



## Pooled Cash Accounts Frequently Asked Questions

### Pooled registered cash accounts – Questions

1. I am a Nominee Broker with a pooled registered cash account (PRCA) held in trust by an approved trust company (TrustCo). What beneficiary information do I need to disclose to my TrustCo and when must it be disclosed?

First, the TrustCo must hold the funds as eligible deposits under the CDIC Act and By-laws, in order for the funds to be protected by CDIC.

If this is the case, then the next thing to consider is whether the TrustCo holds the deposit at the CDIC Member Institution (MI) as a Professional Trustee (i.e., they have identified the PRCA to the MI as a Professional Trustee Account), or as a regular trustee (i.e., in a regular trust account)

#### *TrustCo is a Professional Trustee*

- If the TrustCo account is designated a Professional Trustee Account, there is no need for them to provide beneficiary information to the CDIC MI on a regular basis for the purposes of deposit insurance protection. However, for CDIC to accurately protect the eligible deposits held in a Professional Trustee Account, they will need to ensure that they maintain, and are capable of reporting to CDIC, required beneficiary information (i.e., each beneficiary's full name and address, as well as the interest each beneficiary holds in the deposit) when requested to do so by CDIC.

How the TrustCo maintains this beneficiary information, how they access it, or in what regularity they may request it from the Nominee Broker is a business decision of the TrustCo.

#### *TrustCo is a Regular Trustee*

- If the TrustCo holds the uninvested funds in a regular trust account, then the TrustCo must ensure that beneficiary information is disclosed and kept up to date on the records of the CDIC MI. CDIC uses the latest information available on the records of the MI at failure to calculate deposit insurance protection. Therefore, Nominee Broker must ensure that they regularly update the required beneficiary information with the TrustCo to ensure the TrustCo can meet their disclosure requirements.

The regularity with which the Nominee Broker will need to disclose the required beneficiary information to the TrustCo will depend on the frequency with which the beneficiaries and their interest under the trust account changes. Nominee Brokers should discuss the required frequency with their TrustCo.

2. If a Nominee Broker is not able to disclose beneficiary information to their TrustCo on a timely basis how will this impact CDIC insurance coverage for the client's un-invested RRSP cash?

If a Nominee Broker cannot provide the TrustCo with up-to-date beneficiary information required under the CDIC Act, then CDIC protection could be affected. As CDIC will rely on the latest information disclosed on the records of the CDIC MI at failure (for a regular trust account) or provided by the TrustCo (for a Professional Trustee Account), inaccurate or incomplete beneficiary information could affect CDIC's deposit insurance protection.



### 3. Responsibility to meet CDIC Act trust requirements for funds held in pooled registered cash accounts rests with the TrustCo. How can Nominee Brokers ensure their TrustCo is meeting the CDIC requirements?

Both trustees (e.g., the TrustCo) and member institutions share responsibility for ensuring that correct and complete beneficiary information is available on the records of the member. Information regarding Trustee & MI responsibilities can be found on CDIC's website: [Financial Community and Trustees - cdic.ca](https://www.cdic.ca/financial-community-and-trustees)

Nominee Brokers who wish to know more about how their TrustCos hold their registered cash accounts and how they meet their requirements either as a Professional Trustee or regular Trustee should communicate directly with their TrustCo.

## Pooled non-registered cash accounts - Questions

### 1. I am a Nominee Broker for whom uninvested non-registered cash is held at a CDIC member institution. Is the cash in my non-registered brokerage account covered?

If the non-registered cash is held in an eligible deposit as set out in the CDIC Act and By-laws, then CDIC deposit insurance protection would apply. To determine the amount of deposit insurance protection that would be applied, CDIC would use the latest information available on the records of the member institution at which the deposit is held.

CDIC would extend coverage up to \$100,000 based on the information available -- for example, whether the deposit is held solely in the name of the Nominee Broker (i.e., a single depositor), whether it is held in trust, and if so, whether the required beneficiary information is available. If the deposit is held in trust and the required beneficiary information is available, CDIC could extend coverage up to \$100,000 per beneficiary.

More information on how CDIC determines deposit insurance protection can be found on CDIC's website: [How deposit insurance works - cdic.ca](https://www.cdic.ca/how-deposit-insurance-works)

### 2. As a Nominee Broker, is the cash in my non-registered account aggregated with other deposits in my account?

The way CDIC would potentially aggregate deposits held in non-registered pooled accounts, depends on how the deposit is held at the CDIC member institution.

For example, where multiple deposits are held at the same member institution for the same depositor (i.e., directly in their name) under the same deposit insurance category, CDIC would aggregate those deposits and protect them up to \$100,000.

If, however, certain deposits are held in trust (e.g., if a pooled non-registered cash account is held in trust), then CDIC can extend separate protection up to \$100,000 per beneficiary, if the required beneficiary information has been provided by the trustee to the member institution and this information is recorded on the member's records.

### 3. Is there a difference in insurance coverage for the cash in my registered accounts versus the cash in my non-registered accounts?

How CDIC would apply deposit insurance coverage to different types of deposits held at a CDIC member institution will depend on several factors, including the type of deposits held at the member, who the depositor is on the member institution's records, whether the deposit is held in trust, etc.

Information on how CDIC deposit insurance protection applies for different types of deposits can be found on the CDIC website: [How deposit insurance works - cdic.ca](https://www.cdic.ca/how-deposit-insurance-works)