



## UPDATE 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 Any reference to April 30, 2021 in any document issued by CDIC before May 19, 2020 is superseded by this update.



## BDAG – UCI Industry Best Practices Appendix B - Glossary of Terms

The following glossary of terms has been developed to support the **Unique Client Identifier (UCI) Industry Best Practices**.

The glossary is not exhaustive, but rather highlights several key terms found in the UCI Industry Best Practices document that are important to understand in order to implement the standards and parameters set out therein.

For more information on other important terms related to CDIC deposit insurance protection, please visit the CDIC website at: <https://www.cdic.ca/glossary/>.

### Account

A business arrangement that a CDIC member institution has with a depositor where the depositor can submit and remove money, with the member institution keeping a record of transactions.

Account definition should not be limited to a CDIC member institution. An account can be opened with a Dealer (e.g. IIROC dealer, MFDA dealer, IIROC introducing broker, MFDA introducing broker, professional trustee, etc.)

Please also refer to the definition of “CDIC member institution”.

### Beneficiary

An individual, corporation, or organization that has an asset held by a trustee. In the context of nominee brokered deposits, the beneficiary is typically the brokers client for who the deposit, or, in the case of deposits held under registered plans (RRSP, RRIF, TFSA, RESP, RDSP), can be the individual or individuals who benefit from the registered plan.

Please also refer to the definition of “client”.

### Brokered Deposits

Deposits placed by brokers. Brokers can deposit funds at a CDIC member institution three ways:

1. Directly in the broker/brokerage firm’s name (i.e. the broker is the depositor)
2. Directly in the client’s name (i.e. broker is acting as an agent for the client, who is deemed to be the depositor), and
3. “In trust for” a client (i.e. broker is acting as a trustee depositor, and the client is a beneficiary)

Brokered deposits receive coverage differently depending on the approach the broker chooses.



## Brokered Deposit Advisory Group/BDAG

An industry-based advisory group that supports the implementation of new requirements for nominee brokered deposits set out in the *CDIC Act*.

BDAG plays a key role in identifying critical industry issues related to implementing *the CDIC Act* and *By-law* requirements. It also provides technical advice/input, develops possible implementation solutions that address key legislated requirements and CDIC expectations affecting the brokered deposit industry and develops strategies to communicate them among stakeholders. It is not a decision-making entity.

BDAG is made up of a roster of organizations from across the brokered deposit industry.

## Brokered Deposits held in Nominee Name

Deposits placed by brokers as a nominee for their clients. These deposits are held at the CDIC member institution in the name of the broker (i.e. in nominee-name) and are considered by CDIC to be deposits held in trust for the purposes of deposit insurance.

*The CDIC Act* and *By-laws* set out specific requirements that brokers who work in nominee-name must meet to ensure their clients' deposits are protected by CDIC.

## CDIC Deposit Insurance Categories

The amount the Depositor is insured for in each insurance category. As of April 30, 2022, there are eight distinct insurance categories:

1. Deposits held in one name (individual)
2. Deposits held in more than one name (joint)
3. Deposits held in trust for another person (trusts)
4. Deposits held in registered retirement savings plans (RRSPs)
5. Deposits held in registered retirement income funds (RRIFs)
6. Deposits held in tax-free savings accounts (TFSA)
7. Deposits held in Registered Education Savings Plans (RESPs)
8. Deposits held in Registered Disability Savings Plans (RDSPs)

## CDIC Deposit Insurance Coverage

CDIC's deposit insurance coverage consists of three main elements:

1. the coverage limit- CDIC protects eligible deposits to a coverage maximum of \$100,000 for deposits held by the same depositor, at the same member institution in each of the insured categories;
2. the eight deposit insurance categories; and,
3. the scope of eligible deposits - deposits made in savings accounts, chequing accounts, term deposits (such as GICs) with an original term to maturity of five years or less debentures issued to evidence deposits by member institutions (other than banks), money orders issued by member institutions, and cheques certified by member institutions.



### CDIC Member Institution

A bank, a trust company, a loan company, a federal credit union, or an association governed by the *Cooperative Credit Associations Act*, whose deposits are insured by CDIC. There are currently 85 member institutions. For the list of member institutions, please see <https://www.cdic.ca/your-coverage/list-of-member-institutions/>

### Client/Broker's Client

The person for whom a broker places a deposit with a CDIC member institution. A broker client can have funds protected by CDIC either directly as a depositor (i.e. when the deposit is placed in the client's name), or as a beneficiary to a deposit held in trust (i.e. when the deposit is placed in nominee name).

### Co-owned Deposit

Effectively a jointly-held deposit. Deposits one owns jointly with two or more individuals. Spouses, partnerships or a parent and child/dependent are examples of people who might have joint deposits.

Joint deposits are insured separately from deposits in one's own name, provided that the records of the member institution account for this.

### Data Service Provider

A firm that provides front, middle and/or back office solutions (such as technology, data, analytics, communications) within the financial services industry to improve operational efficiency, meet regulatory requirements and enhance client experience.

### Dealer code

An identifier assigned to a dealer that is transmitted as part of a transaction with a CDIC member institution. Also called Broker Code, Agent ID, Broker Number, Dealer Number.

### Depositor of Record or Depositor

The person in whose name the deposit is recorded on the records of the member institution and who has a right of reimbursement against the member institution.

### DSR Process/Data System Requirements

A requirement for member institutions to implement a method of identifying, capturing, organizing, and producing deposit liability data. The objective is to ensure that in the event of failure, the member institution has certain data readily available and organized properly to allow CDIC to undertake a resolution. For additional information on DSR, please visit <https://www.cdic.ca/financial-community/for-cdic-members/data-and-system-requirements/>



### Financial Exchange Platforms

Organizations that support the exchange of deposit pricing and transactional information between nominee brokers and CDIC member institutions.

### Intermediaries in the brokered deposit process

Organizations that provide front, middle and/or back office solutions (such as technology, data, analytics, communications) to help financial services industry improve operational efficiency and meet regulatory requirements, as well as organizations that support the exchange of deposit pricing and transactional information between nominee brokers and CDIC member institutions.

Key intermediaries include Data Service Providers and Financial Exchange Platforms.

### Nested Trust Deposit

A “trust-within-a-trust” or “back-to-back trust”.

A deposit held in trust for a client (Trust No. 1), who in turn holds their beneficial interest in trust for another client (Trust No. 2).

### Nominee Broker

Broker who acts as a nominee for their clients.

### Nominee Brokered Deposit

Funds deposited by a nominee broker “in trust for” a client.

When the broker is acting as a trustee (i.e. as a nominee) the amount is considered to be held in trust for the client (as the beneficiary) and would be insured as a trust deposit provided the trust disclosure requirements are met.

### Non-Registered Deposit

A deposit account or product that is not held under one of the Special Income Arrangements set out in the CDIC Act (RRSP, RRIF, TFSA, RESP, RDSP).

### Regulatory Bodies

A person or organization that regulates or oversees the key institutions in the nominee broker industry. These could include federal and provincial prudential supervisors (i.e., OSFI, FSCO, etc.) and relevant self-regulatory organization (i.e., IIROC, MFDA, etc.).



## Registered Plans (or Registered Products)

For the purposes of deposit insurance, a registered plan or product is one of the five (5) Special Income Arrangements set out in the CDIC Act – RRSP, RRIF, TFSA, RESP, RDSP. Please also refer to the definition of “Special Income Arrangement”.

## Special Income Arrangement

Special Income Arrangements are set out in Division G of the Income Tax Act. For the purposes of deposit insurance, the CDIC Act refers to five types of Special Income Arrangements that receive separate deposit insurance protection. These are:

1. Registered Retirement Savings Plans (RRSPs),
2. Registered Retirement Income Funds (RRIFs),
3. Registered Education Savings Plans (RESPs),
4. Registered Disability Savings Plans (RDSPs), and
5. Tax-Free Savings Accounts (TFSAs).

## Trustee

For the purposes of *the CDIC Act*, a trustee is a person or persons who holds funds in trust for another person or persons. When a broker places a deposit as a nominee for a client or clients, the broker is considered to be acting as a trustee and the clients are the beneficiaries of the deposit.

## Social Insurance Number (SIN)

The government of Canada defines a social insurance number as a 9-digit number that is needed to work in Canada or to have access to Government programs and benefits. For more information on social insurance numbers and how they should or should not be used, please visit: [www.canada.ca/en/employment-social-development/services/sin.html?utm\\_campaign=not-applicable&utm\\_medium=vanity-url&utm\\_source=canada-ca\\_social-insurance-number](http://www.canada.ca/en/employment-social-development/services/sin.html?utm_campaign=not-applicable&utm_medium=vanity-url&utm_source=canada-ca_social-insurance-number)