



UCI Application: Complex Examples

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Preamble

- On January 29, 2020, the Brokered Deposit Advisory Group (BDAG) issued the *Unique Client Identifier (UCI) Industry Best Practices* to support the adoption of a consistent industry approach to the implementation of upcoming CDIC requirements for nominee brokered deposits.
- The UCI Industry Best Practices sets out standards & parameters regarding the UCI design & application, as well as several key examples that explain how to apply UCIs for different types of nominee brokered deposits.
- To further assist nominee brokers' implementation work, BGAG has developed additional examples to further explain the application of UCIs for three complex deposit situations:
 - For deposits held for an investment club set up as a partnership
 - For deposits held for an estate trust
 - For deposits held in a spousal RRSP
- The examples build on the fundamental principles for the assignment of UCIs set out in the UCI Best Practices, and provide additional context and explanation relevant to each unique deposit situation.



Example: Investment Club (Partnership)

- Five existing clients (Client A, B, C, D & E) approach Broker ABC to start an investment club. Broker ABC establishes the investment club through a partnership agreement for the clients under the name **5Lads Investment Club**
- Broker ABC opens an investment account for **5Lads Investment Club** at MI XYZ to facilitate transactions for the investment club. The Partnership is the client of the broker and can be assigned a UCI
 - Deposit #3 (investment account) is a non-registered deposit for 5Lads Investment Club
- Separately, Client A & Client C also ask Broker ABC to place GIC deposits for them at MI XYZ:
 - Deposit #1 (5yr GIC) is a non-registered deposit for Client A
 - Deposit #2 (3yr GIC) is a non-registered deposit for Client C
- Broker ABC must provide three separate UCIs for each of the deposits placed at MI XYZ: **Client A UCI (CLA1A); Client C UCI (CLC2A) and 5Lads Investment Club UCI (IC5PA1)**
- Broker ABC must assign a separate UCI for 5Lads Investment Club, as the client for the funds held in that investment account is the partnership. The broker **does not** need to provide the UCIs or interest for each individual investment club member for that deposit.
- CDIC would protect each deposit separately up to the deposit insurance limit of \$100,000

Example: Investment Club (Partnership)

Deposit	Nominee Broker Legal Name	Amount of deposit	UCI	interest of each client under the deposit (% or \$)	Account type	Individual who benefits from plan
Deposit #1 5yr GIC for Client A	Broker ABC	\$80,000	CLA1A	N/A	Non-reg	N/A
Deposit #2 3yr GIC for Client C	Broker ABC	\$75,000	CLC2A	N/A	Non-reg	N/A
Deposit #3 Investment Acct - 5Lads Inv. Club	Broker ABC	\$250,000	IC5PA1	N/A	Non-reg	N/A

Broker ABC provides a separate UCI for the investment club chequing account as it is a deposit for the partnership

CDIC protects each deposit up to the maximum of \$100,000

As the client for the deposit is the partnership, Broker ABC is not required to provide the interest for each investment club member



Example: Estate Trust

- Broker ABC is asked to administer the assets by an estate trustee for the estate of Robert King. The broker places these funds in a deposit account at MI XYZ in the name of “the estate of Robert King”:
 - Deposit #1 (chequing acct) held in the name of “the estate do Robert King”
- The trustee/executor of the estate is Frank Abbott, who is the authorized individual for the estate account. The beneficiaries under Robert King’s last will and testament are his three children: Anne, Steven and Simon.
- For the purposes of deposit insurance coverage, this deposit is a nested trust: Broker ABC holds the funds as nominee trustee for “the estate of Robert King” (1st trusteeship), and these funds are held in trust for Anne, Steven and Simon King under the estate (2nd trusteeship).
- Broker ABC must assign a **UCI** to “the estate of Robert King” when the deposit is made and provide it to MI XYZ
- As this is a non-registered nested trust (i.e. not held under a registered plan), the broker does not need to provide UCIs:
 - for Anne, Steven & Simon as CDIC cannot consider the 2nd trusteeship to determine deposit insurance protection
 - for Frank Abbott as executor and administrator of the testamentary (estate) trust
- The broker must indicate the **Deposit Category** identifying that deposits is not held under a registered plan.
- CDIC uses the info to determine coverage for the deposit under the testamentary trust. In this case, CDIC would reimburse Broker ABC up to the \$100,000 deposit insurance maximum for “the estate of Robert King”

Example: Estate Trust

Deposit	Nominee Broker Legal Name	Amount of deposit	UCI	Interest of each client under the deposit (% or \$)	Deposit Category	Individual who benefits from plan
Deposit #1 Chequing Acct for "Estate of Robert King"	Broker ABC	\$500,000	ERK1A	N/A	Non-reg	N/A

CDIC protects the deposit up to the maximum of \$100,000

UCI provided for "Estate of Robert King"

Deposit type allows CDIC to identify the appropriate deposit insurance category

No requirements to provide additional UCIs



Example: Registered Plans (Spousal RRSP)

- Mary and Dennis Smith asks Broker ABC to place the following RRSP deposits at MI XYZ:
 - Deposit #1 (5yr GIC) is a deposit held in an RRSP for Dennis
 - Deposit #2 (3yr GIC) is a deposit held in a RRSP for Mary
 - Deposit #3 (5yr GIC) is a deposit held in a spousal RRSP, in which Dennis contributes funds for Mary
- Broker ABC must provide the following **UCIs** when the deposits are made with MI XYZ:
 - Deposit #1 (5yr GIC) provide UCI for Dennis (D1A1) for RRSP in his name
 - Deposit #2 (3yr GIC) provide UCI for Mary (B1A1) for RRSP in her name
 - Deposit #3 (5yr GIC) provide UCI for Mary (B1A1) for the spousal RRSP for which she is owner
- The broker **must** also provide MI XZY with **the appropriate UCIs for Dennis and Mary as the individuals who benefits from the registered plans** (i.e. the RRSPs)
- The broker must indicate the **Deposit Category** identifying that deposits are held under RRSPs
- CDIC uses the info to determine coverage for Dennis and Mary. In this case:
 - Mary's two RRSP deposits fall in the same deposit category CDIC would aggregate the deposits and provide coverage up to \$100,000 (i.e. her personal and spousal RRSPs do not receive separate coverage as she is owner for both)
 - Dennis' RRSP deposit would be covered separately up to \$100,000

Example: Registered Plans (Spousal RRSP)

Deposit	Nominee Broker Legal Name	Amount of deposit	UCI	Interest of each client under the deposit (% or \$)	Deposit Category	Individual who benefits from plan
Deposit #1 5yr GIC (Dennis)	Broker ABC	\$80,000	D1A1	N/A	RRSP	D1A1
Deposit #2 3yr GIC (Mary)	Broker ABC	\$60,000	B1A1	N/A	RRSP	B1A1
Deposit #3 5yr GIC (Spousal)	Broker ABC	\$60,000	B1A1	N/A	RRSP (spousal)	B1A1

CDIC aggregates RRSP deposits for Mary (owns personal & spousal RRSP) and provide protection up to \$100,000

Different UCI provided for Mary and Dennis based on who owned the RRSP deposit

Deposit type allows CDIC to identify separate categories

The same UCI is used as client is the person who benefits from the plan

**Brokered Deposit
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