



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

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MFDA Bulletin

Membership Information

For Distribution to Relevant Parties within your Firm

Canada Deposit Insurance Corporation (CDIC) New Broker/Dealer Requirements for Nominee Name Client Deposits

Background

On April 30, 2022, changes to the Canada Deposit Insurance Corporation (CDIC) Act will take effect that will impact how deposits held by brokers/dealers at CDIC member institutions on behalf of their clients (i.e. in-nominee-name) receive deposit insurance protection where a CDIC member institution fails. Central to these changes are several new requirements that broker/dealers must meet to ensure that the deposits they hold for clients remain protected.

To support these changes and ensure strong adherence to these new requirements, CDIC is developing a compliance framework to allow them to monitor and assess how well broker/dealers are meeting the new rules. More information about CDIC's proposed **Nominee Broker Deposit (NBD) Compliance Framework** approach can be found on their website at the following link: [Nominee Brokered Deposit \(NBD\) Compliance Framework - cdic.ca](#).

A key feature of the Compliance Framework will be the introduction of a dedicated Nominee Broker (NB) Portal that will be the locus for compliance-related communication between broker/dealers and CDIC. Broker/dealers will be required to use the NB Portal to submit to CDIC all required information, including annual attestations and key data uploads needed for testing purposes as well as for calculation and reimbursement of deposit insurance if a CDIC member institution were to fail (information about the nominee broker data requirements can be found here: [Nominee Broker Data Requirements \(NBDR\) - cdic.ca](#)).

As you are aware, MFDA expects Members to comply with all legislative requirements applicable to them. Affected Members should therefore be working to ensure that they fully implement the new CDIC Act requirements by April 30, 2022. We would like to recognize the work that Members have done in working with CDIC through the Broker Deposit Advisory Group (BDAG) to facilitate the implementation of the new requirements for all MFDA Members. More information

about the work accomplished through BDAG can be found at the following link: [Industry Best Practices \(Brokered Deposit Advisory Group – BDAG\) - cdic.ca](http://www.cdic.ca/industry-best-practices).

CDIC Survey

CDIC has directly contacted Level 4 dealers that were identified as potential Nominee Brokers to ask that they complete a short survey requesting important baseline information about their organizations. This information is required for CDIC to set-up the NB Portal and the NBD Compliance Framework more generally. MFDA has worked cooperatively with CDIC to help identify the Members that will likely be affected by the CDIC Act changes.

Introducing Dealers

CDIC's new broker/dealer requirements for nominee name client deposits will indirectly impact introducing dealers that offer client deposits in nominee name of their carrying dealer as the carrying dealer is subject to CDIC's NBD Compliance Framework. As such, amendments to the introducing/carrying dealer agreement and other requirements may be required.