwatch.com and the monthly Fund OBSERVER, and through Kenmar Portfolio Analytics we help harmed investors and their counsel file complaints at no charge. We are in active engagement with regulators and governments.

Based on our observations, dealer complaint response times are extended because dealers treat complaints as a nuisance not invaluable feedback, lack of intake & assessment checklists, staffing level is inadequate, poor case management software, processes are manual, investigators are not adequately trained, repeat systemic issues create complaint logjams and OBSI case studies are not considered. Senior management needs to introduce a continuous improvement program.

While we are happy so see some progress on timelines, we are very disappointed that only one component of complaint resolution process and timelines is being addressed. We have provided fulsome comments on CIRO's complaint system multiple times and found it was basically unfit for modern use. Our last set of comments were provided last year on the Phase 5 rule amendments https://share.google/dN9hUsU4wFd01KptM Overall, the CIRO complaint resolution rule compares unfavorably with the AMF complaint handling rules and with international standards. We have highlighted that many dealer complaint processes function to wear down retail investors through lengthy, defensive routines rather than seeking fair and timely resolutions. Failure to apply *Root Cause Analysis*,

means systemic breaches and recurring advisor misconduct go unaddressed and repeat.

This consultation is limited to the final response timeline. The new 60+30 day timeline now brings CIRO rules into compliance with the CSA NI31-103, 90 calendar day requirement. It does not deal with the definition of complaint, with loss calculation methodology, fairness principles, systemic issues, management engagement, cooperation with OBSI, Root cause analysis (Ishikawa) etc. In other words, it does not address the **quality** of complaint investigations and final response letters delivered. After more than 20 years assisting complainants resolve complaints, we can confidently say CIRO complaint handling rules need an overhaul.

The definition of *complaint* should be congruent with OBSI's definition. It should include current and former clients.

The timelines specified should be calculated in **calendar days** (i.e., by including weekends and statutory holidays) from the date the complaint is received.

CIRO should provide more empirical data to support the 60 calendar day standard (measured from date of receipt) as the preferred choice. The consultation does not provide information as to the annual number of complaints that will be impacted by the 30 calendar day reduction. ASIC allows 30 calendar days for complaint responses. Canadian Banks must provide final response letters within 56 calendar days including all internal processes. International complaint handling timelines mostly range between 30 and 60 calendar days.

Investment complaints escalated to OBSI reached an all-time high in 2025. One third (33%) of investment complaints resulted in the awarding of complainant compensation. According to OBSI's 2025 Annual report, the average investment complaint involving compensation amounted to $9,207. The CIRO consultation paper does not provide this information but we expect it is likely in this range. Sixty percent of investment complainants received by OBSI are over 60 years old so a reduced timeline should, in principle, help reduce senior complainant anxiety.

CIRO's Complaint and Settlement Reporting system (ComSet) data indicates that just 23.1% of complaints in non-Québec jurisdictions vs. 69.4% in Québec are resolved within 60 calendar days. Over ¾ of complaints exceed 60 days. Clearly, both jurisdictions need to up their game bur CIRO dealers are way off the mark. CIRO should benchmark ASIC and other jurisdictions to understand how their dealers are able to resolve complaints so much faster than Canadian dealers.

The proposal takes a positive step towards fixing a broken complaint system. A 60 calendar day response time should improve client willingness to file a complaint and reduce complaint abandonment, if the standard is met.

CIRO should provide clear disclosure of when complainants can access OBSI.

We recommend that as the vast majority of complaints are expected to be resolved within 60 days, with only a few cases involving truly extraordinary circumstances, that complainants should be able to access OBSI after 60 calendar days.

Shortening the resolution timeline will also hopefully incent overhauls to internal compliance structures. Dealers will have to adjust staffing levels, invest in technology and tools, improve investigator training, simplify escalation protocols, and expedite investigations in order to meet the shorter response time standard. Reducing the maximum response timeline should prompt dealers to finally make system improvements that ultimately reduce response time (and the number of complaints) and thus improve client experience and satisfaction.

The timeline to acknowledge receipt of a complaint should be as short as possible. The acknowledgement of receipt should contain the following information (a) the complaint record identification code; (b) the date the complaint was received; (c) the expected time required to process the complaint and the date by which the business must provide a final response; (d) the means by which the client may obtain information on the status of the complaint and (e) a link to a summary of the dealers' complaint handling policy.

If a response is going to take longer than 60 calendar days, the client should be promptly notified with an explanation and expected completion date.

Neither the client-facing advisor nor her/his supervisor should be authorized to investigate complaints due to conflicts-of-interests.

Final response letters should not make an alternative dispute resolution service available to a client at the same time as it makes OBSI available as such a parallel offering would not be consistent with the requirement to take reasonable steps to ensure that OBSI will be the independent service that is made available to the client.

Dealers should not imply OBSI's services do not become immediately available after receipt of the final response letter to the client pursuant to the requirements through the language used to describe timelines to access the services of OBSI placement and prominence given to OBSI as a complaint dispute resolution service or the sequence of escalation options following receipt of the dealer's final response letter.

CIRO must prohibit dealers from escalating complaints to unregulated, unaccountable affiliates such as bank CCAO's. These entities can add to investor harm. In parallel, the CSA must ensure that OBSI will not accept final response letters from an entity that is not overseen by CIRO and bound by its rules.

The limitation time clock timeline should be halted the moment a complaint is escalated (appealed) to another level as it is when OBSI accepts a complaint. The 180 calendar day timeline requirement to bring complaints to OBSI should also be stopped if a complaint is escalated to another internal dispute resolution level.

Documentation must make it crystal clear that there is no requirement for complainants to use IDRS, which could add up to another 30 calendar days wait. Documents should explicitly state that IDRS is not independent. This will assist in reducing complaint diversion from independent OBSI.

We recommend clarification of the text permitting dealers to take up to an additional 30 days where the complaint is complex, exceptional, or affected by circumstances beyond the Dealer's control. Clear CIRO guidance on when the flex period applies is critical. Dealers will need to continuously improve processes to reduce the incidence of flex usage and take affirmative action to eliminate systemic root causes of extraordinary complaints.

We recommend that CIRO periodically publish data on extension frequency, reasons and actual final response times –this would help verify if shorter timelines delivers an impactful improvement.

Our preference is to eliminate two stage complaint handling. The first response letter should be the dealer's best and final response letter. OBSI should be the sole designated independent escalation appeals entity.

While the timeline for delivery of response letters is important, the **content** of the final response letter is far more important. The final response letter must include all the information a complainant needs to make an informed decision about whether they are satisfied with the outcome. The critical core elements that should be included in a dealer's final response letter are:

- A title that makes it clear the letter is a final response letter.
- A reference to when the complaint was first received and confirmation that the response is issued within the mandatory 60 calendar days required under CIRO rules (unless the case is deemed extraordinary).
- A direct statement of whether the complaint has been accepted (with redress/compensation), offering a compromise/redress without full acceptance, or rejecting the complaint.
- A transparent, jargon-free, explanation of the relevant facts, evidence, and policy/ legal standards used to reach the conclusion.
- If offering compensation, a clear outline of the exact calculation method and how and when the remedy will be delivered.
- The timeline provided to the complainant to accept or reject the decision should be fair and reasonable. We recommend a minimum of 45 calendar days.
- Notification (or not) that a legally binding settlement agreement will need to be signed before compensation can be paid out.
- Clear information about the complainant's unencumbered right to escalate the matter to the OBSI including contact details and the timeline complainants have to refer to OBSI.

Accepted settlement offers should be executed within **a defined timeline** of agreement, say 5 business days.

We agree with the NDA usage guidance as described in the consultation paper. Any NDA imposed on a complainant must result in the dealer having to address the situation with all other similarly impacted clients whether or not they have filed a complaint.

Non-disparagement clauses (gag orders) must be prohibited in settlement agreements as they prevent individuals from telling their story and informing others. Free speech must be protected in a democracy like Canada. We ask that CIRO prohibit settlement terms that prevent complainants truthfully describing their experience or warning others. This would clarify the specific protections desired beyond existing confidentiality restrictions.

There should be (a) a complaint rule requirement for dealers to continuously improve the complaint process and reduce timelines and (b) a requirement for dealers to consider OBSI determinations in assessing a complaint. Board and senior management support are indicators of a smooth-running complaint system.

A prolonged or opaque 60-to-90-day timeline skews the bargaining power in favor of the dealer. Vulnerable investors-particularly seniors or those facing a liquidity crises-cannot afford to wait months without their capital. Dealers can leverage these long systemic wait times to pressure anxious investors into accepting unfair, low-ball settlement offers just to obtain immediate relief.

Kenmar can reluctantly accept the uninspiring 60 (+30) calendar day timeline with the 30 day flexible extension classified as ***extraordinary*** **(< 0.5% occurrence rate)** but we expect CIRO to continuously work to lower the timeline. At 60 calendar days, it is higher than many other developed nations. The real issue is the complaint rule itself- it must be modernized without further delay to prevent investor harm.

The current dealer complaint handling process treats complaints as a legal or compliance defense burden rather than a "hidden gem" for recurrence prevention , service improvement and enhanced client satisfaction .If CIRO's complaint handling rule is not overhauled, CIRO Member dealers will continue to unfairly reject valid complaints or low-ball valid complaints. The 60 day timeline only requires them to do it faster. An improved complaint rule will enhance investor protection, improve client satisfaction and increase investor confidence and trust in CIRO Dealers and in CIRO.

Canadians are facing tremendous financial stress and uncertainty. This is an exceptional opportunity for CIRO to demonstrate its commitment to investor protection – modernize complaint handling. This is an opportunity that should not be missed.

Ken Kivenko, President

Kenmar Associates

REFERENCES:

Opinion: Investors are waiting too long for complaint responses - Investment Executive
https://share.google/C32oRvOvZtVt9goel

The complaints process for retail investments in Canada: A handbook for retail investors –H. Geller, Prosper Canada Complaints+Process+for+Retail+Investments+in+Canada.Handbook.MBC+FLAG+2018 PDF Document · 1.3 MB Harold Geller is a securities litigation expert who has written extensively on the flaws in how Canadian financial dealers and regulators handle retail investor complaints. Geller emphasizes that dealers, advisors, and their corporate legal teams hold an unfair advantage in complicating, delaying, and wrongfully rejecting legitimate investor complaints.