Data and System Requirements Questions and Answers

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General / Other *January 30, 2014*

For the purposes of compliance testing on or before June 30th 2013, MIs may:

a) Produce standardized data extracts with a determination date for a business day, and/or
b) Produce standardized data extracts with a determination date for a non-business day.

How does an MI obtain the 4 character CDIC MI identifier?

Section 4.2.2 Extract File Names includes the field MI ID. Please see the attached hyperlink below for the list of CDIC identifiers for each member. Members that have created their own MI identifier may continue to use that.

https://www.cdic.ca/wp-content/uploads/CDIC-MI-ID-SADC.pdf

Unidentified Broker or Agent Deposits:

Occasionally a Broker or Agent will place a deposit into the MIs bank account on behalf of one or more clients, but will not provide client identification for several business days. The MI places the deposit in a holding account that is not within the MIs client record system, while it waits for the client(s) identification to be submitted. Sometimes if the client is unwilling to provide all requested personal information, the Broker cancels the deal and asks for the funds to be returned.

Are unidentified deposits exempt from the definition of a "deposit liability" under Section 4.2 of the By-Law? Are they exempt from the FID Data Extract Requirements?

The treatment of unidentified broker or agent deposits depends on the particular processes employed by the MI.

Where multiple brokers or agents make deposits into a single account this account must be included in the 0130 and 0800 tables. This is independent of whether the amount is recorded into a deposit system.

It is not necessary to include a depositor record where none exists.

For the purposes of data retention, how far into the past would CDIC require the determination time (date of failure) be prior to the determination date?

The farthest into the past CDIC would require data to be retained for the purposes of producing the standardized data extract as at the determination time would be the last business day. That is, should the determination date fall on a Monday, which for the purposes of this example is also a statutory holiday (non business day), the determination time would relate to the last business day, in this case the previous Friday.

How does a member know which fields can be left blank? The data and system requirements specification does not go into the details of mandatory. Language is not clear.

While MIs must follow the requirements of the data and system requirements version 1.0 the following alternatives to specific field requirements are acceptable:

- Date and Date:Time fields may be set to a system default value rather than "".

- A zero length string "" would appear as || (adjacent pipe delimiters) in the extract.

- Depositor_Branch (0100) and Account_Branch (0130) may be defaulted to any appropriate string such as "1" where no branch network exists.

- Name (0100) may be populated with names such as the name of a corporation, sole proprietorship etc.

- Language_Flag (0100) can include language identifiers other than "E" and "F" where available.

- For the unique identifiers:

    o Personal_ID_Count (0110); Address_Count (0120); Depositor_Type_Code (0201); Personal_ID_Type_Code (0211); Address_Type_Code (0221); Product_Code (0231); Registered_Plan_Type_Code (0232); Currency_Code (0233); Account_Status_Code (0236); Clearing_Account_Code (0238); Transaction_Code (0401); Relationship_Type_Code (0501) – these codes may start at any integer and need not be contiguous as long as the uniqueness of the code is maintained.

- Address_Change (0120) may be populated with a default date:time; populated with the last edit date:time.

- Where an address has been recorded using a free format field (unstructured) place the entire address into the Address_1 (0120) field. The remaining address fields can remain blank.

- In section 4.1.6 Table 0211 - Personal Identification Type, the example should read CDIC_Personal_ID_Type_Code instead of CDIC_Personal_ID_Type as printed.

- For reference tables (such as Personal_ID_Type and so on) MIs may include an entry for the functional equivalent of "Other" where convenient. In this way all reference table entries will have a value. This <u>only</u> relates to reference tables that can be modified by the MI, or would contradict existing values provided by CDIC.

- The Table 0800 Hold_Balance_File includes Hold_Credit and Excess_Limit. The minimum requirement is such that these need only be calculated as at the determination time; however, MIs may opt to continue recalculating these values for each subsequent extract.

- Table 0999 - Subsystem includes MI_Subsystem_Code which is intended represent one subsystem for each of the extracts provided when using extract option 2 or 3. There is no requirement to match the subsystem names to actual subsystems.

Some deposit liability accounts can have negative balances. For example: for Mortgage Tax Accounts, when Tax payments are taken it is possible that the customer's tax account may not have sufficient funds in it but the payment is taken anyway. As a result the Mortgage tax account goes into a negative position and moves it from a Liability GL to an Asset GL. It is our assumption that only the positive balances should be reported as part of FID. Can CDIC please confirm?

Mortgage Tax Accounts are specifically included as deposits in the Schedule to the CDIC Act. As such, they should be included in the data extracts regardless of their balance.

Estate accounts:

Can CDIC provide additional guidance/information relating to when an Estate account may/may not be considered a Trust account, and when/if it would ever be treated as different CDIC Insurance category within the standard data extracts:

E.g. Deceased or Estate account - Joint account (with right of survivorship)
E.g. Deceased or Estate account - Joint account (Tenants in Common)
E.g. Deceased or Estate account - RRSP or RRIF with beneficiary
E.g. Deceased or Estate account - RRSP or RRIF without beneficiary

Please contact Sheila Salloum (SSalloum@cdic.ca) for questions relating to the insurability of any particular deposit.

These are useful examples to include in the data example processing.

The requirements for the standardized data extract can be thought of as a point-in-time state of the deposit liabilities. It is from this *slice* that amounts owing to depositors are calculated. Anything past that point in time should be thought of as the on-going operations of the bank as a bridge institution.

Will there be changes to customer information in the statement processing file provided by CDIC?

The statement processing file does not contain changes to depositor information. However, it does contain information with respect to account balances and holds as described in section. 4.2.4.

What would the process be to provide the details of the Negotiable Instruments to the CDIC and the timing of such information, in order for them to be able to complete their insurance determination?

To the extent that negotiable instruments represent deposits or are included in suspense accounts, they would be provided in Table 0130 - Deposit Account Data and Table 0400 - Transaction Data respectively.

What are the data retention requirements for the FID process?

There are no retention requirements specified in the Data and System Requirements By-Law. However, as part of these requirements, the MI must demonstrate the capability to provide the standardized data as at the determination date at any time.

How are deposit brokers and brokered deposits represented in the Data and System Requirements?

1) If a depositor is related to a deposit agent or broker, the MI must be capable of identifying the depositor for whom the deposit has been made by reference to their name, alpha numeric code or other identifier. The deposits related to the depositor are then represented in Table 0500 - Depositor/Deposit Account Reference Table.

2) The requirements for all these tables are set out in the relevant sections of the Data and System Requirements.

Will there be structured status reporting requirements during the project?

There is no requirement to provide updates to CDIC other than to declare compliance to the Data and System Requirements By-Law.

MIs that declare they are compliant on or before June 30, 2012 may qualify for a discount to their premium payment. Please refer to the Differential Premium and related by-laws for the requirements to qualify for a premium discount.

Are there any formal check ins/hard deadlines leading up to June 30, 2013?

Other than declaring compliance to the by-law there are no formal check-ins/hard deadlines leading up to June 30, 2013. However, to qualify for a premium discount, MIs must be compliant on or before June 30, 2012.

Please confirm that the following Tables are to be built exactly as prescribed and shown in the CDIC Data Requirements document. For greater certainty, are we required to build these tables with the prescribed CDIC values shown in the left hand column?

Tables: 0201, 0211, 0212, 0221, 0231, 0232, 0233, 0234, 0235, 0236, 0237, 0238, 0239, 0240, 0401, 0501.

The primary key in the code tables identified should be a sequential integer beginning with 1 and incrementing by 1 for each record. This is mandatory for any CDIC provided table. However, MIs may opt to use other primary keys that maintain the uniqueness requirements as described in the requirements.

Certified Cheques and Bank Drafts are considered secure items and may be negotiated at any financial institution. The following illustrates a possible scenario:

- MI customer purchases a draft payable to a non-MI customer
- Non-MI customer presents draft at another FI
- FI pays draft and sends payment to clearing agent for clearing
- Clearing agent sends payment to MI for settlement
- Payment is automated and once request is received, MI is obliged to settle the account.

Since MI has limited control over these instruments, and practical considerations make partial holds impossible, would CDIC be willing to allow only Full Hold requirements on these instruments?

Certified cheques and bank drafts are defined as deposits eligible for insurance. The account(s) against which these instruments would be drawn meets the definition of deposit in section 2 definitions and therefore that/those account(s) must be included in the standardized data extract and are subject to all the capability requirements of the Data and System Requirements By-law.

Would it be possible to receive detailed information relative to the compliance evaluation process? Or please inform us of the date same will be made available. For example, what criteria must be respected? How will the evaluation be performed? How many times will we be audited before June 30th [2013]?

Details of the compliance evaluation process are forthcoming.

How will beneficiary information for Trust Accounts be provided to CDIC?

Assumption: Trust accounts will be put on full hold. Trustees will be contacted by CDIC to provide updated beneficiary information. CDIC will manage the trust account beneficiary process. Beneficiary information for trust accounts will be provided to the CDIC on a best efforts basis if available. The CDIC will be responsible for coordinating with trustees/beneficiaries for any outstanding information for all Personal, business and nominee trust accounts.

CDIC will manage the trust beneficiary process and will be responsible for co-ordinating with trustees for any insurance determination information re: trust accounts.

Pre-Testing Invitation and Clarification

To provide comfort to MIs and mitigate implementation risk, some MIs would like to invite CDIC staff to observe their FID dry-run earlier in the process (i.e. pre-June 2012 during Integration and System Testing (IST) and User Acceptance Testing (UAT)). Would CDIC be willing to participate and perhaps provide some feedback?

While CDIC will not participate in the MIs dry-run exercises, they are developing a "data example process" service. Further details will be available shortly. In brief, the condition of participation is that it is understood that any results are not statements of compliance. When MIs request the service, the MI would provide a data sample (nominally 50 depositors, their associated accounts plus any relevant suspense accounts) for CDIC to review if the sample extract is consistent with the FID specifications.

The data could then be subject to an "end-to-end" process review, which would include production of the 700 and 800 files.

A GIC is scheduled to mature on March 1st and interest has been calculated as at Feb 15th. After a bank failure and subsequent holds have been lifted the depositor withdraws the principal and interest. Is the date the depositor draws down considered the GIC's "crystallization date" and interest stops accruing at this point?

Any transaction (including payments for maturing GIC's) that affect the balance of a deposit must not override any CDIC hold.

Section 4.1.4 requires that the Account_Unique_ID must be unique across all systems. The relationship between this identifier and the amount on hold must be preserved.

Would it be possible to receive detailed information relative to the compliance evaluation process? Or please inform us of the date same will be made available. For example, what criteria must be respected? How will the evaluation be performed? How many times will we be audited before June 30th [2013]?

Details of the compliance evaluation process are forthcoming.

Must we submit progress status reports? If yes, is there a specific format and what is the frequency?

No status reports are required.

We encourage members to create a compliance strategy working document that can be shared with CDIC.

How would you like us to proceed with any further questions in the future? Email to yourself? What is the expected time of response to our inquiries?

Please feel free to contact Judy Power (JPower@cdic.ca) to arrange a meeting with us. Please provide your list of questions at least one week in advance of the meeting. To the extent possible, written answers will be provided at the meeting, otherwise, answers will be provided on a preliminary basis pending a written response from us.

At a recent meeting, we were advised that the question of bridge bank was not of your expertise and was being handled by legal at the CDIC. Is this still the case? Would it be possible to communicate with those responsible for the bridge for our concerns such as: processes, activities, procedures, governance, etc. required for the transfer of the MIs operations to the bridge bank.

Please contact David Walker (DWalker@cdic.ca - Policy) for questions relating to Bridge Institutions.

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By-Law *January 30, 2014*

Where there are a group of CDIC member institutions (e.g. a member parent with member subsidiaries), do all need to meet the early adoption deadline in order for any of the individual group members to realize this benefit, or is each group member treated as an individual entity?

Each member institution will be assessed separately. Each member will be certifying for itself, not on behalf of any subsidiaries. Where a group member achieves compliance by June 30 2012 but another does not, the group member achieving compliance is entitled to the premium reduction. This applies whether the group member is the parent or a subsidiary.

A) How is beneficiary information presented in the standardized data?

B) Is there a specific file layout to be used by Trustees to communicate beneficiary information to the MI?

A) Beneficiaries should be included in Table 0100 - Depositor Data. The identification of a depositor as a beneficiary is accomplished through the reference to Relationship_Type_Code in Table 0500 - Depositor/Deposit Account Reference Table.

B) The communication of beneficiary information between the trustee and the MI is outside the scope of the data and system requirements.

What is the definition of posted date?

Posted date refers to the day of the processing cycle on which the transaction changes the related account or general ledger balance.

Further to the representations or discussions that CDIC would have had with various member institutions is CDIC expecting to make any amendments to the recently issued by-law?

No amendments to the Data and System Requirements By-Law are anticipated by CDIC at this time.

Per the Data and System Requirements, if the determination date is not a business day, the determination time would be the time by which all of the transactions made on the business day immediately preceding the determination date are processed and posted to the deposit liability records.

Scenario: Friday, July 1, 2011 is a holiday.

Determination date: Sunday, July 3, 2011.

A) Under this scenario, is it CDIC's expectation that all standardized data and accrued interest calculations would need to be based on data from the end of day Thursday, June 30, 2011?

B) Under this scenario how would transactions that occurred during Friday, Saturday or Sunday, if any, be represented in the standardized data?

For A) No, per the Data and System Requirements it is not CDIC's expectation that all data in the standardized data extracts, and accrued interest calculations would need to be based on data from the end of Thursday, June 30, 2011. Certain information within the standardized data is required as at the determination date, other information is required as at the determination time. For example, in Table 0130 - Deposit Account Data, Account_Balance must be the account balance in the deposit as at the determination time. Interest accrued, however, is calculated as the interest accrued since the last payment date to the determination date.

B) Transactions not posted to the general ledger as of the end of day processing on the determination date would be represented as outlined in Table 0400 - Transaction Data.

What effect will the new data standards have on the annual Return of Insured Deposits?

This question is outside the scope of the Data and System Requirements. However, we expect that the process of producing the standardized data extract could facilitate the preparation of the return of insured deposits.

For Day t, if an MIs EOP generates and posts transactions for subsequent days e.g. t+1, should these be reflected in the deposit account balance in the extracts for day t?

In this case, it would not be appropriate to reflect transactions for t+1 in the Account_Balance field for the Table 0130 - Deposit Account Data.

The term "overnight batch" has often been used interchangeably with end-of-day processing. However, end-of-day processing (as distinct from "overnight batch") should only include items for that business day. In situations, where transactions for the next day, such as tomorrow's loan payments, are included in the "overnight batch" these transactions must not be included in the amounts against which the insurance determination would be calculated.

In the Data System Requirements By-law there is reference to a "Premium reduction for member institutions that implement the requirements of the By-law on or before June 30, 2012". If one member institution within a group fails to comply with the By-law requirements, will the parent (and the entire group) be penalized and not be entitled to receive the premium discount?

The Data and System Requirements and associated incentives are applicable to individual member institutions, not groups of members. If as at June 30 2012 an individual member institution within a group is not compliant but others are, the compliant institutions would receive the benefit of the premium reductions.

FID requirements for joint and trust account information. While the Joint and Trust project will collect names and % or $ amounts for each beneficiary, it doesn't have to be stored electronically. In addition, the FID By-law does not explicitly state that beneficiary information (name, address, % or $ amounts) is required in the FID data extract within the first six hours, including whether the trust has single or multiple beneficiaries. Does CDIC agree with this interpretation of the FID data and system standards?

CDIC staff agreed that the FID specifications do not require beneficiary information in the data extract in the first six hours.

Would CDIC clarify its expectations for Table 237 (Trust Account Type) and the designation of single- or multi-beneficiaries.

The By-law gives CDIC the authority to require MIs to identify and distinguish between single-and multi-beneficiary trust accounts in accordance with the Data and Systems Requirements Version 1.0 (the "Requirements"). Under the current Requirements, MIs are only required to identify whether an account is a trust account, there is no requirement for MIs to distinguish between single and multi-beneficiary accounts.

A) - Regarding Joint and Trust Accounts:
Our understanding of the 2 new by-laws is that CDIC is asking MIs to (1) be able to send annually a letter to all trustees asking them the "up to date" information related to the beneficiaries of their trust account (name, address, % or amount of right of total balance), (2) to update the information upon receipt of the information from the trustees and (3) to be able to extract the "up to date" data related to beneficiaries (name, address, % or amount of right on total balance) within 20 days, upon request by the CDIC. Is that correct?

B) - With regard to the FID project, what information exactly is required concerning beneficiaries? In the Data Standards v1.0, the example for table 0501-Relationship Type, a relationship example is "Beneficiary". Is a beneficiary considered as a depositor? Will a new data table be added to extraction requirements to include information of beneficiaries (ex. ID and % of rights)? Please clarify.

A) - Please refer questions regarding the joint and trust account disclosure by-law to ==Sheila Salloum, Director, Insurance (SSalloum@cdic.ca)==.

B) - In situations where a depositor record exists for a beneficiary, the relationship table (table 0500) should contain an entry referencing the deposit record of the beneficiary. The relationship type Table 0501 MI_Relationship_Type and Description would reflect the "beneficiary" relationship.

There is no placeholder for "% of rights" in the Data and System Requirements and therefore would not be included in the standardized data extract.

Compliance *January 30, 2014*

In the 2014 Premium Year, our bank runs our FID extracts on April 12, 2014, we conduct our reviews and integrated testing in support of certification during the month of May/June and our Executive certifies FID compliance on the RID on July 10, 2014. If our bank issues a new deposit product on or before April 30th, then our bank needs to ensure this product is included in the 2014 FID certification. Does this timeline meet the requirements of the Data and Systems Requirements By-law?

Yes. It is not necessary for the date of the extract to be the same as the "as-at" date of the certification. We would expect that the person signing the certification has satisfied him or herself that any changes that occurred between the date of the last extract and the "as-at" date (in this case, between April 12, 2014 and April 30, 2014) have not changed the compliance status of the institution.

Please note that the Compliance Approach (2012) document has been updated from February 21, 2012 and can be viewed at the following hyperlink
http://www.cdic.ca/ForMI/DSR/Documents/questions/e/ComplianceApproach2012.pdf.
We have intentionally left the changes on Page 3 – bullets 3 & 4 in *track changes mode* for ease of reference.

Can we provide a list of contacts (perhaps two or three people) to receive the notice of compliance testing? Would CDIC confirm that they will allow that more than one person can be copied on FID notifications?

CDIC can provide notification of testing visits to more than one person at a member institution. CDIC will send a communication shortly to members requesting that they provide the contact information of people who should be notified of the date(s) of the FID compliance tests.

What is the minimum data consistent with the Data and System Requirements required from MIs for deposits initiated by depositors through brokerage firm? In these cases, the MI is able to identify the brokerage firm and the owner of the deposit uniquely but is provided with limited depositor information, if any, and may be unable to determine the insurance category.

Data provided for deposits initiated by depositors through brokerage firms must be consistent with the Data and System Requirements. As such, the MI must reflect these depositors (and the related depositors) as they do in the normal course of business. For greater certainty, the Insurance_Determination_Category_Type_Code for these deposits should be consistent with the treatment in the MIs RID.

A) Member institutions will identify trust accounts in the data extract to CDIC, and process holds on these accounts as instructed by CDIC. Will CDIC follow the procedures outline in the Joint and Trust Account By-laws for trustees to provide beneficiary information within 20 days?

B) Will iterative hold files be applied to all formal and informal trust accounts?

C) Will nominee accounts classified as 'informal trust' be treated the same as all other trust accounts?

A) CDIC recognizes that the insurance determination process for trust accounts may take longer than for other accounts. Pursuant to sections 8 and 8.1 of the Joint and Trust Account By-Law, CDIC can request a depositor who has represented that they are acting as a trustee for another, to provide the beneficiary information within 10 days or such other time as allowed by CDIC. If information already provided has changed after it is disclosed, the depositor who has represented that they are acting as a trustee for another has up to 20 days to provide the updated information.

B) Trust accounts can be either formal or informal trusts. Trusts can be subject to CDIC Holds. As such, there may be holds and changes to the hold provided in Table 0700 - Hold File.

C) Questions relating to the treatment of any particular deposit should be directed to the ==Director, Insurance Sheila Salloum SSalloum@cdic.ca==.

Implementation plan not shared by the CDIC - when will this be provided?

CDIC will not be providing an implementation plan.

After the project is implemented, are we required to test with CDIC on a yearly basis?

MIs are required to provide an annual attestation of their compliance with the Data and System Requirements. CDIC may opt to conduct compliance testing in accordance with the requirements of the Data and System Requirements By-law.

Does CDIC intend to allow MIs to provide data for CDIC review prior to the compliance deadline?

CDIC is proposing a voluntary pre-attestation process named Data Example Processing. Details of this program are forthcoming.

A) In table 234 the category 3 (Joint) and 4 (Trust accounts) are there for basic coverage but not for RRSP, RRIF, TFSA and Mortgage tax accounts. It is possible to have a joint account for a Mortgage tax account. How can we identify these accounts?

B) For RRSP, RRIF and TSFA we have GIC accounts open "itf" because they are part of a registered plan in a brokerage firm. Do we need to identify that these "itf" accounts are not part of the basic coverage or do we include them in the trust accounts (4) category regardless of the final type of product?

A) A deposit can have one and only one insurable category. As such, although it is possible to have a mortgage tax account linked to two or more depositors, it must have only one insurable category.

B) Where a record is marked "itf" the associated insurance determination category must be "trust".

In situations where a valid trust exists and is disclosed on the records of the MI, deposits, if insurable, may be included in the Trust insurable category.

If the MI also has recorded the fact the deposit is held within an RRSP, RRIF or TFSA, then these would be the insurance category, not "trust". If the deposit has been acquired as part of an RRSP, RRIF, TFSA, but this information has not been recorded by the MI, the deposit is treated as a trust.

How are dates and times defined in the Data and System Requirements?

The definition of determination date and determination time are set out in section 1 of the Data and System Requirements By-law and has the same meaning in the Data and System Requirements section 2. All date and times are determined with reference to the location of the MIs head office.

For deposits where interest calculations are not performed daily, are MIs required to determine interest accrued as of the determination date?

Yes. MIs must be capable of calculating the interest accrued between the last interest payment date up to and including the determination date. The calculation of interest is not subject to any penalties arising from the failure of the MI.

We understood that the CDIC will come to our office (2-3 days) to conduct their audit. We were to supply the CDIC with the information they required on a CD. Is that still the case?

For the purposes of compliance testing, CDIC will be on site to conduct a preliminary assessment of a standardized data extract using CDIC hardware. In addition, other tests may be performed on-site including but not limited to end-to-end testing i.e. in sequence, the issuing of Hold Instructions, data extract, 0700 hold file, 0800 Hold Balance File. CDIC's preferred method of exchanging data during the on-site test is a memory stick. The data should not be encrypted during the on-site test.

CDIC will also provide details outlining a Secure FTP package for the purposes of transmitting data to CDIC upon request.

Sanitized versions (i.e. with personal depositor identifiers removed) of the data collected on-site will be taken off-site for further review.

With respect to the Compliance Approach document - page 2, Step 2 (Prior to CDIC attending on site), it states that "*Extracts will be provided to CDIC via an unencrypted memory stick.*" However, even in an internal secure work environment, this requirement may violate MIs' IT privacy and security standards. Would CDIC instead accept encrypted data along with a password?

CDIC staff agreed that if it were not possible to provide an unencrypted memory stick, they would accept a password protected data source. However, once the password is entered, they will expect to have access to unencrypted data.

Similarly, in response to MIs legal and privacy fiduciary responsibilities regarding sharing "unmasked" client information, would CDIC provide its reference to its legal rights to have access to client's private information?

CDIC has considered the privacy implications. For the following reasons, CDIC is satisfied that it is not required to take any further steps to verify its ability to conduct privacy testing: The CDIC Act and the

By-laws provide CDIC with the statutory authority to require member institutions to provide personal information to CDIC; CDIC has registered a personal information bank with the Treasury Board entitled "Payments to Depositors and Deposit Records" that specifically encompasses deposit records gathered as part of any systems compliance verification process; and, the proposed testing complies with the requirements set out in the Privacy Act and privacy-related Treasury Board directives and policies.

Beyond the file extract testing process, can CDIC outline their expectation for their compliance approach for other FID components, such as the demonstration of channel holds?

Members must demonstrate the capability to place a Channel Hold in accordance with the specification which requires members to, among other things, temporarily prevent customers from initiating new transactions (the "Channel Hold") as defined in section 3.5.6. CDIC recognizes that members may not choose to demonstrate the CDIC Hold capabilities using live accounts in the production environment. Where an MI opts for an alternative environment, CDIC requires sufficient evidence to demonstrate the alternate environment sufficiently replicates the production environment capabilities for the purposes of compliance, as well as sufficient evidence that the capabilities are operational in the live production environment.

Will CDIC's compliance tests be conducted against the MIs compliance strategy (i.e. tailoring their compliance tests for each MI considering their personal solutions)?

While the MIs compliance strategy is the basis of ongoing dialogue, CDIC does not expect that all MIs will provide the evidence of their compliance with the FID standards in the same way, as long as an MI demonstrates that its organization meets the FID requirements.

Would CDIC provide guidance on production data extracts to be used for testing "hold" capabilities?

While CDIC will not provide details on their compliance tests, it expects that data samples should be sufficiently robust to demonstrate that it is compliant with all the capabilities of the FID standards. CDIC also requests that further questions on the standard data extract provide specific illustrations to allow for a productive dialogue.

MI systems may have differing processing cycles e.g. Monday to Friday (5 day), Monday to Saturday (6-day). For systems that do not have daily batch processing, is it required that an MI be capable of processing a new Table 0700 - Hold File on days where there is no normally scheduled batch?

The Determination Time can be any business day. In addition, MIs must be capable of providing data in the standardized format within 6 hours of the estimated EOP. The estimated EOP can be no later than 10 a.m. As such, the MI must be capable of processing the Hold File and providing the standardized data extract within 6 hours following the estimated EOP on any day regardless of the batch processing cycle of an MIs system.

For some of the bank's systems, 1-day or 2-day backdate transactions are allowed. The accrued interest calculated up to the end-of-day on the date of failure may be different than the accrued interest that would normally have been calculated after the backdate transactions are processed in the batch cycles run after the date of failure.

Under the CDIC Act, CDIC is obliged to include interest accrued or payable on insured deposits when determining amounts owing to depositors. These amounts include the interest accrued or payable between the date of last payment and the end-of-day on the date of failure. The ending balance would be the balance in the account as of the determination time and not the result of any future processing of backdated transactions.

In particular situations, an MI may not be able to identify the trust account type. Is identification of Non-Trust Account vs. Trust accounts sufficient for the Data and System Requirements?

Table 0237 - Trust Account Type must contain the variety of Trust Account Types supported by the MI. In situations where a deposit is identified as a Trust, there must be a corresponding Trust Account Type.

Based on section 3.5.4 of Version 1.0 of the Data and System requirements document, once the channel hold is lifted, access to Credit facilities must remain on hold until otherwise instructed by CDIC. What credit facilities are included in this requirement?

With reference to section 3.5.6 b), MIs must be capable of implementing a Channel Hold such that they are able to temporarily and independently prevent depositors from being able to initiate new transactions under their credit facilities that would affect their deposit accounts. This includes all credit facilities of the MI that would affect deposit accounts.

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2   Definitions *March 2, 2012*

Treasury Products

Can we provide a comprehensive list of treasury products to request that CDIC confirm if they were in or out of scope of the FID project? Depending on the detailed legal terms of a product, there may be lingering questions based on legal opinions. If a CDIC compliance inspection/audit determines that these products are indeed deposits and should be in scope of the FID requirements, would MIs be given the opportunity to correct their FID submissions? MIs are concerned that the mis-classification of certain treasury products might cause an MI to lose its 2012 premium incentive after it had already self-attested compliance?

If there are any such products that member institutions are unsure as to whether or not they should be included in the extract, CDIC proposes that members document their interpretation and provide this to CDIC at the time of compliance testing. Mis-classification of these products would not disqualify a member institution from the 2012 premium incentive.

When VISA applicants deposit their monies as collateral for the VISA, we (MI – #1) deposit all applicants' monies at another MI (MI – #2) in a single account under MI – #1. Is this in-scope for the Data and System Requirements?

This would be a deposit pursuant to the Schedule to the CDIC Act at the MI that has taken the deposit.

Outstanding MI cheques to clients and others:

Question: Are cheques that are issued to clients or others prior to "day 0", but uncashed as at "day 0", exempt from the FID Data Extract requirements? Such cheques may not be tracked in the MIs client data system; are they exempt from the "FID Data Extract Requirements"?

The key information is the amount of the deposit against which the cheques would be drawn, not the disposition of the negotiable instrument. These amounts are to be included in the 0130 and 0800 files.

Sundry Accounts:

Situation 1:

Occasionally a client's manual loan payment exceeds the required payment. Overpayments are credited under the client's loan in a similar manner to credits in a client's tax account, except that the funds are retained in a loan "sundry" account. The funds will eventually be credited to the loan either when the amount of the sundry balance reaches the equivalent of a regular loan payment, or near maturity when the sundry balance is used to pay off a remaining loan balance that is less than the regular monthly payment.

In other instances, the sundry account is used to accumulate debits representing property management fees and expenses for mortgage loans that are in legal action of foreclosure. The debit balance is usually recovered from the proceeds of sale of the property.

Situation 2:

When fire damages or destroys a client's home, insurance proceeds are paid to the MI (the mortgagor) as the "loss payee". The MI places the funds in the client "sundry" account from which the MI administers restoration payments to the builder, subject to reaching various completion "milestones" and appraisal inspections.

Question: Are all "sundry balances" exempt from the definition of a "deposit liability" under section 4.2 of the By-Law?

For the situations set out in the example,

Situation 1:

This is considered part of the loan business (as opposed to deposit-taking) and therefore not in scope for the Data and Systems Requirements.

Situation 2:

The answer depends on the manner in which the insurance proceeds are recorded on the books and records of the institution. If the insurance proceeds are recorded in the form of an asset, such as a mortgage, this is out of scope. However, if the insurance proceeds are recorded as a deposit balance this is in-scope and must be recorded in the 0130 and 0800 files.

Please clarify what are uninsurable products for CDIC extraction process? According to our understanding of CDIC requirements both insurable and uninsurable deposit accounts have to be provided. Please confirm what constitutes uninsurable deposit (US $ accounts, GIC >5 years, Mutual Funds?)

The data and system requirements apply equally to all deposits. Uninsurable deposits are simply all those deposits that are not specifically defined as insurable.

Are mutual funds considered to be deposit accounts from CDIC point of view?

No. Mutual funds are not deposits and are therefore not subject to the Data and System Requirements.

What is the definition of determination date and time?

The definition of the determination date and time are provided in Section 1 of the Data and System Requirements By-Law and has the same meaning in the Data and System Requirements section 2.

All dates and times are made with reference to the location of the MIs head office.

For MIs with multiple MIs, is aggregation across MIs required?

The standardized data is to be provided for each MI in one of the options as prescribed. Aggregation (unique depositor view) across MIs is not a requirement. Where aggregation across MIs exists, this is also consistent with the requirements. See section.3.2.

Non MI products held by MI clients, e.g. proprietary Mutual Funds and non-proprietary investments (Mutual Funds and / or GIC), in scope for Data Extract only. No other requirements.

If in scope for other requirements, please provide directions from applicable regulatory agencies e.g. MFDA. Mutual Funds will be exempt from holds.

If a product meets the definition of 'deposit' then it is in scope, both for purposes of data extract and holds. If it does not meet the definition of deposit, then it is out of scope.

Determination Date

Would CDIC please confirm the definition of determination date (i.e. day of failure)? We believe that it could be a business day (i.e. Monday to Friday, excluding holidays and weekends)? Would CDIC confirm?

In section 1 of the *Data and System Requirements By-law,* while the **determination date** is not confined to a business day, if the determination date is not a business day, the **determination time** would be the business day immediately preceding the determinate date.

Where an MI has a refund program whereby they refund money to depositors if and when the depositor can be located. For insurance purposes, does this money belong to the bank or the depositors?

Definitions include a definition of a deposit. Deposits that meet this definition must be included in the standardized data extract and are subject to all the applicable capabilities included in the Data and System Requirements.

What happens if a GIC matures during the "FID" time? Are payments to be held or paid out? What happens to cheque/EFT payment process that originates in our overnight batch process?

Definitions include a definition of a deposit. Deposits that meet this definition must be included in the standardized data extract and are subject to all the applicable capabilities included in the Data and System Requirements.

Any transaction (including payments for maturing GIC's) that affect the balance of a deposit must not override any CDIC hold.

Please confirm: we are to work with the hypothesis that the "determination date" will be a Friday.

The determination date can be any day. Where the determination day is a business day, the determination time will always be the end of day for that business day. Where the determination date is not a business day, the determination time will be the end of day for the last business day.

Please confirm the following:

A) U.S. and other foreign currency deposits, term deposits longer than five years and bankers' acceptances are examples of deposits that are not covered by CDIC, but figure in the deposit records of the MI. Therefore, they must be included in the extractions. Please confirm.

B) If some applications contain only data on uninsured deposits (ex. foreign currency deposits), do we have to include this data in the extractions?

C) Mutual funds, stocks, Treasury bills, Corporate or government bonds and credit cards are not considered to be deposits by the CDIC Act and therefore do not have to be included in the extractions. Please confirm this statement.

A) In section 2 Definitions the entry for "deposit" lists the relevant paragraphs and the subsections of the Schedule to the CDIC Act which identifies the various type of deposits to be included in the standardized data extracts.

B) and C) See A above.

With regards to "travelers' cheques", if the MI outsources (third party vendor) this product, we assume we have nothing to consider in the extract with regard to "travelers' cheques". It is the third party vendor who has the insured deposit. Please confirm.

Where the MI is not the ultimate issuer of the travelers cheques, amounts in suspense or other accounts to the credit of the third part issuer would be defined as a deposit under section 2 "deposit" and therefore would be included in the extract and subject to the Data and System Requirements.

Where these amounts are in suspense accounts, section 4.1.19 Table 0400 - Transaction Data requires suspense account transactions be included in the transaction file 0400. Transaction amounts in the 0400 file should match the amounts sitting in suspense for the purpose of payment to the third party vendor.

Mutual funds, stocks and credit cards are not considered deposits; they won't be affected by the channel hold or any CDIC hold. Please confirm.

Only deposits that meet the criteria of section 2 "deposits" must be included in the standardized data extracts and are subject to the Data and System Requirements.

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2.1 Requirements

None at this time

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3 Overview of Requirements

3.1 Estimated EOPs and Processing Cycles *August 10, 2011*

Suppose that the MI is an indirect clearer. If Day T's clearing file (produced Monday to Friday) is processed on the next business day with the associated transactions backdated, is this consistent with the data and system requirements? For example, in the situation above Friday's clearing file would be processed on Monday with transactions backdated to Sunday.

In the example described where the determination date is Friday which is a business day, the proposed treatment would not be consistent with the data requirements since Friday's EOP can be no later than Saturday at 10 am where the EOP is defined as the time when transactions from Friday are processed and posted to the deposit liability records of the MI.

In general terms, all processes such as backdating should not be affected by the Data and System requirements since the amounts against which an insurance determination is performed are defined as the point-in-time value as at the end-of-day processing.

The process of backdating is out of scope for end-of-day processing since these transactions occur after the determination time.

Referring to section 3.1, could you please clarify what standardized data is required following the determination time? If CDIC requests a subsequent data extract (ex. file 0130), will the data in the file be the same as the one produced after EOP of the determination date or will it reflect the data on the day of the request?

The standardized data includes all of the data specified in the Data and System Requirements. Subsequent to the determination time, the MI is required to provide the data within the timelines as outlined in section 3.6 of the Data and System Requirements.

All files except the 0800 - Hold Balance file are as at the determination time, whereas the 0800 file is as at the EOP of the request.

For Day t, if an MIs EOP generates and posts transactions for subsequent days e.g. t+1, should these be reflected in the deposit account balance in the extracts for day t?

In this case, it would not be appropriate to reflect transactions for t+1 in the Account_Balance field for the Table 0130 - Deposit Account Data.

The term "overnight batch" has often been used interchangeably with end-of-day processing. However, end-of-day processing (as distinct from "overnight batch") should only include items for that business day. In situations where transactions for the next day, such as tomorrow's loan payments, are included in the "overnight batch" these transactions must not be included in the amounts against which the insurance determination would be calculated.

How is the available balance impacted by prescheduled Transaction (like Mortgage Payments) or Error Corrections or Adjustments?

Section 3.5.6. During the time when a channel hold is active, MIs must be able to prevent depositors from affecting or authoring new, customer initiated transactions against their deposits. However, MIs must process all customer initiated transactions that are not new (such as pre-authorized debits and credits) in the normal manner, unaffected by the Channel Hold.

If the Channel Hold is not in place then the extent to which transactions can be processed is impacted by CDIC Holds. Where a transaction value exceeds the accessible balance of an account for which a CDIC hold is in effect, CDIC assumes the routine processing of Not Sufficient Funds (NSF) would apply. In this way, MI processing of transactions is impacted by the CDIC Hold.

A clarification is required on whether bank needs to complete the regular end of day (EOP) process in case of any eventuality (on day of failure and for all subsequent days).

MIs must complete EOP for any day.

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3.2 Identification of a Depositor *August 5, 2011*

Is there a requirement for single customer view, and if so what are the requirements for the single customer view for external sub-systems?

At a minimum, the MI must be able to uniquely identify a depositor within a particular insurance category type. This does not depend on the particular sub-system in which the depositor information resides.

The Unique depositor view is not the same as a Single Customer view. If there are multiple depositor records for a given depositor, these can be linked using Depositor_ID_Link. There is no requirement in the Data and System Requirements to consolidate multiple depositor records into a single depositor record as would be the case for single customer view.

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3.3 Accounts Eligible for Deposit Insurance *October 31, 2011*

How will certificate correction adjustments be handled?

Changes in either maturity dates or interest rates will not impact the standardized data. In the case of the former, the maturity date is represented as at the determination date. In the case of the latter, the interest rate is not represented in the standardized data extract.

Where a certificate has a CDIC Hold applied to it, the unique identifiers associated with that certificate cannot be changed until the CDIC Hold is removed.

The following questions relate to the required disclosure for deposits insured within the 'Trust' Insurance Determination Category.

A) Is it sufficient to provide only the trustee information for a trust account?

B) In the case of a trust deposit with multiple trustees, how should this be represented in the standardized data extract?

A) No it is not necessarily sufficient to provide only the trustee information. Where the beneficiaries are identified as depositors of the institution - that is, where they are known to have deposit accounts - these depositor records should be referenced in the Table 0500 with an associated type description in Table 0501.

B) In the case of a trust deposit with multiple trustees, MIs at their option can: 1) include the names of each of the Trustees concatenated together into the relevant name fields of a single depositor record, or 2) create individual depositor records, one for each trustee. In either case, the appropriate number of records must be included in the Table 0500 and Table 0501 to maintain the necessary depositor-to-account relationship.

Do the data and system requirements apply equally to eligible and ineligible deposits?

The data and system requirements apply equally to eligible and ineligible deposits.

How will certificate correction adjustments be handled?

Changes in maturity dates will not impact the standardized data. The standardized data extract will capture the maturity date as at the EOP on the determination date. Therefore any changes in effect before that time will be reflected in the standardized data extract.

Where a certificate has a CDIC Hold applied to it, the unique identifiers associated with that certificate cannot be changed until the CDIC Hold is removed.

Priority Accounts Identification

The FID Data and System Requirements include a flag that will identify priority accounts that should be exempt from holds (including indirect clearers). CDIC has indicated it will predetermine which accounts qualify as priority accounts.

All deposit accounts must meet FID capability requirements (including hold functionality), so that even "priority accounts" would be subject to FID requirements. However, as part of the clearing and settlement process, they understand that certain accounts would result in a negative systemic impact if held because of the FID process. CDIC responded that, per section 3.5.4 of the Data and Systems Requirements, as part of the Hold Instructions "*MIs do not need to place a CDIC Full Hold on accounts marked as "I" [for Internal clearing accounts] or "E" [for those accounts used in support of an indirect clearer or on behalf of another institution] in Table 0238 - Clearing Account Code, underline otherwise specified in the Hold Instructions*." With respect to the Channel Hold, section 3.5.6 states that "*During the time when a Channel Hold is active, MIs must be able to prevent underline depositors from affecting or authorizing new, customer initiated transactions against their deposits*."

There is no intention that either the Hold Instructions or the Channel Hold will interfere with the clearing and settlement process, including the Large Value Transfer System.

All accounts that meet the description of "deposit" are subject to CDIC Hold instructions and Hold files. There are no deposits that are exempt.

If the standard contract indicates no interest is payable if an account is closed during the month, and no interest rate is available until the first day of the next month, can we assume there is no accrued interest?

In a bridge bank resolution, depositor accounts are not closed. Standard contract rates would persist.

Please refer to the Return of Insured Deposits for additional information.

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3.4   Interest Accrued or Payable *March 2, 2012*

Are member institutions required to include accrued interest in Table 0600?

For the 2012/2013 compliance testing, CDIC will not require that accrued interest be incorporated into Table 0600 (General Ledger and Sub-Ledger). This issue may be revisited post-2013 for future housekeeping amendments to the FID specifications.

Under the CDIC Act, CDIC is obliged to include interest accrued or payable on insured deposits when determining amounts owing to depositors up to the determination date. MIs must be able to calculate interest accrued or payable from the date of last payment to the end-of-day on the date of failure in accordance with the Data and System Requirements. The calculation of interest accrued or payable is at the contract rate and is not subject to any penalties arising from the failure of the institution. MIs are to provide the portion of the standardized data in section 4.1.26 no later than six hours after the end of day processing of the first processing cycle that occurs after the determination time.

A) Can CDIC confirm the accrued interest requirements for an Index Linked product that has not matured and where the index values at the specified observation dates in the contract are not yet known?

B) Are there any CDIC document(s) (e.g. bylaw(s), or reference document(s)) that can be referenced to provide further details for the accrued interest calculation requirements for the standard data extracts for Index Linked GICs?

C) Are the accrued interest calculations within the CDIC standard data extracts subject to the same requirements as the accrued interest calculations on the Return on Insured Deposits or do different requirements apply since the Return on Insured Deposits is based on April 30th (and not a FI failure scenario)?

D) Does CDIC require the interest accrual information for ineligible deposits?

A) The interest accrued for index linked products should follow the terms of the particular deposit product. If certain inputs to the calculation are unknown at the determination date, the MI should provide an accrued amount based on the terms of the Interest Payable on Certain Deposits By-Law.

B) MIs are referred to the Interest Payable on Certain Deposits By-Law.

C) The interest accrued capabilities within the Data and System Requirements are distinct from those that a MI must comply with as part of the RID process.

D) Interest calculations are required in Table 0900 - Account Accrued Interest Data for every deposit included in Table 0130 - Deposit Account Data. This includes both eligible and ineligible deposits.

What do we do with interest balances that are held in the suspense accounts? Are we required to report on these balances? If yes, on which data file/table?

Example: On the day of failure, we will capture a snapshot of the end of day account balance; however, because the interest amount is not due for payment until the next two days, the interest is temporarily held in the suspense account and is not reported on the account balance at end of day.

Any interest balances must be reported in the Interest_Accrued_Amount in Table 0900 - Account Interest Accrued table. This table represents the interest accrued but unpaid between the date of last payment to the determination date and is independent of the processing cycle for which the standardized data extract is being prepared.

Is accrued interest expected to be calculated at the beneficiary level on the trust record keeping system of non-member institutions, or only at the member institution level (Trust level)?

Interest_Accrued_Amount within Table 0900 - Account Accrued Interest Data is determined at the deposit account level. For trust accounts with multiple beneficiaries, any interest accrued would be allocated to the beneficiaries based on the respective proportion of the total balance held for each beneficiary by the Trustee; such allocation is not required to be done by the member institution.

Is the Interest_Accrued_Amount for the purposes of Table 0900 - Account Interest Accrued Data required for deposit accounts that are not insured by CDIC?

Table 0900 - Account Interest Accrued Data should have a record for each deposit in Table 0130 - Deposit Account Data. For greater clarity, this includes both eligible and ineligible deposits.

Is the Interest_Accrued_Amount in Table 0900 - Account Interest Accrued as at the determination date?

Interest_Accrued_Amount in Table 0900 - Account Interest Accrued represents the interest accrued but unpaid between the date of last interest payment and the determination date. This is independent of the processing cycle for which the standardized data extract is being prepared.

Once we calculate accrued interest, are we expected to apply the interest to the depositor's account and process to the Interest Expense GL?

There is no requirement to post the amounts accrued and reported in the 0900 Account Accrued Interest Data except where this would have occurred in the normal course of events.

Under the CDIC Act, CDIC is obliged to include interest accrued or payable on insured deposits when determining amounts owing to depositors up to the determination date. MIs must be able to calculate interest accrued or payable from the date of last payment to the end-of-day on the date of failure in accordance with the Data and System Requirements. The calculation of interest accrued or payable is at the contract rate and is not subject to any penalties arising from the failure of the institution. MIs are to provide the portion of the standardized data in section 4.1.26 no later than six hours after the end of day processing of the first processing cycle that occurs after the determination time.

A) Can CDIC confirm the accrued interest requirements for an Index Linked product that has not matured and where the index values at the specified observation dates in the contract are not yet known?

B) Are there any CDIC document(s) (e.g. bylaw(s), or reference document(s)) that can be referenced to provide further details for the accrued interest calculation requirements for the standard data extracts for Index Linked GICs?

C) Are the accrued interest calculations within the CDIC standard data extracts subject to the same requirements as the accrued interest calculations on the Return on Insured Deposits or do different requirements apply since the Return on Insured Deposits is based on April 30th (and not a FI failure scenario)?

D) Does CDIC require the interest accrual information for ineligible deposits?

For A) The interest accrued for index linked products should follow the terms of the particular deposit product. If certain inputs to the calculation are unknown at the determination date, the MI should provide an accrued amount based on the terms of the Interest Payable on Certain Deposits By-Law.

B) MIs are referred to the Interest Payable on Certain Deposits By-Law.

C) The interest accrued capabilities within the Data and System Requirements are distinct from those that a MI must comply with as part of the RID process.

D) Interest calculations are required in Table 0900 - Account Accrued Interest Data for every deposit included in Table 0130 - Deposit Account Data. For greater certainty, this includes both eligible and ineligible deposits.

The CDIC will be responsible for paying accrued Interest on GIC's up to the insurable amount of 100k.

CDIC legislation requires the interest accrued or payable be included in the calculation of amounts owing to depositors.

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3.5 Restricting and Resuming Access to Accounts *March 2, 2012*

Returns Processing

The CDIC's Q&A states that:*"…after Channel Holds are released transactions will be processed and settled pursuant to the normal clearing rules as part of the ongoing operations of the bridge institution. Where a transaction would cause an account balance to fall below the CDIC Hold amount, normal exception processing would apply as if the account had insufficient funds to honour the transaction."*

The normal exception process, consistent across many if not all MIs, is that clearing items (cheques, chargeback's etc.) are posted to the account on Day 0 and, if there are non sufficient funds (NSF) to pay, items are flagged for return in an Exception Management System. On Day 1 items are returned, and the customer account is credited, and back dated.

This is how those transactions would be reflected in the customers' accounts, after the item is returned (assume a hold is on the account and the debit would take the balance below the accessible balance):

Date	Description	Transaction Amount	Balance
9/26/2011	Bal b/f		400.00
9/28/2011*	Chq#123	250DR	150.00
9/28/2011**	RTN#123 NSF	250CR	400.00

*The cheque presented on 9/28/2011 would be posted to the account and item flagged for return. If a CDIC extract was generated on this date, it would appear as though the CDIC hold had been violated.

**The customer's account credited for return item on 9/29/2011 and backdated to 9/28/2011 with the CDIC Hold "restored".

Would CDIC please confirm that after the channel hold is lifted and the account partial/full hold process is in place that this normal clearing and expectation processing will continue, and that CDIC understands that it may appear as though holds are violated if an extract is generated prior to the item being returned?

This scenario applies to any chargeback/NSF/Stop payment ("chargeback") scenario that would violate a CDIC hold.

CDIC will accept the recalculation of the CDIC Hold amount for debit transactions to the payee account where that transaction is a chargeback and would otherwise fail as a result of a CDIC Hold. MIs would be required to demonstrate upon request that this recalculation occurs only as a result of chargeback and not for any other type of transaction.

CDIC will accept the processing of chargeback for debit transactions to the payee account that have failed as a result of a CDIC Hold to be processed as a transaction to a suspense account identified in the account type Table 0239 as such.

CDIC will consider other instances of stop payment or NSF returns.

Will CDIC advise the hold amount to be applied to ineligible products?

MI assumes that CDIC will require full holds be applied to restrict access to ineligible products?

CDIC will advise the hold amount to be applied to ineligible accounts using the hold instructions and or the Hold file 0700.

The amount held may be full or partial.

Will pre-authorized payment/redemption instructions be processed during the period when a channel hold is in place?

Yes; however, redemptions, as with any other type of transaction, must not override a CDIC Hold.

Will pre-authorized payment/redemption instructions be processed during the period when a CDIC full or partial hold is in place?

Any transaction that alters the balance of a deposit must factor in CDIC Holds.

MIs must be able to restrict and resume access in an automated way to all or a portion of the account/investments in accordance with the requirements set out in the CDIC Data and Systems Requirements document. What does automated mean?

MIs are required to demonstrate that they can apply full and partial holds to fulfill all the requirements of the specification including all the timing requirements.

Are mortgage tax accounts subject to the hold process identified in the Data and System Requirements?

Mortgage tax accounts are identified as deposits in accordance with section 2, Definitions. As such, they are subject to the all the capabilities outlined in the Data and System Requirements including CDIC Holds.

How will pre-authorized payments be impacted by the Hold Processing?

While a Channel Hold is in place, all non-new customer initiated transactions will be processed including pre-authorized debits and credits (assuming they are non-new). However, after the channel hold has been removed, pre-authorized payments will only be processed to extent they do not reduce the balance in the account below any CDIC Full or Partial Hold that may be in place.

How will switches be managed?

The processing of transactions must include exception processing for all debits and credits that affect the balance in an account, defined as a deposit, for which a CDIC Hold is in place whether automated or otherwise.

How are overdraft facilities to be handled during the hold process?

The CDIC Accessible balance at any point is the account balance as at the completion of the EOP plus any unused overdraft facility less any CDIC Hold Amount. Overdraft facilities will initially be subject to the channel hold and must remain on hold until further instructions are provided by CDIC. Upon instruction from CDIC, any overdraft facilities may be subject to either CDIC Full or Partial Holds.

How are overdraft facilities to be handled in determining CDIC Accessible Balance?

There is no requirement to reset the overdraft limit to zero since negative amounts can factor into the calculation of insured amounts owing to depositors.

Are trust accounts subject to CDIC Partial Holds?

All deposits, as defined in section 2, Definitions, are subject to CDIC Holds, full and partial. Holds are applied to an account and do not apply to the beneficiaries of a multi-beneficiary trust account.

To apply a full or partial hold to an account, is the use of depositing full or partial funds into a suspense account sufficient for CDIC?

CDIC cannot comment on questions relating to implementation. However, where a CDIC Hold is applied to an account, transactions must not affect the balance on hold. Transactions that modify the account number, such as in the case of a transfer to a suspense account, would be inconsistent with the requirements of CDIC Holds.

A) When full and partial holds are applied to accounts, is it correct that incoming transactions will not reduce the amount of the holds?

B) How will these transactions be processed and settled?

A) Yes, transactions cannot reduce the amount of a CDIC Hold.

B) Only new customer-initiated transactions must be disabled during a Channel Hold; however, after Channel Holds are released transactions will be processed and settled pursuant to the normal clearing rules as part of the ongoing operations of the bridge institution. Where a transaction would cause an account balance to fall below the CDIC Hold amount, normal exception processing would apply as if the account had insufficient funds to honour the transaction.

When applying holds and establishing available funds for the customer, will access to the overdraft facility be permitted?

The Channel Hold, section 3.5.6 requires MIs to be capable of implementing a Channel Hold such that they are able to temporarily and independently fulfill the requirements set out in a) and b).

In general terms, b) prevents the exchange of deposits to and from credit facilities that must remain in effect until otherwise instructed by CDIC.

Otherwise, CDIC may set the value of a hold, using the 0700 file, to include overdraft amounts. CDIC performs this calculation and reflects the result in the 0700 file.

With respect to Loans, should a Miscellaneous Account (typically set up to facilitate the payment of fees etc.) also be placed on CDIC Hold in accordance with the CDIC Data Standards Requirements?

All deposits identified as such by the MI are subject to the hold requirements in the Data and System Requirements. If they are identified as deposits, Miscellaneous Accounts are subject to holds.

A) Will pre-authorized payment/redemption instructions be processed during the period when a channel hold is in place?

B) Will pre-authorized payment/redemption instructions be processed during the period when a CDIC full or partial hold is in place?

A) Yes.

B) Any transaction that alters the balance of a deposit must factor in CDIC Holds. Where a CDIC Hold is in effect amounts available to depositors have been reduced and exception processing may result.

When dealing with deposit investment maturities, our systems are 'all or nothing'. It would be extremely costly to have to implement a change to our systems to allow a portion of an investment to mature where a CDIC partial hold has been placed.

Example: A customer has a non-registered GIC for $150,000 where a CDIC partial hold has been placed for $50,000 and there are maturity instructions for either a cheque to be issued or for the cash to go into the customer's account.

Our Assumption: that no investment maturities will be allowed from day 1.

In the example, the hold would have to carry through to whatever form of redemption was intended. When the GIC matured, the cheque produced or the cash deposit to the depositor's account would have to reflect the hold such that, per the example, only the balance less the hold amount would be made available. In addition the CDIC Hold must remain in place for the specified deposit using the same unique identifiers until otherwise directed by CDIC.

How will MIs manage exception processing?

CDIC anticipates exception processing to continue in the normal way. However, with the added requirements of the CDIC Hold section 3.5 which limit amounts available to depositors, additional exception processing may result.

Will the account closing process of the MI continue during the channel hold process?

During the time when a channel hold is in effect, MIs must prevent depositors from affecting or authorizing new, customer initiated transactions against their deposits. To the extent that account closure is a new customer initiated transaction, this would not be allowed while the channel hold is in effect. Once the channel hold is removed, account closure processes may proceed normally except where a CDIC Hold is in effect. Amounts subject to CDIC Hold remain on hold until removed by CDIC or its agents.

How will deposit/contribution adjustments be handled?

Deposits will not be blocked except in accordance with the requirements of the Channel Hold. Deposits included in the end-of-day processing as of the determination time factor into the calculation of amounts owing to depositors, whereas deposits received thereafter are part of the ongoing operations of the bridge institution.

How will pre-authorized payments be handled?

Section 3.5.6 - During the time when a channel hold is active, MIs must be able to prevent depositors from affecting or authoring new, customer initiated transactions against their deposits. However, MIs must process all customer initiated transactions that are not new (such as pre-authorized debits and credits) in the normal manner, unaffected by the Channel Hold.

If the Channel Hold is not in place then the extent to which transactions can be processed is impacted by CDIC Holds. Where a transaction value exceeds the accessible balance of an account for which a CDIC hold is in effect, CDIC assumes the routine processing of Not Sufficient Funds (NSF) would apply. In this way, MI processing of transactions is impacted by the CDIC Hold.

A) Will pre-authorized payment/redemption instructions be processed during the period when a channel hold is in place?

B) Will pre-authorized payment/redemption instructions be processed during the period when a CDIC full or partial hold is in place?

A) Pre-authorized payment/redemption instructions may be processed during the period when a channel hold is in place.

B) Any transaction that alters the balance of a deposit must factor in CDIC Holds. Where a CDIC Hold is in effect amounts available to depositors have been reduced and exception processing may result.

How will redemption correction functionality be handled?

Any transaction that alters the balance of a deposit must factor in CDIC Holds.

How will priority accounts be handled?

Direct clearers will flag priority accounts (indirect clearers, broker/dealer etc) who are MIs to ensure that they are segregated and assume holds will not be applied by CDIC.

Per section 3.5.4 of the Data and Systems Requirements, as part of the Hold Instructions "MIs do not need to place a CDIC Full Hold on accounts marked as "I" [for Internal clearing accounts] or "E" [for those accounts used in support of an indirect clearer or on behalf of another institution] in Table 0238 - Clearing Account Code, unless otherwise specified in the Hold Instructions."

Except as noted above, all accounts that meet the description of "deposit" are subject to CDIC Hold instructions and Hold files. There are no deposits that are exempt.

How will beneficiary information for Trust Accounts be provided to CDIC?

Trust accounts may be subject to either full or partial holds.

CDIC will manage the trust beneficiary process and be responsible for co-ordinating with trustees for any insurance determination information re: trust accounts.

How will pre-authorized payments be impacted by the Hold Processing?

While a Channel Hold is in place, all non-new customer initiated transactions will be processed including pre-authorized debits and credits. However, after the channel hold has been removed, pre-authorized payments will only be processed to the extent they do not reduce the balance in the account below any CDIC Full or Partial Hold that may be in place.

Where a maturing GIC has a CDIC Hold it will be auto renewed to a 30 day-redeemable GIC. Otherwise the full balance amount would be dispersed to: deposit account; cheque; other institution; general ledger suspense account?

Where a maturing GIC has a CDIC Hold, the unique identifiers must remain the same and the CDIC Hold must remain unaffected by any transaction including the maturing of a GIC. Where an MI opts to change a maturing GIC that has a CDIC Hold in place into another product, MIs must ensure the unique identifiers do not change, the Hold amount is preserved, and the insurance determination category does not change.

Will changes to the Account Balance (e.g. GIC purchased for $1,000 but input as $10,000) after the determination time be reflected in the data extracts?

The balance in a deposit account appears in at least two places throughout the extract. Table 0130 - Deposit Account Data reflects the balance in the deposit account as at the determination time in the field 'Account_Balance'. Table 0800 - Hold Balance file reports the balance in the deposit account as at

the completion of end of day processing for the day on which the extract has been created. This will reflect any change in the account balance since the determination time.

Corrections, as with any other type of transaction, must take into account CDIC Holds.

With regards to full holds, will some transactions be allowed to go through?

Assumption: Typically full holds would not be applied to savings or chequing accounts but will be applied to RRSPs, RRIFs, trust account, etc.

If some transactions are allowed to go through, MI will not change hold amounts until further instructions from CDIC. So for example, if a client has $5000 in their accounts and we apply a hold on the $5000 but later the client makes a deposit of $2000, MI will not change the hold amount to accommodate the additional $2000.

Example is consistent with the Data and System Requirements.

How does the MI process a Hold File on a day which is a non batch processing day?

CDIC will provide the Hold File at least 6 hours prior to EOP. The MI has no more than 6 hours from its estimated EOP to provide the standardized data to CDIC. This requirement is independent of whether there is a batch process on the day for which the extract is being created.

Will CDIC advise the hold amount to be applied to ineligible products?

CDIC will advise the hold amount to be applied to ineligible accounts using the hold instructions and/or the Hold file 0700. The amount held may be full or partial.

Will the CDIC Hold Amount include a combination of principal and interest?

The hold amount will be provided by CDIC; it will not be necessary for the bank's system to be able to distinguish between the individual components in the hold.

Are holds to be applied before or after the EOP?

CDIC Full Hold is equal to the balance in the account at the completion of the EOP plus any unused overdraft facility. Similarly, a CDIC Partial Hold refers to a hold on a portion of the balance in an account at the EOP plus any unused overdraft facility. As such, holds are applied on the account balance after transactions have been processed and posted to the deposit liability records.

Are holds going to be applied to products that are not eligible for CDIC insurance?

An MI must be capable of implementing and demonstrating its ability to place and remove holds for all deposits (as defined in section 2). Therefore this includes deposits that are insured as well as those that are not insured (ineligible).

What happens to transactions against an account that has a CDIC Hold?

During the time when a Channel Hold section 3.5.6 is active, MIs must be able to prevent depositors from affecting or authorizing new, customer initiated transactions against their account balance. With the Channel Hold removed, any subsequent transaction must treat the portion of the account balance subject to CDIC Hold as funds unavailable to the transaction. In this way the requirements for Restricting and Resuming Access to Accounts section 3.5 are preserved.

MI assumes that CDIC will require full holds will be applied to restrict access to ineligible products.

What happens if a GIC matures and is scheduled for automatic renewal? If interest earned is to be transferred to another client account, how will this be affected by holds? Are we allowed to create a net new certificate number or does the GIC need to be credited to a cash "suspense" account?

Any transaction (including payments for maturing GIC's) that affect the balance of a deposit must not override any CDIC hold.

Section 4.1.4 requires that the Account_Unique_ID must be unique across all systems. The relationship between this identifier and the amount on hold must be preserved.

Can we interpret "automated" to be a solution other than systematic?

Any proposed solution must be consistent with the capability requirements of the Data and System Requirements.

MIs must be capable of implementing a Channel Hold such that they are temporarily and independently able to prevent depositors from being able to initiate new transactions under their credit facilities that would affect their deposit accounts. What credit facilities are to be included?

The Channel Hold must be capable of preventing depositors from initiating new transactions under all credit facilities of the member institution held by that depositor that are related to a deposit. For greater certainty, this includes both insured and ineligible deposits (as defined in Table 0234 - Insurance Determination Category Type).

This means that during a channel hold, a period during which the Branch remains closed to over-the-counter business, a depositor may not move money to or from their deposit account either between deposit accounts or between a deposit account and any credit facility.

In reference to section 3.5.1 and 3.5.2, we would add any overdraft protection to the accessible account balance. We do not take into consideration lines of credit, which is a distinct product that can be linked to more than one deposit account. Should we consider line of credit balances in the holds? Lines of credit are directly accessible. EX.: A client has a savings account with $1,000 and no overdraft protection. The full hold would be $1,000. The client also has a $5000 line of credit with the possibility to transfer to his savings account. The client would have access to $5,000.

The CDIC Accessible Balance refers to the account balance as at the completion of the EOP plus any unused overdraft facility, less the CDIC Hold Amount.

With reference to section 3.5.6 b), MIs must be capable of implementing a Channel Hold such that they are able to temporarily and independently prevent depositors from being able to initiate new transactions under their credit facilities that would affect their deposit accounts. This includes all credit facilities of the MI that would affect deposit accounts. Otherwise, lines of credit are not deposits and as such, they are not subject to the Data and System Requirements.

Referring to section 3.5.5, do holds placed by hold instructions stay in place if the account is not included in the first hold file?

Table 0700 - Hold File contains a list of deposits and their associated hold amounts. Only those accounts where a hold must be placed or changed will be included in the first or subsequent Hold File. Therefore, a hold applied as a result of the hold instructions will remain in effect until modified, if at all, by a subsequent Hold File.

With regards to the treatment of the "hold file" and "hold instructions":

A) Table 0700 – "Hold File" is the file the CDIC will send the MI in order to integrate full or partial holds on accounts. MIs will not have to generate this file in the extractions. Please confirm.

B) Will CDIC sent us an example of a hold file for testing purposes at the accepting or compliance phase?

C) After the application of the "hold instructions" and after treating the "hold file", the MI will have to produce file 0800 – "Hold Balance File" to prove the application of the holds (full or partial). Please confirm.

A) Table 0700 - Hold File is produced by CDIC. This file will not be included as part of the standardized data extract produced by MIs.

B) Please indicate how you propose to provide (e.g. through a compliance strategy document) evidence of how you tested the various capabilities including holds. Members have the option to simulate the end-to-end processes using test data as part of a compliance test. Members will still be required to produce a full data extract from their production environment irrespective of any proposed use of test data. Where an end-to-end process is desirable during a compliance test CDIC may produce the Table 0700 Hold File from the test data provided if requested.

C) Table 0800 - Hold Balance is part of the standardized extract. Section 4.1.25 states MIs must be capable of extracting the Hold Balance file either separately or as part of the standardized data extract. The data in the 0800 file, such as Account_Balance, is the Account_Balance as at the end of day processing on the day of the request.

Will all Trust Accounts have "CDIC Full Holds" implemented to them during the processing of the Hold Instructions? Can Trust Accounts have CDIC Partial Holds? Can Trust Accounts figure in the Hold Files (modification of hold amount)?

All accounts (defined as a "deposit" in section 2) including those accounts identified as trust accounts, are subject to the Data and System Requirements. As such trust accounts can have Full and Partial holds applied to them in accordance with CDIC Hold Instructions and / or Table 0700 Hold File.

Trust accounts will be put on full hold. Trustees will be contacted by CDIC to provide updated beneficiary information. CDIC will manage the trust account beneficiary process. Beneficiary information for trust accounts will be provided to the CDIC on a best efforts basis if available. The CDIC will be responsible for coordinating with trustees/beneficiaries for any outstanding information for all: Personal, business and nominee trust accounts.

Trust accounts may be subject to either full or partial holds.

CDIC will manage the trust beneficiary process and be responsible for co-ordinating with trustees for any insurance determination information re: trust accounts.

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3.5.1   CDIC Full Hold

None at this time

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3.5.2   CDIC Partial Hold

None at this time

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3.5.3   CDIC Accessible Balance *July 22, 2011*

What is included in CDIC Accessible Balance?

The CDIC Accessible Balance includes the balance in a deposit at the EOP plus any unused portion of overdraft facilities less the CDIC Hold Amount, if any.

The accessible balance included in the Table 0130 will always reflect the amounts determined at the determination time whereas the accessible balance included in the Table 0800 file are as at the EOP on the day of the request.

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3.5.4 Processing of Hold Instructions *October 31, 2011*

Would CDIC consider giving members a file format for the hold instructions?

For the purposes of version 1.0 of the Data and System Requirements Hold instructions will be limited to no more than 50 entries (rows).

Does the example of hold instructions provided in the Data and System Requirements constitute what will be provided to the MI? If not, what other form might the hold instructions take?

The example of CDIC Hold Instructions provided in the Data and System Requirements is not necessarily what will be provided to an MI. MIs must have the capability to input into their system the requirements set out in the hold instructions. CDIC Hold Instructions will be provided in writing to the MI who must be capable of implementing the Hold Instructions within 6 hours.

Are ineligible deposits subject to CDIC Holds?

Yes. The capability to restrict and resume access to funds applies to all deposits regardless of their insurability.

RE: Hold Instruction processing.

The six hour requirement to process Hold instructions is problematic for MIs. E.g. CDIC provides Hold Instructions at 5:00pm Friday or earlier.

For example purposes suppose the MIs Determination Time = 10:00 a.m. Saturday.

To calculate/apply holds instructions per CDIC requirements, the MIs full batch would need to be completed before any Hold amounts can be determined and applied.   Therefore the requirement from CDIC that these must be processed within 6 hours of receiving them from CDIC may not be able to be met if CDIC provides them earlier than 6 hours prior to the MIs EOP.

Would CDIC be agreeable to accept that Hold Instructions be applied by the EOP time (and relax the requirement for these being applied within 6 hours of their receipt from the CDIC)?

Per section 3.1, MIs are required to provide CDIC with the estimated EOP on request per section 3.5.4, CDIC will provide Hold Instructions at least 6 hours before the estimated EOP. Therefore, if the MIs EOP is 10:00 a.m., CDIC would provide hold instructions no later than 4:00 a.m. such that the MI would have the holds implemented by 10:00 a.m.

When CDIC Hold Instructions are in place, what transactions can be processed?

CDIC Holds whether placed as a result of Hold Instructions or the processing of the 0700 Hold file restrict the funds available to the depositor. Transactions cannot reduce the amount reserved by the CDIC Hold. As such the transactions which can be processed will be limited only by any holds, including the CDIC Hold.

When CDIC Hold Instructions are in place, what channels are expected to be available?

The Channel Hold is expected to be in place until the Hold Instructions have been implemented. When the Channel Hold is removed and the Hold Instructions are in place, all channels should be open to support the on-going operations of the CDIC bridge institution.

Hold instructions from CDIC may specify a full balance hold on certain deposit accounts, whereby a full hold on the deposit account would need to be maintained until further instructions from CDIC. This includes any new deposits to the account after the hold is applied. When an accessible balance is specified, do we need to do something similar and maintain the accessible balance until further notified?

For example, an account has a balance of 50,000. Hold instructions state accessible balance of 1000. Next day customer deposits 5000. During our nightly partial hold processing, do we need to continue to keep the accessible balance at 1000?"

Deposits received after the determination time increase the accessible balance unaffected by a CDIC Full or Partial Hold on the account at the time the deposit is made. However, subsequent processing of the 0700 - Hold File may include the requirement to place a CDIC Full Hold on an account. In such a case, the amount of the full hold would be calculated on the full balance in the account as at the next EOP and as such would include deposits made after the determination time up to the application of the full hold.

The hold instructions example in the requirements document appears to include the MIs product codes with related descriptions and the MIs clearing codes, and these MI codes will be included in the MI standard data extract files. How and when would CDIC obtain the MIs codes in order to create the hold instructions, since CDIC will provide the hold instructions before they receive the MI extract files? To which tables could the hold instructions be linked? Did CDIC intend that the product code be the CDIC product group code?

CDIC will obtain a copy of Table 0231 – Product Code by way of compliance tests. This will provide the information needed for the preparation of Hold Instructions. Since "Product_Code" is unambiguously mapped to the "MI_Product_Code" for each MI, CDIC will use "Product_Code" as described by way of an example in section 3.5.4.

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3.5.5 Processing of the Hold File *March 2, 2012*

Process Timing of Hold Instructions - The specifications state the following:

3.5.4 Processing of Hold Instructions

CDIC will provide Hold Instructions at least 6 hours before the estimated EOP. MIs must be able to implement the Hold Instructions within six hours of receiving them from CDIC (as discussed in section

3.5.1 and section 3.5.2 above, hold amounts will be based on the CDIC Accessible Balance in accounts at the completion of the end of day processing).

3.5.5 Processing of the Hold File

CDIC will provide the Hold File at least 6 hours before the estimated EOP. MIs must be able to implement the CDIC Holds set out in the Hold File within six hours of receiving the Hold File from CDIC.

If the hold instructions/files arrive at 04:00, then by the MIs declared EOP batch of 10:00, then everything is fine. If the hold instructions/files arrive before 04:00 e.g. 01:00, then 6 hours after that takes the MI to 07:00, and since the MI needs EOP account balances and the balances will not be available until 10:00, is the MI non-compliant with the FID requirements? Would CDIC please confirm that this is unintended and, thus, the MI would still be compliant?

The definition of a hold is attached to the concept of EOP. The elaborations in the specification (section 3.5.4 and 3.5.5) were provided to outline CDIC's performance requirements. However, if CDIC provided hold instructions earlier than 6 hours before the estimated EOP, members would still have 6 hours from their EOP to provide the extract showing the application of the holds to CDIC.

Referring to section 3.5.5, if a client deposits money between the determination date and the processing of a full hold generated by a hold file, would the deposited money be frozen in the account?

The CDIC Full Hold is equal to the balance in the deposit account at the completion of the EOP plus any unused overdraft facility. Any subsequent transactions must not reduce the amount of the CDIC Full Hold.

Monies deposited subsequent to the determination time ordinarily are not part of the Fast Insurance Determination process. However, subsequent processing of the 0700 Hold can include an account with a Full Hold (-2). In this circumstance, MIs must calculate the CDIC Full Hold amount using the balance in the account as at the EOP for the day of the request and replace any existing CDIC hold with the CDIC Full Hold amount. The MI must reflect the change to the relevant fields of the 0800 file of any subsequent extract.

Are we to expect one file back from CDIC for the MI or one file per application at the MI?

Section 4.2.3 outlines the number of 0700 files to be returned

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3.5.6 Channel Hold *August 5, 2011*

Referring to section 3.5.6, the English version refers to credit facilities while the French version talks about marge de crédit. In our interpretation, credit facilities is broader than marge de crédit because it can include personal loans, mortgages, etc. Can you clarify?

"Credit facilities" are intended to refer to any overdraft or other demand accessible credit products linked in such a way that depositors can affect their deposits. The Channel Hold (b) must ensure that depositors cannot affect their deposits using "Credit facilities".

What processes does the channel hold impact, and what is the timing of application and removal of the channel hold?

We assume Channel Hold to mean that the entire Bank is shut down.

This includes:

- No Inquiry View.
- Branches will be closed.
- No financial or non financial activity to take place during Channel hold period.
- ATMs will not be accessible to any clients (MI and non MI clients).
- Point of Sale (POS) will not allow transactions to be processed to any MI accounts.
- Access to Online banking application will not be available to any clients or staff.
- Block access to any credit facilities from any front end applications.

The Channel Holds can become effective at any point during Day 0.

Assumption:

Day 0 will always occur on a Friday. "

Once the Channel Hold is in effect, the MI must be able to temporarily and independently be able to limit access to accounts in the two following ways:

1. Prevent any front end applications from posting any transactions to DDA or Investment systems.
2. Block access to any credit facilities.

Any transaction sent by batch will be considered not client initiated and will be processed based on available balance.

Channel Holds must remain in effect until notification of removal has been received from CDIC.

The Channel Hold distinguishes between complete system shutdown and the requirement to prevent depositors from affecting or authorizing new, customer initiated transactions against their deposits. As such, the processes impacted relate to those channels that affect or authorize customer initiated transactions. Per Section 3.5.6, "During the time when a Channel Hold is active, MIs must be able to

prevent depositors from effective or authorizing new, customer initiated transactions against their deposit". Examples of channels include POS and internet banking but would also include in-branch transactions.

It should be noted that branches will be closed from the time of failure until the opening of the bridge institution during which time customer face-to-face transactions are unavailable.

It should be noted that while the Channel Hold is in effect, the MI must process all non-new customer initiated transactions including, but not limited to, pre-authorized debits and credits. Please refer to last paragraph of section 3.5.6 Channel Hold.

With respect to the timing of Day 0, please refer to the definitions of Determination Time and Determination Date in the CDIC Data and System Requirements By-Law.

For the ATM and POS channels, under a Channel Hold period, is CDIC able to provide any guidance/suggestions relating to what industry strategy(s) may be employed for this requirement such that clients are not able to withdraw funds via offline/ stand-in card limit capabilities.

The scope of the Channel Hold does not encompass stand-in balance requirements. As such, CDIC cannot provide any guidance on this matter.

Would the Branch channels need to be frozen during the Channel Hold period, or would an operational/procedure freeze be an acceptable measure to the CDIC?

MIs must demonstrate that they have the ability to temporarily, independently and immediately implement the Channel Hold capability whatever their approach. As well this capability must exist at any time on any day.

Per the channel hold requirements, MIs must be capable of implementing each of the Channel Hold requirements immediately and must keep the Channel Hold in place until CDIC advises the MI when each of the Channel Hold requirements may be removed.

During the time when a Channel Hold is active, MIs must be able to prevent depositors from affecting or authorizing new, customer initiated transactions against their deposits. However, MIs must process all customer initiated transactions that are not new (such as pre-authorized debits and credits) in the normal manner, unaffected by the Channel Hold. Once access to internet banking, ATM and POS networks is restored, prevention of access to credit facilities as described in the Data and System Requirements must remain in effect until otherwise instructed by CDIC.

A) Can CDIC provide any further information regarding the purpose for these credit facility related requirements? And the need/purpose for needing to keep the Channel holds on credit facilities after the other Channel Holds for deposit accounts can be removed?

B) Which credit facilities are included in these capabilities?

For A) The purpose of limiting access to credit facilities is consistent with the capability that MIs must be able to restrict and resume access to deposits. With respect to the need to keep Channel holds on credit facilities after the other Channel Holds for deposit accounts can be removed, this requirement relates to the need for the receiver to exercise control over credit extended by the institution in receivership prior to the purchase and assumption of assets and liabilities by the bridge institution.

B) The capability to restrict access to credit facilities extends to all credit facilities linked to deposits. This includes, but is not limited to, overdraft facilities and certain lines of credit.

When channel holds are applied to accounts on the day of failure, is it correct that automated incoming transactions will not be processed and settled (i.e. we will post the incoming transactions, however, these transactions will remain in an 'entered' or 'verified' status and will not settle in the market) OR client instructions should be prohibited from entering our system?

Automated incoming transactions: Client instructions that usually flow to our system without manual intervention (e.g. SWIFT) and settled in the market.

Section 3.5.6 outlines the requirements of holds. The Channel Hold is intended to place limits on customer-initiated transactions that affect deposits.

With respect to the resulting lockdown of a Member Institution's banking system as a result of bank failure, please provide clarification on what the system itself is required to do under the CDIC Data Standards? The Data Standards do not appear to include clear direction as to where the responsibility lies for locking down the system. Is the System Vendor required to lock the MIs system down or is the lockdown to be done by the institution itself?

The Channel Hold distinguishes between complete system shutdown and the requirement to prevent depositors from affecting or authorizing new, customer initiated transactions against their deposits. As such, the processes impacted relate to those channels that affect or authorize customer initiated transactions. In particular, while the Channel Hold is in effect, the MI must process all non-new customer initiated transactions including, but not limited to, pre-authorized debits and credits. Please refer to last paragraph of section 3.5.6 Channel Hold.

For greater certainty, it is the MIs responsibility to ensure that the capability related to Channel Hold as specified in the Data and System Requirements is implemented.

Section 3.5.6 Channel Hold makes no mention of restricting face-to-face transactions to deposit accounts and specifically mentions preventing newly initiated transactions by customers through electronic commerce (Internet banking, automated teller etc). Would CDIC please confirm that ALL channels are restricted, including branches?

All channels are restricted while a Channel Hold is in place. This is indicated in Section 3.5.6 by the following statement "During the time when a Channel Hold is active, MIs must be able to prevent depositors from effective or authorizing new, customer initiated transactions against their deposit". Examples of channels include POS and internet banking but would also include in-branch transactions.

It should be noted that branches will be closed from the time of failure until the opening of the bridge institution during which time customer face-to-face transactions are unavailable.

Our assumption is that a Channel Hold means that the entire Bank is shut down.

This includes:

- No Inquiry View
- Branches will be closed.
- No financial or non financial activity to take place during Channel hold period.
- ATMs will not be accessible to any clients (MI and non MI clients).
- Point of Sale (POS) will not allow transactions to be processed to any MI accounts.
- Access to Online Banking application will not be available to any clients or staff.
- Block access to any credit facilities from any front end applications.

We assume channel hold will apply after 6pm on Friday since we cannot apply channel holds immediately - branches-atm-online banking-pos-telephone banking.

Requirements indicate MI must apply holds 'immediately' - we assume 'immediate' as per following:

- on a business day - we will apply holds after eod processing
- on a weekend - we will apply holds within 6 hours of receipt of the hold file

The Channel Hold distinguishes between complete system shutdown and the requirement to prevent depositors from affecting or authorizing new, customer initiated transactions against their deposits. As such, the processes impacted relate to those channels that affect or authorize customer initiated transactions.

It should be noted that while the Channel Hold is in effect, the MI must process all non-new customer initiated transactions including, but not limited to, pre-authorized debits and credits. Please refer to last paragraph of section 3.5.6 Channel Hold.

For timing requirements for holds, please refer to sections 3.5.4 (Hold Instructions), 3.5.5 (Hold File) and 3.5.6 (Channel Hold).

We will block atm/pos/online banking and that will take care of any new initiated transactions - we will process other interbank files in batch. Batch will process as per end-of-day and within that batch there may be client initiated transactions from other banks - which we cannot identify and block so these items will process as per the eod batch processing.

So for example, if a client deposits or withdraws $$$ from another bank's ATM, we cannot block it because transactions types are not tracked within batch.

Where a depositor of a failed institution attempts to withdraw funds using another MIs ATM (or any other channel) during the Channel Hold, such transactions must be rejected. To allow such transactions to complete would be inconsistent with the requirements for a Channel Hold.

How will stand-in balances for ATM's be handled during the channel hold period?

Stand-in balances are outside the scope of the Data and System Requirements. As such, stand-in balances are expected to operate in the normal way.

Channel Hold Credit

In reference to the clause "*Once access to internet banking, ATM and POS networks is restored, prevention of access to credit facilities as described in s.3.5.6 b*) *must remain in effect until otherwise instructed by CDIC*", we believe that credit facility activities/transactions that do not "affect" deposit accounts are out of scope.

Would CDIC please confirm if after the channel hold is removed, there is no CDIC requirement to have all credit facilities available for business as usual.

Also, would channel holds be in place for longer than 12 hours?

Only deposits that meet the definition of Section 2 deposits are to be included in the standardized Data extract and are subject to all the capability requirements of the Data and System Requirements (DSR). As such, credit facility activities/transactions that do not "affect" deposit accounts are out of scope.

There is no requirement to affect credit facilities in any other way than described in the DSR, therefore, CDIC anticipates all credit facilities to continue "business as usual" unless otherwise instructed by the Bridge Institution.

Channel Holds can be put in place at any time. Channel holds can be removed at any time, however, it is unlikely a Channel Hold would be removed during an overnight batch process. MIs can assume the Channel Hold will not be removed during the overnight batch process.

Mortgage Payment - Account1 balance is 5,000 and CDIC hold is 4,000 which means only 1,000 is accessible by clients. Mortgage payment comes through for 1,500 - Do we allow this to go through?

Assumption: As automatic mortgage payments are not "new client initiated" transactions, they will be processed.

While a Channel Hold is in place, all non-new customer initiated transactions will be processed including pre-authorized debits and credits. However, after the channel hold has been removed, pre-authorized payments will only be processed to the extent that they do not reduce the balance in the account below any CDIC Full or Partial Hold that may be in place.

If we shut down all brokerage channels during the Channel Hold period would we be contravening IIROC regulations?

This is outside the scope of the specification.

When channel hold is removed, will customers be able to change customer information?

Section 3.5.6 outlines the requirements of holds. The Channel Hold is intended to place limits on customer-initiated transactions that affect deposits. Other transactions, such as changes to customer information, balance enquiry and so on are not in scope.

As at bank failure will there be complete system shut down to block all financial and non-financial transactions including Balance Inquiry functionality?

The Channel Hold distinguishes between complete system shutdown and the requirement to prevent depositors from affecting or authorizing new, customer initiated transactions against their deposits. Please refer to last paragraph of section 3.5.6 Channel Hold.

Will credit line facilities not be available until the CDIC turns off the system freeze?

Under the requirements of section 3.5.6, CDIC will instruct the institution when it can release the Channel hold.

Where the MI has an Interactive Voice Response (IVR) telephone system, bank failure will result in the shutdown of IVR. Will the MI be required to build a message advising incoming callers of the shut down?

This appears to be the functional equivalent of "hold" for the purposes of stopping user initiated transactions. MIs must implement all the capabilities described in section 3.5.6 Channel Hold.

When the CDIC provides instructions to open all channels, the MI will be open for business excluding credit facilities.

Section 3.5.6 requires each of the components of a Channel Hold to be temporarily and independently applied. As such CDIC will advise the MI when each of the components of the Channel Hold may be removed. Removal of all the components of the Channel Hold provides access to previously restricted facilities.

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3.6 Interaction between CDIC and MIs and Processing Timelines
August 10, 2011

A) What is the relationship between the determination date and determination time?

B) What is the relationship between the determination time and the estimated EOP?

For A) Determination date is defined as:

(a) If a winding-up order is made in respect of the institution before the day on which the Corporation makes a payment under section 14 of the Act, the day on which the petition or other originating process is filed in respect of the winding-up; and

(b) If a winding-up order is not made in respect of the institution, the day on which any of the circumstances described in subsection 14(2.1) of the Act first occurred in respect of the institution.

Determination time a) If the determination date is a business day, the time by which all of the transactions made on that business day are processed and posted to the deposit liability records of the depositors of the member institution; and

b) If the determination date is not a business day, the time by which all of the transactions made on the business day immediately preceding the determination date are processed and posted to the deposit liability records of the depositors of the member institution.

Let's assume that the determination date is April 26, 2011 (a business day). The determination time is the time by which all transactions from April 26, 2011 are processed and posted to the MIs deposit records.

For B) Generally the EOP is defined as the time by which the transactions from a particular day are processed and posted to the deposit liability records. In this sense, the estimated EOP and the determination time will likely coincide. However, MIs must provide the standardized data extract no later than the earlier of 6 hours after the EOP and 4 p.m. on the day after the determination date. This means that functionally the EOP can be no later than 10 a.m.on the day after the determination date.

The standardized data extracts must be delivered within six hours of receiving the CDIC hold files. Is this a correct statement? The diagram shows that institutions have 6 hours to deliver the standardized data extracts, so a total of 12 hours after receiving the Hold files?

The standardized data extracts must be provided no later than 6 hours after the EOP. The CDIC Hold File will be provided at least 6 hours prior to the estimated EOP.

Member institutions must send CDIC the standardized data (i.e. standardized extract files) six hours after determination time (i.e. the time by which all of the transactions made on that business day are processed and posted to the deposit liability records) and 4:00 p.m. on the day following the determination date. Does this mean CDIC will receive the data files twice? Once after the determination time and the following day after the determination date?

The CDIC Data and Systems Requirements stated an 'and' not 'or'. Is this a correct interpretation?

The Data and Systems Requirements (p.5) require that the standardized data extract be provided or made available to CDIC the earlier of (1) six hours after the determination time; and (2) 4:00 p.m. on the day following the determination date.

The reference to two times is for purposes of establishing the maximum time and latest time to provide or make available to CDIC the standardized data extract. It does not mean CDIC will be receiving the data files twice.

When will transactions received by the MI on day 1 be subject to processing?

Transactions received on day 1 are subject to the normal processing instructions (not postponed) at the MI subject to the restrictions imposed by the channel hold, hold instructions, and/or CDIC full/partial holds.

In what format will files transferred to the MI from CDIC be provided?

Files will be provided to the MI in a Windows compatible, unicode, and pipe delimited file section 4.2.1.

In addition to the extract files, are there any reporting requirements required from CDIC after the hold file is processed?

In addition to the information required to be provided to CDIC under the Data and System Requirements, MIs are required to report their compliance to that by-law.

A) On the failure date, what are the expectations for the operational capability of the MI?

B) What channels are available during the insurance determination process?

A) The operational capabilities of the MI are outside of the scope of the Data and System Requirements except to the extent specified therein.

B) The Channel Hold distinguishes between complete system shutdown and the requirement to prevent depositors from affecting or authorizing new, customer initiated transactions against their deposits. Please refer to last paragraph of section 3.5.6 Channel Hold.

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4   Required Information *October 31, 2011*

What are the requirements for the single customer view for external sub-systems?

At a minimum, the MI must be able to uniquely identify a depositor within a particular insurance category type. This does not depend on the particular sub-system in which the depositor information resides.

The Unique depositor view is not the same as a Single Customer view. If there are multiple depositor records for a given depositor, these must be linked using Depositor_ID_Link. There is no requirement in

the Data and System Requirements to consolidate multiple depositor records into a single depositor record as would be the case for single customer view.

For a Corporate Actions event, instead of cash, the depositor would get shares. Is there a need to report the shares' values?

No. Shares are not considered to be deposits within the meaning of the CDIC Act.

If we refer money to another financial institution would these moneys need to be part of the standardized data extract?

To the extent that these moneys represent deposits within the meaning of the definition in section 2 deposit, they would be included in the standardized data and are subject to all the required capabilities.

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4.1   Data Table Types and Relationships *July 22, 2011*

How will drafts, money orders, certified cheques be handled post-failure?

The transactions, such as debits from a depositor account to the credit of the suspense account and cash to the credit of the suspense account, must be recorded in the Table 0400 Transaction Data such that the sum of credit transactions is equal to the balance in the suspense account.

CDIC will be responsible for post-failure negotiation.

Trust Accounts - Insurance Determination Category Type (Section 4.1.12, Table 0234)

Would CDIC confirm if the following interpretation of the treatment of trust accounts is consistent with CDIC's FID expectations?

Member institutions will identify trust accounts in the data extract to CDIC, and process full "holds" on these types of accounts. CDIC will follow the procedures outline in the Joint and Trust Account By-laws for trustees to update beneficiary information within 20 days.

Would CDIC staff please confirm if iterative hold files will not be applied to all formal and informal trust accounts?

We believe that nominee accounts classified as 'informal trust' will be treated the same as all other trust accounts. So all nominee (including broker/dealer) accounts classified as 'informal trust' accounts will be frozen until further notice by CDIC. Does CDIC agree with this interpretation?

CDIC does not completely agree with this interpretation of the treatment of trust accounts. As an example, while trusts with multi-beneficiaries may be subject to a full "hold" initially, other types of trust accounts (possibly with a single beneficiary) may only be subject to a partial hold. CDIC noted that

the Joint and Trust Account Disclosure By-law does require that trust accounts be categorized as multi- or single-beneficiaries. CDIC confirmed that once the bridge institution has assumed the applicable assets and liabilities of the failed institution, it will manage the trust beneficiary process in accordance with the Joint and Trust Account Disclosure By-law.

Irrespective of "formal" or "informal" trust account type, CDIC confirmed that every hold can be replaced with a subsequent hold. Thus iterative hold files could be applied to formal or informal trust accounts.

CDIC did not agree with the interpretation of full holds on trusts accounts. If a nominee account is classified as a trust account, it will be treated in the FID process like all other trust accounts, and could be subject to full or partial holds.

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4.1.1 Table 0100 – Depositor Data *October 31, 2011*

What are the conditions for which the agent flag would be set to "Y"?

The Agent Flag should be set to "Y" where an account that is not identified as a trust is made up of amounts owing to multiple depositors. The agent flag would also be set to "Y" where a deposit is placed on behalf of a depositor, but the deposit record in the 0100 file is not solely in the name of the depositor. In the latter, where a deposit is placed on behalf of a depositor by an agent and recorded in the name of the depositor, the agent flag would be "N".

For fields designated with Expected Field Type DATE:TIME will CDIC confirm that the desired format is 24 hr time?

Yes. For example, 3:33 p.m. and 3:33 a.m. on Saturday, May 7, 2011 would be represented as 20110507:153300 and 20110507:03330 respectively.

Our internal systems have code tables that start with numbers other than 1 - is this acceptable?

The primary key in all code tables should be an integer beginning at 1 and incrementing by 1 for each record. However, MIs can use alternative keys that satisfy the uniqueness requirements.

In the System and Data Requirements v1, the specifications (field lengths) of certain fields such as date, date time, decimal and character have been defined. However no such specifications (field lengths) have been defined for variable character and integer. Are there standard specifications for these expected field formats?

The expected field formats for variable character and integer do not have any further specifications apart from those in Section 4.1 - Data Table Types and Relationships. For greater certainty, variable character may be an alphanumeric string of any length. Similarly, an integer may be an integer of any length.

CDIC did not specify the length of any particular field avoiding any unnecessarily large or truncated fields for any particular MI versus another.

Are language flags other than 'F' for French, 'E' for English and 'O' for Other consistent with the Data and System Requirements?

The specification for Language_Flag in Table 0100 - Depositor Data allows for 'E' for English, F' for French and 'O' for non-English and non-French. However, MIs may opt to include language flags in addition to "E", "F" and "O".

What does Depositor_ID_Link represent?

In Table 0100 - Depositor Data, the field Depositor_ID_Link is intended to link Depositor_IDs for a given depositor where multiple Depositor_ID records exist for that depositor. The Depositor_ID_Link must be unique to each depositor and must repeat within each depositor grouping.

For example, consider a customer John Doe. John Doe is represented within an MIs system with two Depositor_ID (i.e. 1 and 2). Each of these two records must have a unique Depositor_Link_ID linking the two distinct Depositor_IDs. This identifies to CDIC that these two records are in fact John Doe.

With respect to the Depositor_Link_ID on 4.1.1 Table Depositor Data, would the value in this field be an assigned value (by the MIs) that is unique to the MI and used across all systems employed by the MI?

The Depositor_ID_Link must be unique to a depositor (although it must repeat within a depositor grouping). The depositor records grouped within a Depositor_ID_Link must include, at a minimum, all records attributable to a particular insurance determination category. Where MIs have a single depositor record for each depositor, the Depositor_ID_Link would be at the same granularity as the Depositor_ID.

In a situation where an MI uses deposit agents, it may take a few days (even weeks) from the time when the agents deposit money to the MIs account to the time when the paper work is received and processing can occur. If the failure happens during a time where the MI has not created an account for this deposit, how would this situation be represented in the standardized data extract?

These moneys are deposits. As such, the MI should present them in Table 0130 - Deposit Account Data. Similarly, the MI will need to identify the depositor(s), whether it be the deposit agent or the individual depositor, to which these deposits relate in Table 0100 - Depositor Data. If the MI tracks these deposits in a suspense account, there may also be a corresponding entry or entries in Table 0400 - Transaction Data or Table 0600 - Ledger and Sub-Ledger Balances.

Depositor Data for Business Deposits (Table 0100 & 0110)

What is CDIC's expectation for the data that is required in the standard data extracts for business deposits? Where the depositor is an incorporated company, what information is to be provided in the data extracts for:

Table 0100 Depositor Data - can we assume that this would only be information about the company (not the signing officers)?

Table 0110 - Personal Identification – can we assume that the BIN number or incorporation number might be provided in the extracts, but we would not need to include information about signing officers?

All tables including Table 100 – (Depositor Data), Table 110 (Personal Identification), Table 0201 – (Depositor Type), and Table 0211 (Personal Identification Type) must be populated for business accounts. This information shall refer to the company where it is an incorporated entity.

Table 0212 – CDIC Personal ID Type can be extended to include other identifiers such as BIN, incorporation number and so on.

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4.1.2 Table 0110 – Personal Identification *November 10, 2011*

Bank A being a deposit taking institution and since it receives ITF deposits from IIROC members and information in the form of alphanumeric codes and deposit contract details like amount, tenure, interest rate, then in such case is Bank A required to report all the customer details i.e. name, address, SIN number of these accounts to CDIC.

If Yes, then

i. Do we need to submit separate reports for each of the IIROC member or is it expected to be consolidated as a single report to be submitted by Bank A to CDIC?

ii. Is CDIC interacting with these institutions with regards to informing them of the requirement to submit the information or is it expecting the member institutions to communicate with the IIROC members? In such case whether CDIC would issue a letter to the member institution to capture the information for all ITF deposits and other accounts such as nominee accounts?

If NO, then

iii. The reports submitted by the member institutions for all such accounts (where the broker flag will be marked Y) will have fields with no information on customer profile and whether CDIC is ok with such reports?

Trust account information requirements as they relate to FID are the same as that for the Joint and Trust disclosure by-law.

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4.1.3 Table 0120 – Address Data *August 5, 2011*

Is the Address_Change field in Table 0120 - Address Data a mandatory field?

This information is required to the extent that the MI maintains this information.

Is the field Address_Change in Table 0120 - Address Data a required field?

Table 0120 - Address Data requires the MI provide the date-time of the last address update to this field. Provide this information where it is currently available.

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4.1.4 Table 0130 – Deposit Account Data *November 10, 2011*

Unclaimed Balances:

Situation:

a) Uncashed cheques representing refunds after making final loan payments.

b) Uncashed GIC interest cheques

Uncashed cheques are presumed to have been lost in the mail, lost by the client, or forgotten by the client. Most uncashed cheques are replaced after the cheque has become stale dated, in which case the client eventually receives the refund. However, in some instances, the client has moved without leaving a forwarding address. When the MI can't locate a client, the funds are transferred to an "unclaimed balances" account, and are maintained on a spreadsheet. The funds are maintained in accordance with the Trust and Loan Companies Act, and if subsequent attempts to locate the client are unsuccessful, the funds are eventually paid to the Bank of Canada.

Question: Are "unclaimed balances" that are no longer maintained in the MIs data system exempt from the "FID Data Extract Requirements"?

For the situations described,

a) These are not part of "normal deposit taking business" and should not be included in the FID data extract requirements.

b) The interest owing to a depositor arising out of a GIC should be included in the FID data extract requirements.

Amounts owing to depositors (that meet the definition of a deposit) should be included in the FID data extract requirements until paid or transferred to the Bank of Canada.

Should cash be an entry in Table 130?

Resolution should be a unique ID is used for the purposes of representing the cash entry - but no entry is required in 130.

Where cash meets the definition of a deposit, it should be included in Tables 0130 and 0800. An entry in Table 0239 - Account Type may be added to identify the account type as cash.

Referring to section 4.1.4 Table 0130, would the Accessible-Balance field be equal to the account balance before the processing of the hold instructions or would it reflect the amount provided in the hold instructions?

The Accessible_Balance field is equal to the accessible balance as at the determination time for the 0130 file and as at the day of the request for the 0800 file. In either case, this is equal to the account balance plus any unused overdraft facility less the CDIC hold Amount as at the completion of the EOP.

Will corrections to investment account balances be allowed?

Corrections to investment account balances will be allowed to the extent they adhere to the Data and System Requirements including CDIC Holds.

How should the MI assign the CDIC_Hold_Status_Code in Table 0130 - Deposit Account Data?

The CDIC_Hold_Status_Code appears in Table 0130 - Deposit Account Data and Table 0800 - Hold Balance File. The value assigned is dependent on whether the deposit account has No CDIC Hold, CDIC Partial Hold or CDIC Full Hold as at the EOP for the processing cycle for which the standardized data is being created.

Required fields on Table 0130 are "Account_Balance" and "Accessible_Balance" described as balances as at determination time. For new account information past determination time, we assume that the values for these fields would be "nil" Can CDIC please confirm?

Account_Balance and Accessible_Balance in Table 0130 - Deposit Account Data are provided as at determination time. If Table 0130 - Deposit Account Data is included in subsequent extracts, the values for Account Balance and Accessible_Balance should not be "Nil' but should reflect these values as at determination time.

The values included in the 0800 file should include the accessible balance as at the day of the request and would include new accounts.

Currency Balances

When foreign currency accounts are sent in the MIs extract, we assume that the MI should provide the balance in the foreign currency amount. Would CDIC please confirm the treatment of foreign currency balances?

Deposits held in foreign currency should be reported in the foreign currency amount with a matching entry in Table 0233 – Currency Code.

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4.1.5 Table 0201 – Depositor Type

None at this time

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4.1.6 Table 0211 - Personal Identification Type

None at this time

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4.1.7 Table 0212 – CDIC Personal ID Type *May 2, 2011*

On Table 212, CDIC pre-defines a list of values for use of personal ID types and their descriptions. However, there is no value for a corporate investor (i.e. corp. account) and the corresponding identifier (i.e. BN). How do we report corporate investors who hold CDIC-insured products?

Section 4.1.7 outlines the values associated with Personal Identifier Types. Where MIs have personal identifiers other than those identified by CDIC, they must include those identifiers. If the institution has more identifiers it should add them to the list and include them in their extracts.

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4.1.8 Table 0221 – Address Type

None at this time

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4.1.9 Table 0231 – Product Code *March 2, 2012*

New Products and Table 0231 (Product Code)

With regard to the product code information provided in Table 0231, what action do you recommend the MI take in the event that an FID examination by CDIC takes place and MI may have added new products since the last examination. In this instance this new information has not yet been provided to CDIC via the Table 0231 update.

The Hold instructions refer to a Product Code, which is where a likely addition is to be made as opposed to the Product Group Code, which is indicated in the table.

In this same case, what if product codes have changed for any reason and the Hold Instructions provided by CDIC do not agree with the current information at the MI? Would CDIC please clarify.

The hold instructions will be limited to 50 lines. Hold instructions include Insurance Determination Category and product code to identify those accounts for which an accessible balance is to be applied. It is the combination of Insurance Determination Category and Product Code that defines the set of accounts to which the accessible balance must be determined and applied.

Invalid combinations of Insurance Determination Category and Product Code or invalid Product Codes included in the hold instructions would not qualify for a partial hold and must therefore have a CDIC Full Hold applied to them. Invalid clearing codes are to be ignored.

Will MIs be required to provide Table 0231 - Product Code to CDIC in order for CDIC to provide Table 0240 - CDIC Product Group Code?

CDIC will provide Table 0240 - CDIC Product Group Code. MIs will be responsible for linking as appropriate to the CDIC_Product_Group_Code field in Table 0231- Product Code.

Would CDIC please clarify if it will provide the reference numbers that MIs will use to map to their products in section 4.1.9 Table 0231, Product Code, or should MIs assign their own reference numbers to map back to their product codes?

Similarly, in section 4.1.18 Table 0240 CDIC Product Group Code, it states that CDIC will provide the pre-defined values. After code 3, there seems to be an implication of more codes that have not been provided to us. Would CDIC please clarify?

For Table 0231, the first data field "Product Code" is fixed in sequence (i.e. 1, 2, 3, 4, 5, etc.), while the second field "MI Product Code" is determined by the MI. In other words, there are as many product codes as there are MI product codes.

For table 0240, for the first data field "CDIC Product Group Code" there are four possible values:

- "1" for Savings
- "2" for Chequing
- "3" for Term
- "4" for Other (or *Null*, or "")

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4.1.10   Table 0232 – Registered Plan Type *November 10, 2011*

Need definition on how to record an ITF vs. an RRSP.

Where a deposit is recorded as an "ITF" and the insurance determination category is recorded as "Trust" and the books and records of the institution record the deposit as an RRSP the deposit would be treated as an RRSP. Otherwise, the deposit would be treated as a "Trust".

Where a deposit is recorded directly into the deposit system as a "RRSP" then the insurance determination category would be "RRSP".

For Table 0232 - Registered Plan Type, do we store registered plan type from an MI perspective or the registered plan type from the underlying beneficiary account.

The Registered Plan Type should reflect the plan type for the beneficiary where available.

Should a Tax Free Savings Account ("TFSA") account be considered a "registered plan" for these CDIC 0232 table purposes?

No. TFSAs are separately insured to a limit of $100,000 but are not to be recorded as a "registered plan" for Table 0232.

Should RESP and RDSP be included in Table 0232 - Registered Plan Type?

Table 0232 - Registered Plan Type must contain all the registered plans supported by a MI.

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4.1.11   Table 0233 – Currency Code *November 10, 2011*

Where an MI receives a wire transfer in a foreign currency with written instructions to make the deposit in Canadian funds, to which insurance determination category should the deposit be recorded for the purposes of the Data and Systems Requirements?

For deposits (including deposits to suspense accounts and GLs) recorded in a foreign currency pending a conversion to Canadian funds should be recorded as "ineligible" until such time as the conversion to Canadian funds has been completed. Once converted the insurance determination category should be updated to reflect any changes in coverage.

The example in the appendix, for extract option 2, depicts the descriptions for Table 0233 – Currency Code where the *Currency_Code* is in one case shown as 1 and in the other it is 2 for the Canadian dollar entry. This seems inconsistent with the descriptions used for each of the reference tables in the body of the specification.

The specification requires that in each case entries in a reference table must be described in exactly the same way in each copy of the table. This is meant to include the combination of all fields of the reference table contrary to the example. This is also the case for extract option 3.

What exchange rate should be used to convert between Foreign_Value and Transaction_Value in Table 0400 - Transaction Data?

The exchange rate should be the exchange rate that was in effect for that transaction.

Since CDIC only insures CAD funds, why does CDIC require Table 0233 to serve as a repository for the various currencies supported at member institutions? (pg. 23 of CDIC DSR document).

Section 2 Definitions includes a definition of a deposit.

Qualifying deposits in the definition for a deposit include deposits held in foreign currency.

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4.1.12   Table 0234 – Insurance Determination Category Type *August 10, 2011*

What are the implications of mis-categorizing a deposit type say between basic coverage and trust accounts?

The incorrect categorization of deposits is not consistent with the Data and System Requirements.

In section 5 Appendix the example of Table 0234 includes the field MI_Insurance_Determination_Category_Type. This is different from the definition in section 4.1.12?

The definition of Table 0234 in section 4.1.12 is the format required for the standardized data extract.

From what perspective will the balances reported under the mortgage realty tax category be viewed? Currently it is treated as a liability to Municipality/tax jurisdiction which is consistent with the treatment of utility bills.

Refer to Definitions - "deposits". If the balances meet the definition of "deposit" they are included in the extract and subject to all the applicable capabilities. In this case the insurance determination category is Mortgage Tax.

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4.1.13   Table 0235 – CDIC Hold Status Code *June 24, 2011*

Closed Accounts

On Table 236 (Account Status Code), one of the deposit account status codes is "closed". For any member institution, multiple millions of records exist with a "closed" status. In most cases, these records do not have any balance associated with these records (for example, GIC's that have matured and been paid out to other accounts). We believe that closed accounts should not be included in Tables 130 and 236, given that the multiple millions of records with no balance would not require an FID assessment. Would CDIC confirm this expectation?

Deposit accounts with a status of *closed* and a zero balance may be excluded from the definition of "deposit".

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4.1.14   Table 0236 – Account Status Code

None at this time

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4.1.15   Table 0237 – Trust Account Type

None at this time

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4.1.16   Table 0238 – Clearing Account Code *August 5, 2011*

Need clarification on what are clearing account codes listed in Table 0238 Clearing Account Code.

Example: Should we assume them to be external account information or institution details for payment setup?

In principle, Table 0238 should include accounts used for the purposes of clearing systems such as ACSS and LVTS. This would not include accounts such as those used for the payment of utilities.

Reconcile MI and CDIC definitions of internal accounts.

What does CDIC mean by internal accounts and if that has a similar understanding from MI perspective?

Clearing accounts included in Table 0238 are accounts that are generally exempt from hold instructions to allow the continued operations of clearing and settlement for systems such as ACSS and LVTS. Internal refers to those accounts the MI uses for clearing while external refers to those accounts at the MI but used for an external party such as an indirect clearer.

MI will flag priority accounts (indirect clearers, broker/dealer etc) to ensure that they are segregated from the automatic application of a Full Hold resulting from the Hold Instructions – the CDIC will determine post-approach?

Table 0238 - Clearing Account Code is used to record those accounts to be excluded from any hold instructions.

However, any account defined in section 2 as a "deposit" may have a hold applied to it either using hold instructions or hold file 0700 should CDIC decide to do so.

CDIC will resolve these holds.

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4.1.17   Table 0239 – Account Type - *October 31, 2011*

See also Section 4.1.19 Table 0400 Transaction Data below for treatment of suspense accounts.

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4.1.18   Table 0240 – CDIC Product Group Code *May 2, 2011*

In the CDIC Data requirements document CDIC has stated they will provide pre-defined values for Table 240 – CDIC Product Group Code.

Table 0240 - CDIC Product Group Code will include an addition entry of "Other". Members are free to use either "Other" or "Null".

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4.1.19   Table 0400 – Transaction Data *January 30, 2014*

In the transaction file where a foreign currency amount exists do we have to fill in transaction value in terms of Cdn equivalent?

The transaction value may be left blank where no conversion has been done. Where a conversion has been done as a matter of course then include the Cdn transaction amount.

Please provide a clearer definition of clearing account as it is not defined in the Data and System Requirements specification.

For the purposes of the Data and System Requirements the definition of a clearing account is limited to those accounts used for the purposes of clearing and settlement with the Bank of Canada. For direct clearers, these accounts would be included in table 0238 - Clearing account Code and marked as "I" for internal clearing accounts or "E" for those accounts used in support of an indirect clearer or on behalf of another institution. As such MIs may presume these accounts are excluded from hold instructions.

The definition of clearing account does not include accounts used for services such as the "clearing" of payments to utilities on behalf of a client.

Given the difficulty of building solutions that meet the requirement to include transaction pairs for each suspense account what, if any, alternatives would satisfy CDICs requirements?

As an alternative, CDIC proposes that member institutions create categories of suspense account types and indicate, on a best-efforts basis, whether the categories are credit or debit balances or a mix of the

two. CDIC is not looking for a single definition of suspense account categories. It is expected that each MI will develop a list as appropriate for its systems.

The suspense account categories reflected in the examples shown in the following hyperlink https://www.cdic.ca/wp-content/uploads/SuspenseAccSubCategories_il.pdf are representative of the suspense account modeling CDIC would find acceptable. Here is how CDIC expects MIs to handle them in Table 0239:

- Do not modify the first three rows as per the Data and Systems Requirements; rather extend the table to include the additional suspense categories and whether they primarily credit, primarily debit or a mix of debit and credit.

- For the MI_Account_Type field all suspense accounts require the label "SA_n", whereas the description field would identify the suspense account category name concatenated with the Credit / Debit / Mix; e.g. "Float – Mix", "Agent Deposits – Credit", "Money orders/Drafts (Cdn) – CR" and so on.

The adoption of suspense account categories that include Credit and Debit suffixes, on a best efforts basis, relieves MIs from the obligation to include in the 0400 file any suspense account transactions (Debit from Depositor and Credit to suspense) used to account for the balance in the suspense account. That is, the suspense account balances that meet the definition of deposit are to be included in the 0130 and 0800 files and must be mapped to one of several Suspense Account categories (entries in the 0239 – Account Type) described as suspense accounts, absent of the matching transactions in the 0400 file.

A) Are backdated GIC transactions included in Table 400 - Transaction Data?

B) What is meant by "Transactions that are to be processed that day (back offices processes)"?

C) Is Table 400 - Transaction Data sent daily after the determination date?

The minimum requirements for recording suspense account transactions in 0400 file are different for monies in-bound (received by the MI) and held in suspense versus monies out-bound (to be sent out) and held in suspense. MIs must, as a minimum, record the credit to the suspense account for monies in-bound. This includes the sale of GICs by third parties for which the individual transaction detail is not available until a later date. In such cases, record the lump sum of each contributing third party where available.

On a going forward basis, transactions for suspense accounts must be included in the 0400 file; however, CDIC recognizes there may be circumstances where the historical record of a suspense transaction may not exist.

Transactions not posted as at the date of failure and those to be processed and posted that day (back office processing). Does this include Time Deposits that settle on the same day?

Transactions that meet the requirements for inclusion into the 0400 file must be included, independent of whether they are Time deposits or not.

Table 0400 - Transaction Data includes transactions that are to be processed that day. What transactions do these refer to?

The transaction file 0400 is meant to include transactions that would affect that day's business (for the determination date) but have not been processed.

Where a transaction between 2 systems is pending as at end of normal day processing, should that transaction be included in the transaction file 0400?

Transactions impacting the deposit account balance should be processed and posted to the account record as part of the EOP. Transactions that are pending related to general ledger accounts should be included in Table 0400 - Transaction Data.

Past due cheques that have not been cashed are recorded in a suspense account even though the cheques have "cleared" the deposit account. Confirm that the record for Account_Unique_ID in Table 0400 - Transaction Data is that of the deposit account and not the suspense account.

Outstanding cheques that have been debited from the depositors account and credited to a suspense account are both transactions that should be included in the transaction file 0400.

Are all suspense accounts/transactions to be included in the extract data, or should only those relating to CDIC insurable items be included?

All suspense account transactions related to deposits should be included in Table 0400 - Transaction Data without regard for the insurance determination category of the deposit.

"The transactions, debits from a depositor account to the credit of the suspense account, must be recorded in the Table 0400 Transaction Data such that the sum of depositor debits is equal to the balance in the suspense account. CDIC will be responsible for post-failure negotiation."

Do we report balance of suspense account as an aggregate balance (e.g. $300 million or itemize each outstanding draft/money order and amount that make up this aggregate balance?)

In addition, are we to list the total outstanding or are we to list transactions to that suspense account that occurred during determination date?

Would CDIC please confirm that the Posted_Date data element would not be applicable for drafts/money order, as we would not know when the instrument would be negotiated.

Individual transactions that make up the balance of a qualifying suspense account must be included in the transaction file. The suspense account must be included in the standardized extract (file 0130, file 0800, file 0900) and must have an insurance determination category with a balance of $300 million (using this example). The transaction file must include the individual transactions such as debits from depositor's accounts to the credit of the suspense account, and, where a cash payment, such as honouring utility payments by non-depositors is accepted, the debit from *cash* (a GL account) to the credit of the suspense account. Note that in the latter, the *cash* account will require an

Account_Unique_ID even though there is no requirement for a matching entry in file 0130, file 0800, file 0900.

In summary, qualifying suspense accounts must be included in the standardized data extract. They must reflect the balance of the account ($300 million in this example) and the transaction file should have pairs of transactions 1 each of debit from deposit account or *cash* account and 1 credit to suspense. The sum of the credits to the suspense account must match the balance in the suspense account. The sum of the debits from deposit or *cash* must match the balance in the suspense account.

The Table 0400 Transaction File, Posted Date in the case of drafts/money orders refers to the date the amount is posted to the suspense account and not the date the draft/money order is negotiated.

Partial holds on suspense accounts:

For drafts & money orders and mortgage tax accounts, would CDIC please clarify the partial hold requirements on deposit accounts that are held in suspense (e.g. bank drafts, money orders, certified cheques and mortgage tax account)? Is the expectation that holds will be applied to these accounts?

For example, if bank drafts deposit account balance is $800 million, would the CDIC Hold File instruct partial hold of $300 million? In this scenario, a MI would make accessible $500 million. In compliance testing, would the MI have to prove that after $500 million-worth of drafts can be cleared, and any drafts thereafter that come into MI system would somehow be "rejected"?

CDIC Holds can be applied to any qualifying deposit including suspense accounts. Qualifying suspense accounts must be included in the standardized data extract.

MI will provide the CDIC with payee information for drafts, money orders and certified cheques on a best efforts basis if available (outstanding balances are held in a Suspense Account, which is insurable by the CDIC). CDIC will be responsible for post-failure negotiation.

The transactions, debits from a depositor account to the credit of the suspense account, must be recorded in the Table 0400 Transaction Data such that the sum of depositor debits is equal to the balance in the suspense account.

CDIC will be responsible for post-failure negotiation.

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4.1.20   Table 0401 – Transaction Code

None at this time

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4.1.21 Table 0500 – Depositor / Deposit Account Reference Table
August 5, 2011

A) How will the Primary Account Holder information be used by the CDIC?

B) What is the CDIC requirement for determination of Primary Account Holder for each Insurance category?

- for Basic Accounts?
- for Joint Accounts?
- for Trust Accounts?

For the purposes of Table 0500 - Depositor/Deposit Account Reference, the MI is required to associate each deposit to the related depositor(s). If the MI makes a distinction between Primary Account Holder and non-primary account holder, this should be identified in Table 0500.

Are suspense and clearing accounts expected to be linked to a depositor?

Qualifying suspense and clearing accounts are not required to be linked to a depositor where no depositor record exists.

Ref: CDIC Data and System Requirements Q&A, By-Law *Updated* section - "In situations where a depositor record exists for a beneficiary, the relationship table (Table 0500) should contain an entry referencing the deposit record of the beneficiary."

It is our assumption that there are no instances where the only relationship type to an account (depositor record) would be "beneficiary" and as such the above statement will not apply.

A: X is a beneficiary on A's account. (A is the depositor with the depositor UID; relationship type is "principal" or "primary account holder"). There is no requirement to record anything for X.

B: X (same person as above) has a chequing account in their name. (X is the depositor with the UID; relationship type is"principal" or "primary account holder"). There is no requirement to link account above (since X is not the depositor) to this chequing account.

C: Will CDIC also confirm that the intention is not to report beneficial owners collected annually for RID as part of FID?

For A: In the preamble, it is stated that there is a depositor record for the beneficiary. In this case, therefore, the Data and System Requirements require that the MI identify a relationship between the deposit (held by Depositor A) and the Beneficiary X. This is done through Table 0500 - Depositor/Deposit Account Reference Table.   X is identified as a beneficiary through the Relationship_Type_Code.

For B: There is no requirements to link X as a beneficiary of A's account to X's chequing account since these would cross insurable category. However, the MI may choose to do so.

It is not CDIC's intention to require MIs to report beneficial owners collected annually for RID as part of FID?

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4.1.22   Table 0501 – Relationship Type *June 24, 2011*

Given that CDIC has confirmed that there is no requirement for MIs to distinguish between single- and multi-beneficiary trust accounts, we assume that MIs would be required to indicate only "beneficiary" relationship type in Table 501 as required under the *Joint and Trust Account Disclosure By-law*. Would CDIC confirm our interpretation.

Where the beneficiary relationship is known, such as may be the case for RESP beneficiaries, the relationship type of beneficiary should be included, otherwise it is on a best efforts basis.

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4.1.23   Table 0600 – Ledger and Sub-Ledger Balances *March 2, 2012*

Ledger_Account and GL_Account have been changed from Integer to Variable Character.

How is Table 0600 "used to assess the completeness of the deposit data"? For example, does the sum of GL_Account balances reported in Table 0600 plus the sum of the Transaction_Value fields in Table 0400 need to equal the sum of the Account_Balance fields reported in Table 0130?

The 0600 File includes the data for a trial balance and as such will include deposit-related liability information in addition to the liability accounts captured in the 0130 file.

What is the source of Trial Balances? Are MIs required to present Trial Balances at customer account level?

The purpose of Table 0600 - Ledger and Sub-Ledger Balances is to capture the general ledger account balances (trial balance) and the sub-ledger account balances related to accounts as at the completion of the end of day processing. The data in this file will be used to assess the completeness of the deposit data provided or made available to CDIC. Per the layout of Table 0600, this file will present records at the general ledger and deposit account levels.

In Table 0600 - Ledger and Sub-Ledger Balances, are ineligible deposit accounts to be included?

Table 0600 - Ledger and Sub-Ledger Balances should contain all ledger and sub-ledger accounts related to a trial balance. This includes both eligible and ineligible deposits.

Clarification on definition of account number.

The term Account_Unique_ID and Account_Number have the same meaning in Table 130 and Table 600. In Table 0130 – Deposit Account Data captures the elements of each deposit account record, while in Table 600 Ledger and Sub-Ledger Balances captures the general ledger account balances (trial balance) and the sub-ledger account balances related to accounts.

Can CDIC provide guidance as to how these definitions are meant to be applied in Table 600?

A trial balance would include Ledger and sub-ledger entries for which there wouldn't be a matching deposit account (Account_Unique_ID, and Account_Number). Where matching deposit accounts do exist, the SL/GL would repeat for each Account_Unique_ID and Account_Number.

What is the treatment of high-level deposit liability adjustments made under CGAAP standards? i.e. derivative hedges, interest rate adjustments where accounting methodology is different from CDIC.

Section 4.1.23 outlines the requirements of the 0600 file. This defines the requirements as a "trial balance".

Does the data file need to be fully reconciled to the GL? That is, do all non-qualifiable deposit liabilities need to be reported in the "ineligible" category or are there items out of scope i.e. innovative deposit products like Negotiable certificate deposits, Bearer deposit notes, ST Notes, LT Notes, Principal protection notes, etc; which are in all currencies(CAD$, USD$, all other Foreign currency) that resides on treasury systems/CDS.

Section 4.1.23 outlines the requirements of the 0600 file. This defines the requirements as a "trial balance".

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4.1.24   Table 0700 – Hold File *March 2, 2012*

We assume that CDIC will send us the same number of files we send them. So if we send four 0800 files (Hold Balance File) to CDIC based on four subsystems for one MI then we are expecting to receive four 0700 files (Hold Files) from CDIC each day.

If CDIC has no changes for one particular subsystem 0700 file, we still expect to receive blank files from CDIC. A blank file would be .TXT file with only the delimiters and no actual content.

Would CDIC please confirm the expectation as described above (i.e. CDIC will send the same number of files we send them, even if they are blank)?

CDIC will only provide 0700 files that contain accounts for which a new or updated hold is required. This is independent of the extract option.

Please provide example of when a hold file coming back on the 0700 file is greater than the balance.

CDIC Hold Instructions can include a request for an accessible balance that exceeds the balance of a given account. In such cases, the values for CDIC_Hold_Status_Code and CDIC_Hold_Amount should be "1" (No CDIC Hold) and "0" (zero) respectively.

Where a CDIC Hold included in the 0700 Hold File must be applied to the specified account where the balance of the specified account is less than the hold, the resulting hold should equal the account balance and the value of the CDIC_Hold_Status_Code should be 3 (CDIC Partial Hold).

If a hold already exists for an account and a new hold is to be applied for a non-zero amount, will CDIC provide two records in Table 0700 - Hold File, one to remove the hold and another record with the hold?

Table 0700 - Hold File will include one record for each deposit account where the hold amount will change. CDIC Holds included in the 0700 Hold File can put a CDIC Hold on an account, replace a CDIC Hold with another CDIC Hold amount, and remove a CDIC Hold.

How will the MI determine the CDIC_Hold_Amount in Table 0800 - Hold Balance File?

CDIC provides the 0700 file, while the 0800 is provided by the MI.

The CDIC_Hold_Amount in Table 0800 - Hold Balance File will be based on the hold instruction from the most recently provided Table 0700 - Hold File. Other fields in Table 0800 - Hold Balance File e.g. Excess_Limit and Hold_Credit will be calculated by the MI based on the account balance as at the determination time.

Will the CDIC hold file be routed to the affected application and will the application determine the hold amount?

The amount to place on hold is provided in the field "Hold_Amount" in the 0700 file section 4.1.24. Hold instructions require MIs to calculate the hold using the CDIC Accessible_Balance amount described in section 3.5.4.

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4.1.25   Table 0800 – Hold Balance File *March 2, 2012*

Excess_Limit and Hold_Credit

CDIC is reviewing internally the treatment of two data fields in Table 0800: "Hold_Credit" and "Excess_Limit". As such, these fields will not be part of the compliance testing for 2012 and 2013. If an MI has already invested in their systems to make changes for these calculations, they do not have to re-invest to make subsequent changes at this time for 2012/2013 compliance testing. MIs may set them to "" (zero-length string).

FID Treatment of the Auto-renewal of GICs

Would CDIC review the scenarios below on auto-renewal of GICs after the determination date/time that apply to some member banks?

In general, in the situation of failure on Sunday effective Friday, automatic renewals of GICs will occur. This process changes the account number of the product. File 130 will reflect the account number of Friday night while file 800 will reflect the account number as of Sunday night. Since determination date is Sunday, this process cannot be stopped.

Background information:

If a bank's end of day processing for Friday completes current and end of day processing for transactions relating to Saturday and Sunday and current day processing for Monday (i.e. payments, deposits, maturities, interest payments with an effective date of Saturday, Sunday or Monday) and the online system date after all the batches have been run is Monday:

The following scenarios assume Determination Date is Sunday in which case Determination Time will be Friday EOP:

Scenario # 1 (Maturities - Saturday):

A GIC certificate #1234 matures during Saturday current day processing (as part of the Friday end of day processing) and auto-renews into a new GIC certificate. The certificate number changes to 5678.

- Table 0130 will report certificate 1234 (as of Friday).
- Table 0800 will report certificate 5678 (as of Sunday) - treated as transaction occurring between determination time and date.
- Table 0700 will include hold information for certificate 5678.

Could CDIC please confirm if this is consistent with the specifications?

Scenario # 2 (Maturities - Monday):

A GIC certificate #3333 matures during Monday current day processing (as part of the Friday end of day processing) and auto-renews into a new GIC certificate. The certificate number changes to 4444.

- Table 0130 will report certificate 3333 (as of Friday).
- Table 0800 will report certificate 3333 (as of Sunday) even though it's no longer opened/active as of Monday.
- Table 0700 will include hold information for certificate 3333. However, certificate 3333 will no longer be active (will be closed – zero balance), therefore, when Table 0700 is processed, the system will log an exception and will not add/update hold.

Could CDIC please confirm if this is consistent with the specifications?

Scenario # 3 (Payments - Monday):

As of Friday, Account Balance is $10,000. Next payment of $1,000 is due on Monday; therefore, payment is processed with the current day processing for Monday (as part of the Friday end of day processing). Payment will not post to the General Ledger until Monday end of day processing (Tuesday morning). CDIC sends instructions to place full hold.

- CDIC full hold will be applied as specified in initial hold instructions, however, the Account Balance has already changed due to payment of $1,000. Therefore, the CDIC hold amount will be $9,000
- Table 0130 will report Account Balance of $10,000 (as of Friday).
- Table 0800 will report Account Balance of $10,000 (as of Sunday)
- Table 0400 will not report debit transaction of $1,000 because Table 0400 is as of determination time (as of Friday)
- Subsequent Table 0800 will report Account Balance of $9,000

Could CDIC please confirm if this is consistent with the specifications?

The Account_Unique_ID and account number are separate and different concepts with respect to an account. The Account_Unique_ID is intended to be a surrogate key that points to an account number and uniquely identifies it. In this way repeated account numbers remain uniquely identified by their associated Account_Unique_ID.

Ideally, the Account_Unique_ID for a maturing GIC would remain the same with only the account number changing. For example, where the determination time and determination date are the same business day then:

Day	Account_Unique_ID	Account Number	Balance	CDIC Hold
0	1	1234	150,000	150,000
1	1	1234	150,000	140,000
2	1	1234	150,000	130,000
3	1	1234	150,000	120,000

GIC Rollover

| 4 | 1 | 5678 | 150,000 | 110,000 |
| 5 | 1 | 5678 | 150,000 | 100,000 |

Table 0700 Hold File(s)

Day	Account_Unique_ID	Subsystem_ID	Hold_Amount
0			
1	1	1	150,000
2	1	1	140,000
3	1	1	130,000
4	1	1	120,000
5	1	1	110,000
6	1	1	100,000

If however, the Account_Unique_ID changes with the maturing of the GIC the content of the 0700 file does not change. The original 0130 Account_Unique_ID will be used by CDIC and it is the responsibility of the MI to ensure the hold is preserved and managed accordingly.

For the Scenario examples:

#1 – agree with 1st and 2nd bullets.

Table 0700 will include hold information for the Account_Unique_ID for certificate 5678 (see above).

#2 – this example is inconsistent with the specification since the maturing of the GIC appears to be related to Monday's business as opposed to Friday's business. The distinction here seems to be the difference between that day's batch file and that day's business. As such the 0700 file will include the Account_Unique_ID for certificate 3333. The certificate 3333 is valid until Monday's business.

#3 – this example is inconsistent with the specification since the loan payment appears to be related to Monday's business as opposed to Friday's business. The distinction here seems to be the difference between that day's batch file and that day's business. As such the 0700 file will include the Account_Unique_ID for certificate 3333. The certificate 3333 is valid until Monday's business.

Further clarification is needed as the scenarios appear to have assumptions that are not applicable to all members. Any MI specific issue will be dealt with in a bi-lateral meeting with CDIC.

Per data standards: Excess_Limit = Portion of the account in excess of the insurance limit as at the determination time.

A) Is this determination made at an account by account level or subject to the $100,000 insurable limit per insurable category per depositor?

B) How should Excess_Limit be populated for multi-beneficiary trust accounts?

C) How should Excess_Limit be populated for Joint accounts (with 2 Individual parties in the Joint relationship, with 3 Individual parties in the Joint Relationship, ...)?"

A) The determination of excess limit is per account and does not consider other accounts held by the same depositor.

B) Continuing from A) above, the calculation is independent of the insurance determination category. It is the account balance in excess of $100,000 as at the determination time.

C) The determination of excess limit is per account. As such it is independent of the number of depositors attached to that account.

Can holds be placed on a deposit that is not insured by CDIC?

A CDIC Full or Partial Hold can be placed on any deposit in Table 0130 - Deposit Account Data. For greater certainty, this includes both eligible and ineligible deposits.

Table 0800 - Hold Balance File, what does Account_Balance reflect?

For Table 0800 - Hold Balance File, Account_Balance reflects the balance in the deposit account as of the EOP for the processing cycle for which the standardized data extracts are being created. MIs must have the capability to produce the standardized data extract on any day. The 0800 file must contain the information required calculated as at the day of the request.

For Table 0800 - Hold Balance File, HOLD_CREDIT and EXCESS_LIMIT are based on the amount at determination date, determination time"?

Yes. Hold_Credit and Excess_Limit are based on the Account_Balance at the determination time.

Confirm the following on Table 0800:

A) The following fields are fixed: Excess_Limit and Hold_Credit.

B) CDIC_Hold_Amount: the value input into this field is the greater of the MI Hold and CDIC Hold on the deposit account.

A) This is correct. These amounts are fixed as of the determination time.

B) This is not correct. The CDIC_Hold_Amount for a particular deposit is the amount specified for that deposit in the most recent Table 0700 - Hold File.

Referring to section 4.1.25 Table 0800, can you clarify the Excess limit and Hold credit field definitions and provide examples for each?

Excess Limit is defined as the account balance as at the determination time that exceeds $100,000 per account.

For example, if a single depositor with one account had $120,000 in that account as at the determination time, the Excess Limit would be $20,000 ($120,000 account balance minus $100,000).

Note also that the determination of excess limit is per account and does not consider other accounts held by the same depositor. If, for example, the above depositor had multiple accounts, each with balances in excess of $100,000, the Excess Limit for each account would be the amount in excess of $100,000.

Hold Credit is defined as the amount owing to the depositor as a result of either a CDIC Partial Hold or CDIC Full Hold up to $100,000 per account.

For example, if in the first example above the CDIC Hold Instructions specified that the account was to have a Full Hold, the File 800 Hold Credit could be up to $100,000.

Excess Limit and Hold Credit are calculated once as at the determination time.

How is the Hold_Credit field in Table 0800 - Hold Balance File to be populated?

The Hold_Credit field in Table 0800 - Hold Balance File is defined as the insured amount owing to the depositor resulting from a CDIC Hold. Hold Credit is per account and does not depend on any other accounts. Similarly it is independent of any depositors linked to the account.

Therefore in the scenarios requested, the Hold Credit would be based on the individual account, regardless of whether it was a depositor with multiple Basic category accounts, Joint owners with multiple Joint accounts or a single Trust account.

The Hold_Credit is the amount of the hold to a maximum of $100,000.

Maturing GICs during CDIC Holds

As a GIC matures after day 0, that GIC #1234 would be closed. If it is rolled over into another GIC to ensure the CDIC holds are in place, the account # would now be different (e.g. #5678). Would CDIC please confirm what should be populated in Table 0800 in this instance?

The CDIC Holds cannot be changed by any transaction including the rollover of one GIC to another at maturity. CDIC Holds must always be preserved on the account against which they are applied. Changing the account number per the example is inconsistent with the requirements for CDIC Holds.

Hold Credit and Excess Limit

Would CDIC please clarify the calculation of the Hold_Credit and Excess_Limit fields in Table 0800? Is the Hold_Credit calculated as the Account Balance plus any unused overdraft facility as at the determination time less the CDIC hold amount that is based on the most recent hold instructions or hold file? Is the excess limit calculated as the account balance plus any unused overdraft facility as at the determination time less the hold credit?

In all files except 0800 the information is at the determination time. The information in the 0800 file is as at the time of the request, which for the first extract is as at the determination time. In subsequent extracts the 0800 file is as at the EOP for the day of the request except for fields Hold_Credit and Excess_Limit.

The fields Hold_Credit, Excess_Limit in the 0800 file are calculated with respect to the determination time independent of the request.

Hold_Credit is the positive portion of the account balance on hold to a maximum of $100K.

Excess_Limit is the positive portion of the account balance in excess of $100K.

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4.1.26   Table 0900 – Account Accrued Interest Data *March 2, 2012*

Table 0900 should be part of the first and every subsequent extract regardless of whether an MI is planning on taking the 24 hours to report interest. Reporting the interest is to make the entries in the 0900 file the amounts prescribed in the DSR.

For the following scenario:

Where the determination date is Sunday and the determination time (previous business day) is Friday could CDIC explain the timing for the delivery of the extracts and interest accrued (Table 0900) files.

For the scenario provided assume the EOP is 10 am. The standardized extract would be required within 6 hours of the EOP related to Sunday (4pm Monday) and the extract details would be as at the determination time of Friday. The accrued interest would be required no later than 6 hours following the next EOP cycle related to Monday (4 pm Tuesday) and be as at the determination date (date of failure) which is Sunday.

Will interest on GICs be allowed to accrue?

We assume MIs are to continue accruing interest on GICs and deposits based on account balances and not insurable balances.

The specification defines the requirements for interest accrued for Table 0900; any other aspects are out of scope.

Can we assume that an interest accrual is only required on the date of failure (for insurance determination purposes) and is reported in Table 0900 – Account Accrued Interest Data? Could we be required to run another interest accrual during processing timeline?

Interest_Accrued_Amount in Table 0900 - Account Interest Accrued represents the interest accrued but unpaid between the date of last payment to the determination date. This is independent of the processing cycle for which the standardized data extract is being prepared.

Assume a member institution is always one day behind in calculating accrued interest (i.e. Thursday interest gets accrued on Friday). Would it be acceptable for the MI to accrue interest as per the existing process - the extract the MI creates on Saturday will only have accrued interest up to the Thursday not Friday (as interest is accrued next day and posted monthly). The MI will continue posting deposit interest monthly (2nd business day of the month) - business as normal as far as posting interest goes.

MIs must be capable of providing the interest accrued for each deposit between the date of last payment to the end-of-day on the date of failure. Interest accrued information is to be provided not later than the earlier of:

1) 30 hours after the determination time
2) 4 pm on the second day after the determination date

Since all files including the 0900 file are to be included in the standardized data extract then the first extract will include the accrued interest as at Thursday and the subsequent extract will include the accrued interest as at end-of day Friday.

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4.1.27   Table 0999 – Subsystem *August 5, 2011*

Is the expected field type of Subsytem_ID listed in Table 0999 - Subsytem an integer or a variable character?

The expected field type of Subsytem_ID listed in Table 0999 - Subsytem is an integer. Integer is defined in Section 4.1 - Data Table Types and Relationships as a format where each character in the string is an integer between 0 and 9. For example, Subsystem_ID of '001' is a string where each character is an integer between 0 and 9.

For the purposes of the extract all information contained in the file format is in fact a character string rather than the data types associated with development and database software.

Given that the Data and System Requirements allows for the identification of subsystems, would CDIC please confirm if it would accept separate lists for deposit products that are housed in separate systems (i.e. MIs do not have to consolidate the file extract from separate subsystems).

Section 4.2.1 Extract options 2 and 3 provide for separate copies of various files including Table 0231 and 0240. In all cases, the same code must be described in exactly the same way in each copy of the table.

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4.2   File Extract Process *August 4, 2011*

Will CDIC confirm the approach of producing and storing backups of the produced standardized data extracts in order to satisfy Section 3(1)(f) of the Data and System Requirements By-Law?

CDIC cannot comment in advance on any particular approach; however, we would expect any such data to be consistent with the Data and System Requirements for a standardized data extract.

The Data and System Requirements state that an MI must be able to reproduce at any time after the determination time, the standardized data as it existed at the determination time. Please clarify what "at any time means"

CDIC may request, and the MI must demonstrate the capability to produce, the standardized data as at the determination time for processing cycles subsequent to the determination time. For the purposes of compliance, MIs may be required to produce as at a particular time the standardized data extract.

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4.2.1 Extract Options *March 2, 2012*

Which unicode encoding is acceptable to CDIC?

CDIC accepts UTF 8, UTF 16, and UTF 32. Where the BOM is not present and the encoding scheme is ambiguous CDIC assumes UTF 8 encoding and will process files as such. Except as noted above, files produced by CDIC will be provided using the same UTF encoding of the files received from the MI. MIs must select one UTF encoding scheme for all files.

Column Names

Column names in the first row are required for both the DEP exercise and compliance testing. MIs may wish to consult bilaterally with CDIC if they have any implementation concerns with the requirement.

Time Stamps

Time Stamps may be different for each file. Timestamps need not be constrained to be within the 6 hours following EOP.

For extract option #2, should one file for each of the tables in the Data and Systems Requirements be provided for each subsystem identified in Table 0999 - Subsystem?

MIs may opt to use any one of the extract options, but not a combination of them. Option 2 is intended to provide MIs with the option to extract the standardized data extracts by sub-system or any representation of sub-system.

Extract Options

What is the delivery mechanism for the extract file and what is the expected file format for the extract? How will the extract file be delivered to CDIC (transport method)? What consideration will be given to the six-hour window time frame?

For the purposes of an on-site compliance test, CDIC envisions receiving non-encrypted data using a memory stick.

While on-site, CDIC would perform compliance related analytics using their own PC. This PC will not be connected to any of the institution's systems or networks. At CDICs option, further compliance analysis may be undertaken at CDIC premises. In this case CDIC would delete any private information such that only de-identified data is removed from the MI premises.

For the purposes of meeting the requirements of the by-law, MIs are required to provide or make available to CDIC the standardized data extract within 6 hours of the Estimated EOP. The 6 hour window includes transportation to CDIC offices. CDIC will provide the same Secure FTP options that meet the Government of Canada security requirements for data of this type.

The file format is defined in the FID Data and System Requirements section 4.2, which outlines three extract options.

Extract processing and hold file processing will be executed once in a daily cycle.

That is consistent with the requirements.

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4.2.2 Extract File Names

None at this time

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4.2.3 Hold File Naming

None at this time

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4.2.4 Statement Processing *March 2, 2012*

CDIC will produce the statement file using the filename Statement.txt.

CDIC will provide a statement processing file for the purposes of describing the transactions resulting from a bridge institution. Is there any action required from CDIC to process this file? If yes, please elaborate.

The Example Depositor Statement included in the Data and System Requirements is an example only. It will be the bridge institution's responsibility to produce the statement file after receiving the Statement Processing File from CDIC.

Please confirm that for statement processing; the only information required from the MI is customer/account data. (i.e. transaction data will not be required from the MIs source systems).

All information in the attached statement table will be a dump from the statement file received from CDIC.

The Example Depositor Statement included in the Data and System Requirements is an example only.

The transactions in the Statement Processing File may or may not coincide with those in the example.

The specification of the Statement Processing File has been provided in the Data and System Requirements.

There is no language preference provided in the Statement Processing.

Referring to section 4.2.4, are the transactions highlighted in the statement example the ones we will receive to communicate to clients? Will they be sent to us in the client's preferred language of correspondence?

The Example Depositor Statement included in the Data and System Requirements is an example only.

The transactions in the Statement Processing File may or may not coincide with those in the example.

The specification of the Statement Processing File has been provided in the Data and System Requirements.

There is no language preference provided in the Statement Processing.

It is mentioned in the Data Standards section 4.2.4 that the "CDIC will provide a statement processing file for the purposes of describing the transactions resulting from a Bridge Institution". Will the description of CDIC transactions have to appear only on the monthly/trimester/yearly statement or must they also appear in the bank book updates, statements generated by the ATM and the web site?

Will you send us a file for testing purposes?

The statement processing file will be provided to the MI for inclusion in the next statement or other type of communication to depositors. This may coincide with other periodic communications between the MI and its depositors.

The specification of the statement file has been provided in the Data and System Requirements. MIs may construct their own version of the statement file for the purposes of internal testing.

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5   Appendix

None at this time

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6   Foreign Branch Implementation *October 31, 2011*

Given that foreign deposits will be subject to cross-border restrictions, MIs may not legally be permitted to provide client and account information from foreign branches. Also, there may be privacy concerns. In addition, given time zone differences, it may not be possible to expect data to be provided by multi-jurisdictions within the initial six hour time-frame in Canada. Pragmatically, would CDIC be flexible in terms of the timing and hold treatment and granularity of data provided on foreign branch deposits?

CDIC has adopted a revised approach to the treatment of foreign branches of MIs in respect of FID implementation. The revised approach applies to a) the foreign branch files required to be provided; b) the location at which the files are to be provided to CDIC or its agent; and c) the nature of the holds to be applied on deposits at the foreign branch.

See also the next question concerning the <u>two-stage implementation for foreign branches</u>.

<u>Required files for Foreign Branches</u>

- Foreign branches of CDIC member institutions will not be required to transmit across international boundaries a data extract to CDIC, nor will those branches be required to receive and process file 0700 from CDIC.

- The following files will be required to be made available to CDIC on request:

  - 0100
  - 0110
  - 0120
  - 0130
  - 0233
  - 0500
  - 0501
  - 0800
  - 0900
  - 0999

- Certain data elements found in these required files are sourced from non-required tables. Such data elements will not need to be populated in the required tables.

- The files must be as at the determination date. If percentage holds were applied as at a different date than the determination date, than file 0800 will need to be produced as at the EOP of the date it was applied.

- The files are to be provided to CDIC or its agent for on-site review at the foreign branch.

<u>Holds</u>

- CDIC will require foreign branches of CDIC member institutions to have the ability to apply a channel hold, or the functional equivalent thereof, when so required by CDIC. The timeline for applying channel holds will be the same as currently required in the data specifications for channel holds.

- Foreign branches will not be required to have the ability to apply full holds or partial holds in dollar amounts. Foreign branches will be required to have the ability to apply percentage holds on all deposits when so instructed by CDIC.

- The timelines for percentage holds will not be linked to that of hold instructions, but will be linked to the foreign branch's EOP. CDIC will instruct the member institution, no later than 6 hours before the foreign branch's EOP, to apply percentage holds, and those holds must be in place within 6 hours of the instructions being received.

- If the instructions are received less than 6 hours before the foreign branch's next EOP, the percentage holds must be in place no later than the EOP of the next cycle. The channel hold applicable to that foreign branch will continue to apply until the member institution receives instructions from CDIC to remove it.

- A summary of the foreign branch requirements and compliance procedures are contained in the following table:

Summary – Foreign Branch Requirements

Requirement	Certification	Ongoing Compliance and Self-Certification	Determination Date
Channel holds (functional equivalent)	Documented procedures for applying channel holds.	1. Documented procedures for applying channel holds. 2. Updates to procedures and code as required.	Channel Holds to be applied immediately, as it would in Canada.
Percentage holds on accounts If it makes sense then manual processes may be used to apply holds (i.e. if the branch system contains a handful of accounts). Otherwise automated processes need to be built.	Documented procedures for applying percentage holds on accounts. MI deliverables: 1. Document procedures, 2. Develop and deploy code, and 3. Test in a test environment.	1. Documented procedures for applying percentage holds on accounts. 2. Updates to procedures as required. 3. Banks will have to develop and test in a test environment as required.	Apply percentage holds on client accounts Receive percentage hold instructions at least 6 hours before local end of day processing, and to be in place within 6 hrs after end of day processing, as in Canada (if local end of day processing occurs in less than six hours of notification, then hold instruction is required to be in place by the next end of day processing time).
Data Extract Includes tables: 100, 110, 120, 130, 233, 500, 501, 800, 900, 999	Documented procedures for producing the extract MI deliverables: 1. Document procedures, 2. Develop and deploy code to produce extract, 3. Test the systems to ensure data extracts can be created within required timeframe (6 hrs after end of day processing) to then be able to self-certify on an ongoing basis, and 4. CDIC may ask MI to produce an extract for the foreign branch within the local market.	1. Documented procedures for producing the extract. 2. Updates to procedures and code as required. 3. Test the systems to ensure data extracts can be created within required timeframe (6 hrs after eop) to then be able to self-certify on an ongoing basis. 4. CDIC may ask MI to produce an extract for the foreign branch within the local market.	Produce extract to CDIC personnel onsite.

Two-Stage Implementation for Foreign Branches

Given that foreign branch deposits represent a much smaller percentage of total deposits, but logistically will require a significant work effort to reach each jurisdiction, would CDIC consider allowing member institutions to focus their June 2012 early adoption on the domestic implementation of the FID project?

CDIC understands that the timeline for implementing FID standards for foreign branches was of great concern to some MIs. Therefore, CDIC proposed a two-stage approach:

1. To be eligible for the **June 2012 premium incentive**, MIs with foreign branches must be fully FID compliant for their domestic operations and, for their foreign branches, have the ability to provide channel holds or their functional equivalent (i.e. the first row of the attached table Summary – Foreign Branch Requirements).

2. **By the June 2013 implementation**, banks' foreign branches, in addition to having the channel hold capabilities described above, must also be able to have percentage holds and data extracts, including accrued interest (i.e. the second & third rows in the attached table Summary – Foreign Branch Requirements).

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