

## **RULE 2500B**

### **CLIENT COMPLAINT HANDLING**

#### **1. Introduction**

This rule establishes minimum requirements for the client complaint handling process including timely complaint resolution, record retention, and internal discipline. Clients who are considered to be institutional clients pursuant to Rule 2700 are not subject to this rule. There are additional requirements set out in Rule 3100 that are also applicable to the processes of handling client complaints.

#### **2. General**

A “complaint” subject to this rule must be submitted by a client or a person authorized to act on behalf of a client and includes:

- A recorded expression of dissatisfaction with a Dealer Member or employee or agent alleging misconduct; and
- A verbal expression of dissatisfaction with a Dealer Member or employee or agent alleging misconduct where a preliminary investigation indicates that the allegation may have merit.

Alleged misconduct includes, but is not limited to, allegations of breach of confidentiality, theft, fraud, misappropriation or misuse of funds or securities, forgery, unsuitable investments, misrepresentation, unauthorized trading relating to the client’s account(s), other inappropriate financial dealings with clients and engaging in securities related activities outside of the Dealer Member.

Complaints are to be handled by sales supervisors or compliance staff (or the equivalent) and a copy must be filed with the compliance department / function (or the equivalent) of the Dealer Member.

A matter which is the subject of a civil claim or arbitration is not considered a “complaint” for the purposes of this rule.

#### **3. Designated complaints officer**

The Dealer Member must appoint an individual to act as the designated complaints officer. The individual must have the requisite experience and authority to oversee the complaint handling process and to act as a liaison with the Corporation.

#### **4. Complaint procedures / standards**

##### **Establish written procedures for dealing with complaints**

Dealer Members must have written policies and procedures to ensure that complaints are dealt with effectively, fairly and expeditiously. Such policies and procedures must address the following:

- the fair and thorough investigation of the complaint;
- the process by which an assessment is made regarding the merit of the complaint;
- where the complaint is determined to have merit, the process to be followed in determining what offer should be made to the client; and
- the remedial actions which may be appropriate to be taken within the firm.

Policies and procedures must not allow for complaints to be dismissed without due consideration of the facts of each case. There must be a balanced approach to dealing with complaints that objectively considers the interests of the complainant, the Dealer Member, the registered representative, employee or agent of the Dealer Member, and/or any other relevant parties. Each Dealer Member must ensure that registered representatives and their supervisors are made aware of all complaints filed by their clients.

Each Dealer Member must put procedures in place so that its senior management is made aware of complaints of serious alleged misconduct and of all legal actions.

Dealer Members must have policies and procedures in place to monitor the general nature of complaints. When a Dealer Member reasonably determines that the number and / or severity of complaints is significant, or when a Dealer Member detects frequent and repetitive complaints made with respect to the same matter which may on a cumulative basis indicate a serious problem, then internal procedures and practices must be reviewed, with recommendations to be submitted to the appropriate management level to remedy any such systemic or recurring matters.

### **Client access to complaint process**

At time of account opening, Dealer Members must provide new clients with:

- a written summary of the Dealer Member's complaint handling procedures, which is clear and can be easily understood by clients; and
- a copy of a Corporation approved complaint handling process brochure.

On an ongoing basis, Dealer Members must make available to their clients (either on their website or by other means) a written summary of the Dealer Member's complaint handling procedures, so that clients can stay informed on how to submit a complaint.

### **Complaint acknowledgement letter**

The Dealer Member must send an acknowledgement letter to the complainant within five (5) business days of receipt of a complaint.

The acknowledgement letter must include the following:

- (a) The name, job title, and full contact information of the individual at the Dealer Member handling the complaint;
- (b) A statement indicating that the client should contact the individual at the Dealer Member handling the complaint if he / she would like to inquire about the status of the complaint;
- (c) An explanation of the Dealer Member's internal complaint handling process, including but not limited to the role of the designated complaints officer;
- (d) A reference to an attached copy of a Corporation approved complaint handling process brochure and a reference to the statutes of limitations contained in the document;
- (e) The ninety (90) calendar days timeline to provide a substantive response to complaints; and
- (f) A request for any information reasonably required to investigate the complaint.

**Complaint substantive response letter**

The Dealer Member must send a substantive response letter to the complainant. The substantive response letter must be accompanied by a copy of a Corporation approved complaint handling process brochure.

Dealer Members must respond to client complaints as soon as possible and no later than ninety (90) calendar days from the date of receipt by the firm. The ninety (90) days timeline must include all internal processes (with the exception of any internal ombudsman processes offered by an affiliate of the firm) of the Dealer Member that are made available to the client. The client must be advised if he / she is not to receive a final response within the ninety (90) days time frame, including the reasons for the delay and the new estimated time of completion.

The Dealer Member is required to advise the Corporation if it is unable to meet the ninety (90) days timeline and must provide reasons for the delay.

The substantive response must be presented in a manner that is fair, clear and not misleading to the client, and must include the following information:

- (a) A summary of the complaint;
- (b) The results of the Dealer Member's investigation;
- (c) The Dealer Member's final decision on the complaint, including an explanation; and
- (d) A statement describing to the client the options available if the client is not satisfied with the Dealer Member's response, including:
  - (i) arbitration;
  - (ii) if a request is made within 180 days from the date of the Dealer Member's final response, the ombudsperson service (i.e. the Ombudsman for Banking Services and Investments);
  - (iii) submitting a regulatory complaint to the Corporation for an assessment of whether disciplinary action is warranted;
  - (iv) litigation / civil action; and
  - (v) other applicable options.

In addition, where an internal ombudsman process is offered by an affiliate of the Dealer Member, the Dealer Member must disclose in the substantive response letter:

- (a) that the use of the internal ombudsman process is voluntary; and
- (b) the estimated length of time the process is expected to take based on historical data.

**Duty to assist in client complaint resolution**

Approved Persons must co-operate with Dealer Members where they were employed or acted as agent when moving to a different firm after events or activities resulted in a client complaint.

Dealer Members must co-operate with each other if events relating to a complaint took place at more than one Dealer Member or the Approved Person is an employee or agent of another Dealer Member.

**5. Settlement agreements**

A release entered into between a Dealer Member and a client may not impose confidentiality or similar restrictions aimed at preventing a client from initiating a complaint to the securities regulatory authorities, self regulatory organizations or other enforcement authorities, or continuing with any pending complaint in progress, or participating in any further proceedings by such authorities.

**6. Complaint record retention**

The complaint file must be maintained for seven (7) years and retrievable within a reasonable period of time.

Each Dealer Member must keep an up-to-date record in a central, readily accessible place of all recorded submissions and follow-up documentation received by it relating to the conduct, business, and affairs of the Dealer Member, or an employee or agent of the Dealer Member for a period of two (2) years from the date of receipt of the complaint.

The following information must be retained for each complaint:

- (a) The complainant's name;
- (b) The date of the complaint;
- (c) The nature of the complaint;
- (d) The name of the individual who is the subject of the complaint;
- (e) The security or services which are the subject of the complaint;
- (f) The materials reviewed in the investigation;
- (g) The name, title, and date individuals were interviewed for the investigation; and
- (h) The date and conclusions of the decision rendered in connection with the complaint.

**7. Internal Discipline**

Each Dealer Member must establish procedures to ensure that breaches of the Rules of the Corporation as well as applicable securities legislation are subjected to appropriate internal disciplinary measures.