

DIR Requirements and Expectations

Member Information Session – 23 January 2020

UPDATED as of May 19, 2020

The Government of Canada has advised CDIC that [changes](#) to deposit protection originally slated for April 30, 2021 are deferred by one year and **will now come into force on April 30, 2022.**

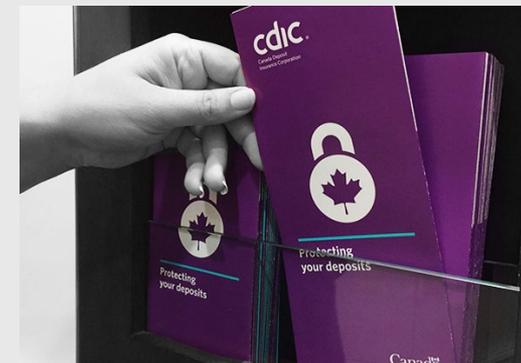
As a result, this document has been updated to replace previous references to April 30, 2021 with April 30, 2022. No other content changes have been made. Any reference to April 30, 2021 in any document issued by CDIC before May 19, 2020 is superseded by this update.

Introduction

- *Deposit Insurance Information By-law*
- *Joint and Trust Account Disclosure By-law*
- *Return of Insured deposits*
- *Data and System Requirements By-law*
- Questions

Deposit Insurance Information By-law

- Our most visible by-law, whose purpose is trifold:
 - To ensure the **accuracy** of deposit insurance information / disclosures – enabling consumers to make informed decisions
 - To enhance the **awareness** of CDIC, thereby contributing to stability
 - To obtain information on eligible deposits and tradenames
- By-law includes signage and disclosure requirements
 - No person shall make false or misleading disclosures
 - Display of  in branch and online
 - Display of the CDIC brochure and provision at account opening
 - Warning statements on ineligible products



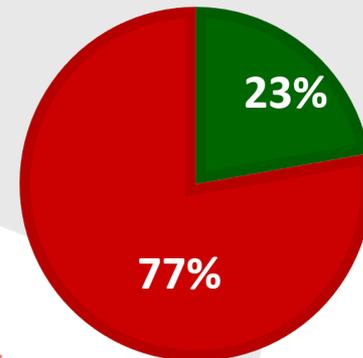
Deposit Insurance Information By-law

- 2019 Annual Review to determine compliance with website requirements.

Key findings:

- Clear efforts by members to comply
 - Great variance in the level of compliance
 - General deficiency in compliance levels
 - Most compliant MIs required significant assistance
- We will follow up on persistent issues and monitor compliance more robustly
- We will be making continuous efforts to clarify and assist MIs (bulletin)

■ Fully Compliant ■ Non-Compliant



Deposit Insurance Information By-law

The April 30, 2020 changes **will** affect by-law requirements

Revised brochures / displays

- Release of **updated brochures** that **must** be displayed in branches (as of May 1, 2020)
 - Updated brochure ordering is in effect. Brochures will be shipped end of January
- MIs **must** provide updated brochures with account opening materials (as of May 1, 2020)
- MIs **must** ensure any of its displays do not provide false / misleading statements re coverage (MIs have until May 31, 2020).

Negative stamping (on instruments)

- By May 31st, 2020 MIs **must** have made all advertising & statement changes regarding newly eligible products (FX and term deposits > 5yrs)
- BUT as of May 1, 2020, MIs **are expected** to:
 - Provide messaging to customers about coverage changes (e.g. mailing slips / email) to counteract the negative statement that may still be present)

Deposit Insurance Information By-law

The April 30, 2020 changes **will** affect by-law requirements

Attestation and RID

- MIs **must** attest to material compliance with the DIIB as at July 15, 2020
- RID **must** include DPL as at April 30, 2020 reflecting products counted towards the volume of insured deposits (including newly eligible FX and term deposits > 5yrs)
- MIs **must** provide a list of trade names being used by the member (in the course of eligible deposit taking)

Joint and Trust Account Disclosure By-law (JTDB)

- Sets out what/how joint interest, a trusteeship or the interest of a beneficiary must be disclosed on the records of an MI.
- Still in force until *Co-owned and Trust Deposit Disclosure By-law* comes into force (April 30, 2022)
- As such, requirement to send a letter to multi beneficiary trust depositors - **during April 2020**
 - The letter reminds trustees that certain beneficiary information must be provided to the MI for inclusion in its records
 - This requirement ensures that the trusteeship is appropriately recorded in the records of the MI.
 - While MIs can use their own letter, CDIC provides a template letter (available in February 2020).
- MIs must attest that letter is sent as part of the RID **(July 15 2020)**

Return of Insured Deposits (RID)

- Premiums are based on an MI's differential premium category and an MI's volume of insured deposits
- An MI is required to provide an estimate of the volume of insured deposits using an approved method set out in CDIC's RID and RID guidance
- The volume of insured deposits is based on an MI's records, and the MI's understanding of its business relative to the coverage rules
- The RID also provides an opportunity for CDIC to receive important attestations and more granular deposit data

Return of Insured Deposits (RID)

Deposit and Depositor Stratification by Insurance Category

(All dollar amounts must be reported in CAD equivalents.)

	(B)	(C)	(D)	(E)	(F)	(G)
	Total deposits eligible for CDIC Coverage (\$'000s)				Total number of insured depositors	Total deposits eligible and sourced through nominee brokers
	Aggregate of eligible deposits within the coverage limit	Aggregate of eligible deposits over the coverage limit	Total Eligible Canadian and Foreign Currency Deposits (Sum of columns B and C)	Total Eligible Foreign Currency Deposits		
	Canadian and Foreign Currency Deposits	Canadian and Foreign Currency Deposits				
1. Basic Protection						NA
2. Joint Deposits ¹						NA
3. Trust Deposits						
4. RRSPs					NA	
5. RRIFs					NA	
6. TFSAs					NA	
7. Mortgage Tax Accounts					NA	
Total						NA

Return of Insured Deposits (RID)

- MI's signing officer is required to sign-off on the reported values
- CDIC reviews the MI's RID controls, and performs analysis to determine robustness of estimates
- Where RID estimate is not reasonable, CDIC will request an explanation that could result in a refiling.
- Also, where the MI identifies inaccuracies, post submission, it must refile
- When in doubt ask CDIC -- members@cdic.ca
- Process for PY 2021/2 will be the same

Data and System Requirements By-law (DSRB)

- This By-law sets out the data and system requirements – and capabilities - MIs must have in place to facilitate a fast insurance determination.
- DSR 2.0 continues to apply **until April 30, 2022**
- Voluntary DEP testing cycle is ongoing (until March 13, 2020)
- Testing and certification approach for 2020:
 - MIs selected for testing will be asked to provide a data extract
 - MIs must certify compliance with DSRB (as part of the RID and within 30 days subsequent to a request by CDIC)
 - Potential for premium penalties as a result of material non-compliance
- DSR 3.0 will come into force on April 30, 2022

Questions ?