

**Brokered Deposit
Advisory Group**
BDAG



**Groupe consultatif sur
les dépôts de courtiers**
GCDC

UCI Decision Tree Nominee Broker Deposits

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Introduction

- On January 29, 2020, the Brokered Deposit Advisory Group (BDAG) issued the *Unique Client Identifier (UCI) Industry Best Practices* to support adoption of a consistent industry approach to implement the upcoming CDIC requirements for **nominee brokered deposits**.
- To further assist Nominee Brokers' implementation efforts, BDAG developed a **UCI Decision Tree** which provides a visual representation of the key questions and information Nominee Brokers should consider to properly assign UCIs, and links to relevant examples that show how to apply UCIs for different types of nominee brokered deposits.
- The UCI Decision Tree only addresses the assignment of UCIs for deposits placed by brokers for their clients at CDIC member institutions **in nominee name**. It does not apply to other deposits brokers may place at CDIC member institutions in other manners (i.e. placed in client name; deposits of uninvested registered/non-registered cash).



Disclaimer

- The UCI Decision Tree is **not intended to convey legal advice**, but rather has been developed by BDAG to assist industry participants with the operationalization of the *Unique Client Identifier (UCI) Industry Best Practices* guide.
- This document should be read in conjunction with the UCI Industry Best Practices document and underlying CDIC requirements found in the *CDIC Act* and the *CDIC Co-Owned and Trust Deposit Disclosure By-law (COTDB)*.
- To the extent there is any inconsistency, the CDIC Act and COTDB govern.



Guiding Principles for Assigning UCIs

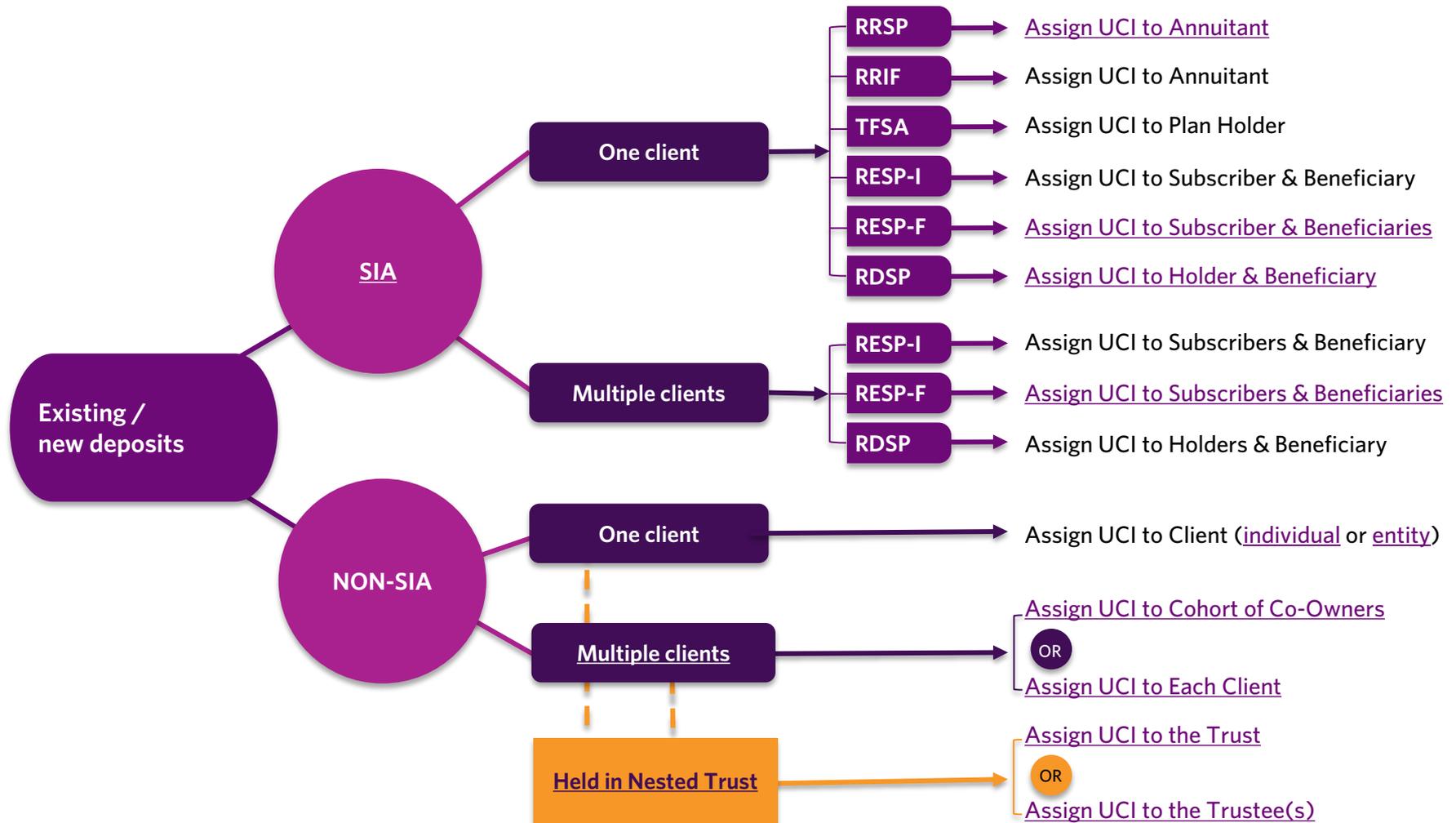
Under CDIC's requirements, Nominee Brokers must assign a UCI to:

- **Each beneficiary** of a nominee brokered deposit
 - ❖ To correctly assign UCIs, Nominee Brokers must properly identify the **beneficial owner** of the deposit, by assessing the nature and ownership of each nominee brokered deposit
 - ❖ The beneficial owner will generally be the client in whose name the account is opened

Additional considerations:

- Each beneficiary (i.e. client) must be assigned a unique UCI
- Beneficiary can be an individual client or group of clients for co-owned deposits
- Same UCI must be assigned to the same beneficiary, regardless when deposit is placed or number of accounts the client holds with the broker
- Preferred industry approach is for each Nominee Broker to assign a single UCI to the same client across all CDIC deposit insurance categories and across all CDIC member institutions

UCI Decision Tree - Nominee Brokered Deposits





Special Considerations for SIAs

- For Special Income Arrangements (SIAs), Nominee Brokers must assign a UCI to:
 - Each client who places the deposit (registered plan owner), **and**
 - Each individual who benefits from the registered plan
- Registered plan owner and individual who benefits from the plan varies by SIA/plan type:

Type of SIA	Registered Plan owner(s)	Individual(s) who benefit from Plan
RRSP	Annuitant ⁽¹⁾	Annuitant ⁽¹⁾
RRIF	Annuitant	Annuitant
TFSA	Holder	Holder
RESP-Individual or Family plan	Subscriber(s)	Eligible student(s)
RDSP	Holder(s)	Disabled person

- This means for deposits held under a SIA, Nominee Brokers must always assign at least 2 UCIs:
 - ❖ If same person is both the plan owner and the individual who benefits from the plan (e.g. RRSP, RRIF, TFSA), then the same UCI must be assigned to each (i.e. same approach followed to assign UCIs for each of RRSP, RRIF and TFSA plans)
 - ❖ Where the individual(s) who benefits from plan is different from the plan owner(s) (e.g. RESP, RDSP), then the UCI assigned to each person involved with the deposit must be unique.

⁽¹⁾ [For Spousal RRSPs the same principle applies – specifically, the UCI is assigned to the Annuitant \(not the plan contributor\)](#)

SIA refers to the 5 registered plan types eligible for separate CDIC deposit insurance coverage (RRSP, RRIF, TFSA, RESP, RDSP)

Special Considerations for Non-SIA Co-Owned and Multiple Client Deposits

For Non-SIA deposits that are owned by more than one client, Nominee Brokers must consider for each client, **how the ownership interest in the deposit is specified:**

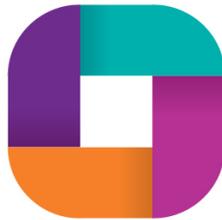
- Where each client **has a specific amount or share in the deposit**, this is a trust deposit with multiple beneficiaries. For trust deposits with multiple beneficiaries, Nominee Brokers **must assign a UCI to each client** for their portion of the deposit (e.g. account set up as tenants in common)
- Where each client's interest is not specified, but rather they own an **equal and undivided interest in the deposit as a whole**, Nominee Brokers **must assign a single UCI to the cohort** for the full deposit. (e.g. account set up as joint tenancy)



Special Considerations for Non-SIA Nested Trust Deposits

- For non-SIA trust deposits held by a trustee(s), there are two trust relationships:
 - 1) between Nominee Broker and its client (i.e. the trust or the trustee(s)), and
 - 2) between the client and the beneficiary(ies) of the trust deposit. This is a nested trust.
- For nested trusts, only the first trust relationship can be considered for deposit insurance purposes, regardless of the number of beneficiaries under the second trust.
- For purposes of assigning UCIs, Nominee Brokers must determine who is the beneficiary of the first trust. Generally, this will be the client in whose name the Nominee Broker has opened the account. For example:
 - ❖ Where the account is set up in the name of the trust (whether formal or informal) the trust would be assigned the UCI. Examples include “Estate of Luke H.”; “The O’Reilly Family Trust”; “The Fred W. Independent Pension Plan”; “Frasier Spousal Trust”; “John Smith ITF Mary Smith”
 - ❖ Where the account is set up in the name of the trustee(s), the UCI would be assigned to the trustee(s) of the deposit and should be the same UCI as assigned to any deposits for the trustee’s own personal account. Examples of this include situations where for some reason the account is in the name of the trustee(s) e.g. “William Hill Trustee”

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