

(MEMBER INSTITUTION LETTERHEAD)

SAMPLE NOTICE

**RE: IMPORTANT REMINDER TO UPDATE TRUST DEPOSIT INFORMATION BY MAY 30, 2021
TO ENSURE DEPOSIT INSURANCE COVERAGE OF BENEFICIARIES**

Dear Mr. / Ms.

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

You are receiving this notification as our records indicate that you are acting as a trustee for a deposit held at our institution.

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 category for deposits held 'in trust'. Within that category, beneficiaries of a trust deposit may each receive 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 (i.e., the portion of the deposit belonging to each beneficiary) is disclosed. **If these disclosure requirements are not met, the interest of the beneficiary(ies) will not be considered 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 at the time the failure occurs 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 trustee would then be responsible for reimbursing beneficiaries.

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

To ensure that the deposit(s) that you hold in trust receive separate coverage within the "in trust" category, you must ensure that the information below is provided to us for each account that you hold in trust, so that we can include it on our records:

1. The legal name and address of the trustee or co-trustees (or the nominee broker if it is a nominee brokered deposit) holding the account;
2. A statement that the deposit is held in trust (e.g., an "ITF" notification);
3. The name and address of each beneficiary; and
4. Details regarding the portion of the deposit 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.

However, for prescribed trustees set out in subsection 7(1) of the *Joint and Trust Disclosure By-law*, the information in bullets 3 and 4 above can be replaced by an alphanumeric code unique to each beneficiary, provided each such code links to an up-to-date list of such information maintained in the prescribed trustee's records.

Timely disclosure of 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. If you have not provided this information, if you are unsure whether it has been provided, or if any of this information has changed since you last submitted it to us, please provide this information to us by following the submission instruction provided below. If you have recently provided the required information, and this information has not changed, please indicate this by submitting a "no update required" response.

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

It is critical to note that if the above-noted disclosure requirements are not met, the interest of the beneficiaries to the deposit account will not be considered for the purpose of calculating deposit insurance protection. **Insufficient or incorrect information about beneficiaries to a deposit may result in a reduction in, or the absence of, coverage for those deposits. 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, 2021 in an electronic format to facilitate inclusion in our records. If you are unable to submit the required deposit and beneficiary information before May 30, 2021, or if the information has changed since your most recent disclosure, **(INSTITUTION X) asks that you provide it as soon as possible thereafter to ensure that this information can be updated on (INSTITUTION X) records accordingly.**

For more information about the deposit insurance coverage framework regarding trust deposits visit the CDIC website at <http://www.cdic.ca/en/about-di/how-it-works/trusts/Pages/default.aspx> or direct your question to questions@cdic.ca.

IMPORTANT NOTICE TO TRUSTEES: Please note that important changes affecting deposits held in trust will take effect on April 30, 2022. We strongly encourage all trustees to monitor information on the Canada Deposit Insurance Corporation's website (www.cdic.ca) for more information on these changes.