

(MEMBER INSTITUTION LETTERHEAD)

SAMPLE NOTICE

RE: Reminder to update trust deposit information by MAY 30, 2019

Dear Mr. / Ms.

As a member the Canada Deposit Insurance Corporation (CDIC), (INSTITUTION X) is required by law to remind depositors acting as a trustee (including nominee deposit brokers acting as nominee for their clients) of important disclosure obligations to ensure deposit protection of your trust deposit beneficiaries (including broker clients in respect of nominee brokers).

What is the role of CDIC in protecting trust deposits?

CDIC – a federal Crown corporation - protects eligible deposits, including those made in trust, at each of its member institutions in the event of a member institution failure.

CDIC recognizes seven separate insured categories in which eligible deposits may receive coverage. One of these is the 'in trust' category. Within that category, beneficiaries of a trust deposit may each receive separate coverage up to \$100,000 per beneficiary, provided that each beneficiary is identified on the records of the CDIC member institutions and the interest of each beneficiary is disclosed. If disclosure requirements are not met, the interest of that beneficiary will not be included for the purpose of calculating deposit insurance.

In the event of a CDIC member institution's failure, CDIC relies on the beneficiary information on the records of the member institution to determine the amount of deposit insurance payable in respect of trust deposits. CDIC would subsequently make payments to the trustee administering the trust who is listed as the depositor. The depositor acting as a trustee would be responsible for reimbursing beneficiaries.

What is your responsibility as a trust depositor / nominee broker?

In order for beneficiaries of a trust deposit to each receive separate coverage within the 'in trust' category, trustees must provide the information below, in respect of each account or term deposit, for inclusion in the member institution's records:

- The name and address of the trustee or co-trustees (or the nominee broker if it is a nominee brokered deposit);
- A statement that the deposit is held in trust (e.g., an "ITF" notification);
- The name and address of each beneficiary OR if you are a nominee broker (or other qualified trustee), a unique alphanumeric code for each beneficiary of the deposit (i.e., replacing the beneficiary name and address); and
- Details of the balance attributed to each beneficiary as at April 30th (i.e., the interest of each beneficiary in the deposit, expressed as either a percentage or a dollar amount).

Disclosing the information ensures that the monies you deposit as a trustee for your beneficiaries, if otherwise eligible for deposit insurance, will be covered by CDIC at the beneficiary level and will be insured separately from other deposits in your name.

What if the information about beneficiaries / clients is incorrect or incomplete?

If the above-noted disclosure requirements are not met, the interest of that beneficiary will not be included for the purpose of calculating deposit insurance. Insufficient or incorrect information about beneficiaries may result in a reduction in, or the absence of, coverage. In that situation, representations you may make to your beneficiaries regarding the extent or the availability of CDIC coverage may not be accurate or may be misleading.

(INSTITUTION X) asks that you provide the above noted information to (INSTITUTION X' COORDINATES / SUBMISSION INSTRUCTIONS) by May 30th, 2019 in an electronic format to facilitate inclusion in our records. Where you are not capable to produce or submit the information before May 30, 2019, or if the information has changed since your most recent disclosure, we ask that you send it as soon as possible thereafter to ensure (INSTITUTION X) can update its records accordingly. For more information on the deposit insurance coverage framework regarding trust deposits visit the CDIC website at <http://www.cdic.ca/about-deposit-insurance/how-deposit-insurance-works/deposits-held-in-trust/> or direct your question to questions@cdic.ca.