



# Changes to CDIC's Deposit Insurance Coverage Framework: Professional Trustee and Trustee

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# Background

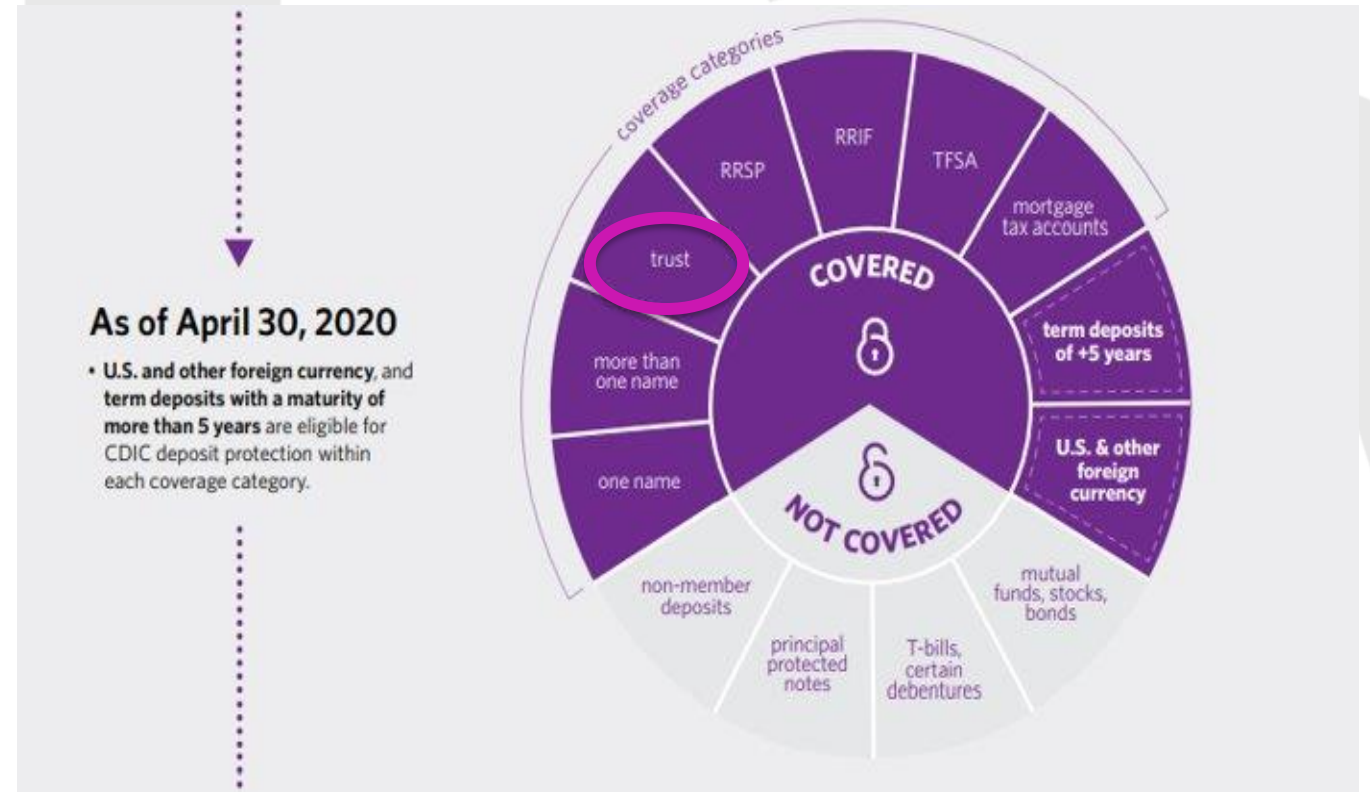
- Several amendments to the *CDIC Act* that strengthen deposit insurance protection for trust deposits will take effect on April 30, 2022.
  - These changes introduce new categories of trustees with unique disclosure requirements.
- The new rules are important because they affect how CDIC protects deposits held by trustees.
- CDIC continues to insure eligible deposits held in trust at CDIC Member Institutions (MIs) up to \$100,000 per beneficiary.
- Successful implementation of new CDIC requirements depends on trustee' understanding of the new rules and CDIC's expectations.
  - The CDIC's website, <https://www.cdic.ca/financial-community/for-trustees/>, includes new trustee-focused information designed to guide trustees through elements of the new framework to determine if and how it may apply to them

# CDIC Deposit Insurance Coverage Framework

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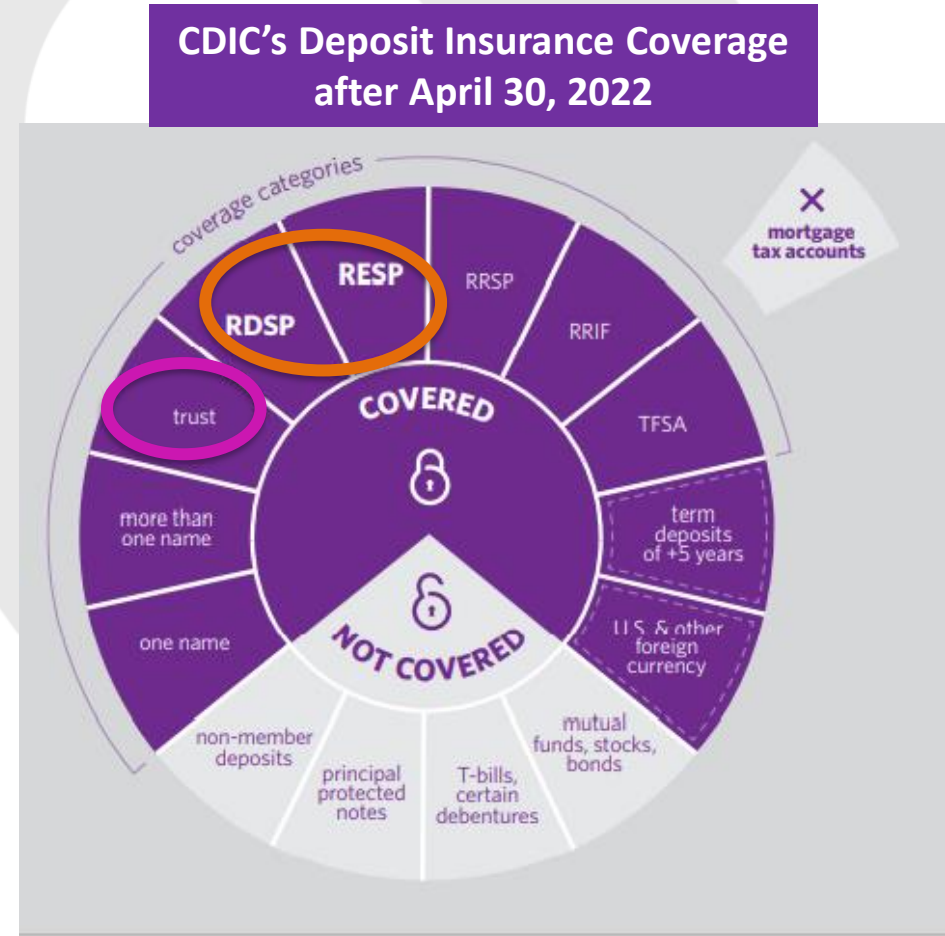
# CDIC's Deposit Insurance Protection

- CDIC coverage is free and automatic- depositors do not have to sign up to receive protection
- Depositors acquire deposit insurance through the purchase of eligible financial products from our member institutions
- Eligible deposits are protected to a limit of \$100,000 per deposit insurance category
- Deposits that are held in trust, are separately covered under the framework, and therefore are eligible for a distinct \$100,000 in coverage per MI
- CDIC's protection for deposits held in trust can extend to each beneficiary of the trust deposit so long as key information is disclosed by the trustee



# CDIC's Deposit Insurance Framework after April 30, 2022

- On April 30, 2022, important changes will be made to CDIC's deposit insurance framework to strengthen the rules for deposits held in trust and for nominee brokered deposits
- **There will be new requirements that Trustees must meet to ensure that the deposits they hold in trust for others remain well protected by CDIC.**
- **Trustees who hold funds in a professional capacity should be aware of the new deposit insurance protection framework for Professional Trustees**
- There will also be two new coverage categories:
  - Registered Education Savings Plans (RESPs); and
  - Registered Disability Savings Plans (RDSPs)



# New Requirements for Trust Deposits

- Requirements under the current deposit insurance framework for deposits held in trust apply equally for all types of trust deposits regardless of whether different types of trustees hold the trust deposit, or the nature of the deposits held by different trustees
  - E.g., CDIC requirements apply the same way, regardless of whether the trustee is a lawyer holding a deposit for clients, a public trustee holding deposits for appointed beneficiaries, a broker holding deposits as a nominee for clients or a grandparent holding a pool of cash in trust for their grandchildren
- The amendments to the *CDIC Act* introduce new categories of trustees with **unique disclosure requirements** applicable to them
  - **Professional Trustee** - Trustees who hold deposits in trust at a CDIC MI and who qualify as a Professional Trustee (Professional Trustees) under the *CDIC Act*
  - **General Trustee** - Trustees who hold deposits in trust at a CDIC MI in various capacities (professional or otherwise) but do not qualify as a professional trustee
  - **Nominee Broker** - Financial advisors, securities dealers, investment dealers, broker-dealers, and others who purchase deposits from financial institutions that are members of CDIC on behalf of their clients (i.e., in nominee name)

# Professional Trustee under the CDIC Act

- Not all Trustees are Professional Trustees
- Only Trustees who meet the definition under the *CDIC Act* are eligible to be Professional Trustees for deposit insurance purposes

**A Professional trustee** means any of the following who is not a nominee broker:

- (a) the public trustee of a province or a similar public official whose duties involve holding moneys in trust for others;
- (b) a federal, provincial or municipal government, or a department or agency of such a government;
- (c) a lawyer or partnership of lawyers, a law corporation, or a notary or partnership of notaries in the province of Quebec, when they act in that capacity as a trustee of moneys for others;
- (d) a person who is acting as a trustee of moneys for others in the course of business and is required by or under a statute to hold the deposit in trust;
- (e) a person who is acting as a trustee of moneys for others in the course of business and is subject to the rules of a securities commission, stock exchange or other regulatory or self-regulating organization that audits compliance with those rules; or
- (f) a regulated federal or provincial trust company acting in the capacity of a depositor.



# Requirements for Professional Trustee Accounts

- Trustees who qualify as professional trustees can benefit from lighter beneficiary reporting requirements
  - I.e., They can opt to not provide beneficiary data to MIs for **deposit insurance protection purposes** but only provide to CDIC when requested to do so
  - For more information about the requirements set out in CDIC's Bylaws, refer to Annex A
- To benefit from the Professional Trustee Account Approach, a Professional Trustee must:
  - Qualify as a Professional Trustee, as per CDIC Act definition
  - Hold an eligible deposit account “In Trust” for others at a CDIC MI
  - Designate an account as a “Professional Trustee Account” (PTA) with the MI
  - Complete required attestation with their MI & annually re-attest their status to maintain their PTAs
  - Meet all ongoing obligations as a Professional Trustee (i.e., provide MIs with up-to-date contact info)
  - Failure to meet ongoing attestation obligations can result in PTA being reverted to a regular trust account, subject to more extensive disclosure requirements
- For details visit <https://www.cdic.ca/wp-content/uploads/what-you-need-to-know-professional-trustees.pdf>



# Providing Beneficiary Information to CDIC

## Professional Trustee Data Requirements (PTDR):

- To further help Professional Trustees, CDIC developed standardized data requirements to support the transmission of beneficiary info to CDIC when requested to do so
- The Professional Trustee Data Requirements (PTDR) sets out key technical requirements that will allow this information to be provided securely and in a format that will allow CDIC to process it effectively to calculate deposit insurance protection
- The PTDR allows different file formats to recognize various technical capacities across Professional Trustees. *For example: XML (.xml); Windows-compatible text file (.txt)*
- The PTDR is available at the CDIC's Website at <https://www.cdic.ca/financial-community/for-trustees/for-professional-trustees/professional-trustee-data-requirements-ptdr>

## Solicitor-Client Privilege:

- To help ensure Professional Trustees can provide CDIC with key beneficiary information, the CDIC Act addresses possible concerns regarding solicitor-client privilege/professional secrecy

# Options for Disclosing Beneficiary Information



Professional Trustees have the option to choose from two approaches for disclosing beneficiary information

**A Professional Trustee Approach**

**OR**

**Regular Trust Approach**



It is possible that trustees treat some trust accounts as professional trustee accounts, while others as regular trust accounts

# Disclosure Requirements for Trust Accounts

- Professional Trustees who choose to maintain trust deposits under the Regular Trust Approach continue to be required to:
  - Indicate the deposit is held in trust
  - Provide & keep up-to-date Information re: trustees & beneficiaries (i.e., name, address, beneficiary share/interest in deposit) to the MIs at any time during the year as required
  - Ensure that this information is provided for all deposits held in trust – i.e., for single & multiple beneficiary accounts
- Trustees will continue to receive an annual notification from their member institution requesting that they update information about the beneficiary of the deposit, as required under the CDIC Act
  - This must be done to keep beneficiary information current to ensure CDIC can accurately extend deposit insurance protection
- It is important for Professional Trustees who opt for this approach to note that as of April 30, 2022, trustees will no longer be able to update beneficiary information on the records of the MI **after the failure of a MI** and CDIC would therefor calculate deposit insurance protection based on the most recent information on the records of the MI
- For additional details visit <https://www.cdic.ca/wp-content/uploads/what-you-need-to-know-trustees.pdf>

# Resources for Trustees/Professional Trustees

# Information Targeted to Professional Trustees



## What you Need to Know – Professional Trustees

As of April 30<sup>th</sup>, 2022, CDIC is introducing new disclosure requirements for deposits held in trust. CDIC continues to insure eligible deposits held in trust at CDIC Member Institutions up to \$100,000 per beneficiary.

### Professional Trustees:

Professional Trustees are a new classification of trustees who may, at their discretion, opt into less onerous disclosure requirements for accounts they designate Professional Trustee Accounts (PTAs).

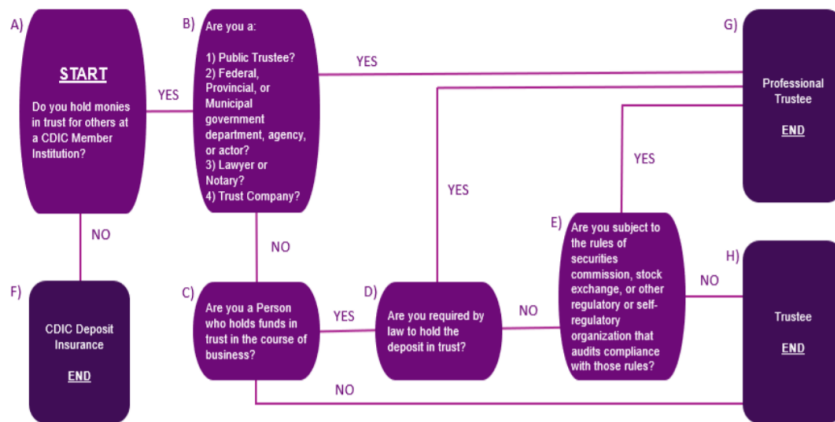
To take advantage of these requirements:

#### 1. Qualify as a Professional Trustee

Trustees who hold monies in trust for others at a CDIC Member Institution. To find out if you qualify as a Professional Trustee, use the Trustee Decision Tree.



Trustee Decision Tree – Infographic



- CDIC has developed specific material to foster greater awareness of the new Framework with Trustees /Professional Trustees
- This Includes an interactive tool to help trustees determine if they are qualified Professional Trustees & to explain two beneficiary disclosure approaches
- Information is now available on our website at: <https://www.cdic.ca/financial-community/for-trustees/>



# For More Information

The screenshot shows the CDIC website navigation menu with links for "your coverage", "financial community and trustees", and "newsroom". Below the menu is a large purple banner with the text "financial community and trustees". Underneath the banner is a breadcrumb trail: "home / financial community and trustees / for trustees". The main content area features a section titled "For Trustees" with a sub-heading "Financial products and services". The text below reads: "The Government of Canada has made important changes to the rules governing deposit insurance protection for deposits held 'in trust' at [CDIC member institutions](#). The changes take effect [April 30, 2022](#) and introduce new disclosure requirements for Trustees."

- Visit the CDIC Website: [www.cdic.ca](http://www.cdic.ca)
- For Trustees: <https://www.cdic.ca/financial-community/for-trustees/>
- Stay in the loop with the latest CDIC updates by subscribing to our RSS feeds: <https://www.cdic.ca/rss-feeds/>
- CDIC welcomes your questions : [info@cdic.ca](mailto:info@cdic.ca)

# Awareness & Learning

← Tweet



Canada Deposit Insurance Corporation  
@CDIC\_CA

...

Are you a trustee? Do you hold money for someone else at a CDIC member institution? If so, ensure those funds remain protected by CDIC. Find out what's changing: [ow.ly/LP8U50I0wB4](https://ow.ly/LP8U50I0wB4)



Tools and Videos: <https://www.cdic.ca/your-coverage/tools-and-videos/>

## Tools and videos

What is CDIC and how do you find out how you're protected? Watch these short videos to learn all about deposit protection and use the calculator to determine your coverage. Want to see more? Check out our [YouTube](#) channel and follow us on [social media](#).



[About deposit insurance](#)



[FAQ videos](#)



[Talking to Canadians about money](#)



[Deposit protection for all life stages](#)



[Calculator](#)



[FAQs](#)



## Annex A: Co-owned and Trust Deposit Disclosure By-law (COTDB)

- The *Co-owned and Trust Deposit Disclosure By-law* (the By-law) comes-into-force on April 30, 2022
  - See: <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2019-312/page-1.html?wbdisable=true>
- It repeals the existing *Joint and Trust Account Disclosure By-law* and provides the supporting details to the new legislative requirements
- The By-law prescribes, amongst other things:
  - Information that a Professional Trustee must provide to CDIC when requested and the form and manner
  - Information to be included in attestations by Professional Trustees
  - Contact information and notification requirements for Professional Trustees