



Nominee Broker Policies and Procedures and Compliance Action Plans Frequently Asked Questions

Policies & Procedures FAQs:

1. How will Nominee Brokers (NB) share their Policies and Procedures (P&Ps) with CDIC?

NBs are expected to submit their P&Ps when they submit their annual re-attestation. CDIC has set out the process on how to submit P&Ps in the Attestation Process on the NB Portal.

Upon review of the submitted attestation and P&Ps provided, CDIC may ask an NB to provide additional details if required, however, the P&P reporting expectations will be linked to the Attestation process.

2. With regards to P&Ps, what is the content and nature of the info to be provided via the CDIC NB Portal?

While the CDIC Act and By-laws are not prescriptive regarding what an NB should include in their P&Ps, CDIC expects NB P&Ps to be developed in a manner that is consistent with the way they develop them for other processes they have in place (i.e., aligned with their organization's existing P&P framework and reflective of their organization's unique business structure, activities, risks and processes supporting compliance with regulatory requirements).

For greater clarity, P&Ps should clearly describe the NB specific processes that support ongoing compliance with the CDIC requirements, including the following:

- UCI assignment process
- Process for transmitting required data to CDIC member institutions (MIs)
- Reconciliation process with MIs
- NBDR (Nominee Broker Data Requirement) file extraction/production process
- NBDR submission process with CDIC
- Etc.

P&Ps should also highlight any related NB governance processes that support the regular review, monitoring and testing to confirm ongoing adherence to the CDIC requirements and the continued effectiveness of NB compliance processes.

CDIC expects all NBs to review their P&P documentation regularly and, at a minimum annually as part of the due diligence NBs undertake to support their required annual re-attestation to CDIC.

3. What level of detail is CDIC looking for in the P&Ps?

CDIC expects an NB's P&Ps to contain sufficient detail to clearly indicate how an NB Firm has complied with the CDIC requirements.

A good guide for NBs would be to establish a level of detail for P&P disclosure to CDIC much like the information that would normally be provided for internal compliance audits or to Senior Management/Board of Directors to demonstrate how compliance has been met.

4. Does CDIC expect NBs to provide their complete book/file of P&Ps during the Attestation Process?

CDIC recognizes that an NB's P&P book can cover key processes and procedures that extend beyond the CDIC requirements. For the purposes of disclosure to CDIC, the expectation is that an NB will provide only those portions of their P&Ps that relate directly to the CDIC legislation & requirements.

For example, if the CDIC-related P&Ps are set out in a separate section of an NB's P&P book, only that section needs to be provided. If the CDIC-related elements are scattered throughout the P&P book, then only relevant extracts should be provided. If upon review, CDIC requires additional information, CDIC will reach out to the NB with that request.

Compliance Action Plans FAQs:

5. My organization has areas where full compliance will not be met for the upcoming re-attestation period. How should my organization report this to CDIC?

It will be important for an NB to note any gaps in compliance in their attestation when submitted through the NB Portal (i.e., via a negative attestation response).

For any areas of non-compliance (i.e., a "No" response to a legislative element of an attestation), the NB must also submit to CDIC a Compliance Action Plan (CAP) outlining the key steps and expected timelines for the NB to achieve full compliance with the CDIC requirements.

6. What are the key elements required to be addressed in my organization's Compliance Action Plan (CAP) submitted to CDIC?

For any non-compliance issue identified in their attestation, NBs should ensure that their CAP sets out the following:

- A. a detailed description of the compliance issue(s),



- B. a sense of the scope/impact of issue(s) on nominee deposits held by the NB at CDIC Member Institutions (e.g., possible number of deposits/clients affected),
- C. a clear delineation of steps that the NB will be taking to rectify the issue(s), and
- D. a clear statement of the timelines/milestones to complete the necessary actions to comply with the new requirements.

7. What are CDIC expectations for current year's annual re-attestation process if my organization previously reported a non-compliance issue(s), for which a Compliance Action Plan (CAP) was already submitted to CDIC, but for which remediation activities remain underway?

If a previously identified non-compliance issue(s) remains outstanding and a CAP has already been submitted to CDIC (e.g., issues identified through NBDR data testing), NBs should resubmit their CAP with their annual re-attestation and provide any updates to reflect the current status and timelines of their remediation activities to address their outstanding non-compliance issues.