

Alisha Watts  
Manager, Compliance  
Legal & Policy Counsel  
Tel : 416-867-6253  
Fax: 416-867-4015

Attention: Corporate Secretary  
Mutual Fund Dealers Association of Canada  
121 King Street West, Suite 1000  
Toronto, Ontario  
M5H 3T9

BMO Investments Inc. ("BMOII"), a member of the Mutual Fund Dealers Association of Canada ("MFDA"), welcomes the opportunity to provide comments on the MFDA's Bulletin #0362-P (the "Bulletin") on MFDA Policy No. 3, entitled *Complaint Handling, Supervisory Investigations and Internal Discipline*, and published on March 18, 2009. The Bulletin outlines the latest proposed amendments to Policy No. 3 to have been made since the first publication for comment in July 2007. These amendments are said to be an attempt to harmonize the MFDA's complaint handling requirements with those proposed by IIROC as well as those that will be implemented under National Instrument 31-103.

We commend the MFDA's efforts to improve the experience that clients of the mutual fund industry have in their interactions with MFDA Members ("Members"). However, we at BMOII have concerns about several of the proposed amendments and how they will impact BMOII. These concerns are outlined below.

#### I. Definition of Complaint

In Schedule A to the Bulletin, as laid out in Section I, ss. 2, the definition of "complaint" has been amended to include "any...verbal statement of grievance...from a client, former client, or any person who is acting on behalf of a client and has written authorization to so act".

We at BMOII have concerns about the vagueness and subjectivity of the definition "verbal statement of grievance". It is a term that would ultimately be defined by the recipient of the complaint, who may not believe a client's communication to be so much a 'statement of grievance' for the purposes of this section as a conversation in which the client is expressing dissatisfaction with an investment, without any intent that the discussion become part of a formal complaint process. We have concerns that Approved Persons may have difficulty discerning when a verbal communication by a client should be considered a "verbal statement of grievance" for the purposes of this rule. We are requesting more clarity from the MFDA regarding what will constitute a "statement of grievance" as well as some guidelines as to how Approved Persons should know when to escalate a verbalized concern.

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We at BMOII also have concerns that Approved Persons, out of an abundance of caution and not wishing to violate any regulatory standards, will begin to escalate every discussion in which a client expresses some sort of dissatisfaction, which would be likely to significantly increase the volume of complaints that BMOII's compliance department must address. We do not believe that this would achieve the MFDA's goals in redrafting this section or enhance the client experience. At the same time, it would likely increase the regulatory burden at BMOII and at other Members.

## II. Member Assistance in Documenting Verbal Complaints

At Section 5 of the revised MFDA Policy No. 3, it has been added that "Members should be prepared to assist clients in documenting verbal complaints where it is apparent that such assistance is required". It is unclear from this section under which circumstances 'assistance' in documenting a client's complaint would be required. One wonders, for example, if this section is meant to refer to clients with linguistic or literacy challenges that prevent them from documenting their complaint. BMOII requests clarification and guidance from the MFDA regarding the intent behind this section.

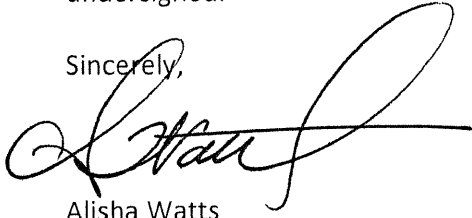
## III. Additional Complaint Handling Requirements

The section entitled "initial response", found at S.II, ss.1 of the revised MFDA policy, includes the requirement that initial response letters to clients include "a statement advising clients that each province and territory has a time limit for taking legal action" as well as the requirement that the letter contain an attached copy "of the CCIF (Client Complaint Information Form), and a reference to the fact that the CCIF contains information about applicable limitation periods". Without wishing to curtail the panoply of recourses of which an aggrieved client may avail him or herself, we at BMOII have concerns about so strenuously underscoring the possibility that an unsatisfied client may launch a civil action. While this option certainly exists for those who believe their case to be of sufficient merit, civil litigation is generally recognized as a costly, lengthy, arduous dispute resolution process for all parties concerned. Highlighting this route at three places in our initial response letter may lead clients to believe that civil litigation is an appropriate first step as opposed to an expensive last resort.

Furthermore, ss. 2 of S. 11, entitled "Substantive Response" spells out the requirement that "the substantive response to complainants must include....a reminder to the complainant that he/she has the right to consider:...(iii) litigation/civil action...". This fourth reminder that the client may avail themselves of litigious action could be considered tantamount to encouragement and may cause clients to believe that litigation is a reasonable course of action to take in any circumstance, which it is not. While Members have an obligation to inform clients of every dispute resolution option that exists, this is achieved by sending every complainant a copy of the CCIF. Compounding the notion that litigation is a viable option is unnecessary, does not serve a complainant's interest particularly well, and may be prejudicial to Members. BMOII takes the position that the indications given in the CCIF regarding civil litigation are sufficient and would render redundant the inclusion of the same information in the initial and substantive response letters.

We thank you for the opportunity to provide our feedback on the proposed amendments to this policy. Should you have any questions regarding this letter, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Watts', written in a cursive style. The signature is positioned to the right of the word 'Sincerely,'.

Alisha Watts  
Legal & Policy Counsel  
Manager – Compliance