



# Introducing and Carrying Broker Deposit Industry Best Practices: Operationalizing the Legal Entity Identifier (LEI)

Date: 19 February 2021  
Document: 20210219-7 (ENG)  
Status: Published

## Preamble

- The ***Introducing and Carrying Broker Deposit Industry Best Practices: Operationalizing the Legal Entity Identifier*** have been developed by the Brokered Deposit Advisory Group (BDAG) to support the adoption of a consistent industry approach to optimize deposit insurance coverage for clients of introducing brokers who place deposits through carrying brokers.
- The Best Practices focus on the operationalization of key standards and parameters that Introducing Brokers (IBs), Carrying Brokers (CBs) and CDIC member institutions (MIs) must follow to ensure coverage for deposits placed for the clients of IBs, including how the Legal Entity Identifier (LEI) is to be used to ensure deposit insurance protection for deposits held at CDIC member institution.
- The Best Practices also set out several examples that explain how the LEI is to be used and applied in different deposit scenarios.
- The standards and parameters compliment and support key legislative requirement set out by the Government of Canada. They should be implemented by stakeholders in conjunction with the *CDIC Act* and the *CDIC Co-Owned and Trust Deposit Disclosure By-law* (COTDB) [\[Effective as of April 30, 2022\]](#).
- **Note:** *For reading ease, this document uses IIROC terminologies of Carrying Broker, Introducing Broker and Portfolio Manager. However, the concepts and examples provided are relevant to MFDA dealers, intermediaries and nominees and MFDA members should replace Carrying Broker and Introducing Broker with Carrying Dealer and Introducing Dealer, respectively. Also, please note that for the purposes of this document, any reference to “introducing broker (IB)” should be read to include “portfolio managers”.*

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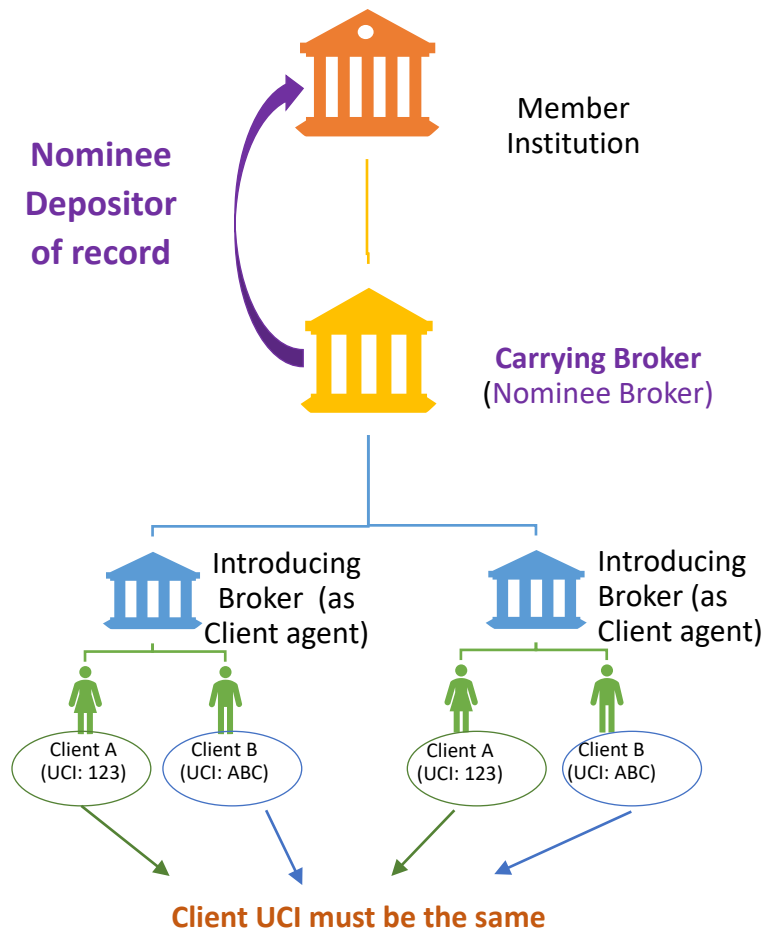
# 1. Introduction

## 1.1 Amendments to the *CDIC Act*

- In 2018, the Government of Canada made amendments to the *CDIC Act* to strengthen deposit insurance protection for brokered deposits held in nominee-name (nominee brokered deposits).
- The changes include enhanced requirements that nominee brokers must meet to ensure the deposits held for clients at CDIC Member Institutions (MIs) are protected.
- The requirements are effective April 30, 2022 and are not discretionary: they apply to all nominee brokered deposits, including existing deposit and net new deposits.

## 1.2 CDIC Act Amendments: Impact on Carrying Broker as Nominee Depositor (Current Industry Structure)

- New provisions in the *CDIC Act* requires brokers to assign unique client identifiers (UCIs) for each client for whom they place a deposit in nominee name. See: <https://www.cdic.ca/financial-community/for-brokers-and-other-financial-professionals/new-changes-to-deposit-insurance-affecting-nominee-brokers/>
- UCIs for clients must be assigned by the nominee broker registered as the nominee with the MI and transmit the UCI for inclusion on the MI's records each time a deposit is made and each time a deposit is changed.
- Currently, the CB is identified as the nominee broker (NB); the MI records do not identify the IB in any way, therefore play no role in how deposit insurance is calculated in relation to the nominee relationship.
- UCIs assigned by CB must be the same for the same client regardless of whether the deposit stems from different IBs; therefore, the CB must identify the same underlying client across all other legal entities (i.e. introducing brokers) to ensure UCIs are assigned correctly.
- CDIC would be required to aggregate all deposits placed by a CB (the trustee) for the same beneficiary (the client of IB(s)) to determine deposit insurance protection, even if deposits were sourced through different IBs (*see diagram below*).

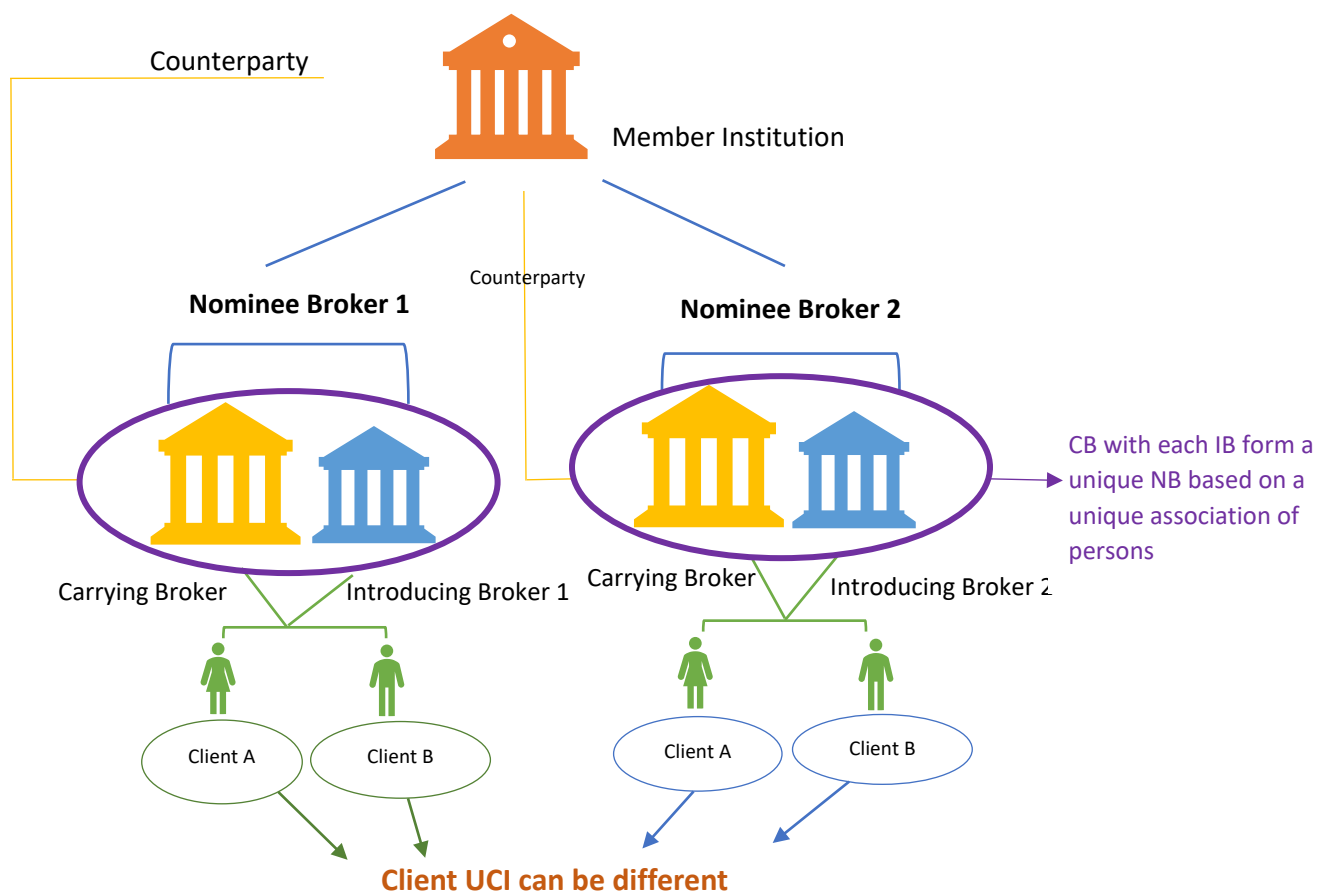


Note: Aggregation would be based on the same UCI assigned by the CB.

### 1.3 CDIC Act Amendments: Future Industry Structure (post April 30, 2022) to Enhance CDIC Coverage

- Through BDAG, industry has developed an approach that looks to optimize deposit insurance protection by recognizing the unique IB and CB relationship in placing client deposits at CDIC member institutions.
- Industry's approach focuses on the concept that the CB and their related IBs can be deemed to be an "association of persons" who places clients' deposits with MIs
- The "association of persons" formed between the CB and IB, and the MI are the "parties to an arrangement" under the definition of Nominee Broker for the nominee deposits placed at MIs on behalf of the mutual client of the CB and IB

- The “association of persons”, could be seen as a separate person under the *CDIC Act* and would be the Nominee Broker/depositor placing the deposit with the MI; contractually the CB would remain the counterparty with the MI for the placement of the deposit
- Conceptually, under this structure, deposit insurance protection could be based on the aggregation of all deposits placed by a NB (the unique CB/IB unit) for the same beneficiary (the client), even if deposits were sourced through different IBs



Note: Aggregation would be based on the different UCI assigned by the CB/IB.

## 1.4 Key Elements of the Conceptual Approach

- The approach developed the industry presumes that “Nominee Broker”, as it pertains to the *CDIC Act*, can be achieved through an “association of persons”.
- CDIC has indicated that this is permissible under the Act so long as key conditions are met, including:
  - adequate information is transmitted to the CDIC MI such that the “association of persons” is recorded and identifiable on the MI’s records, and can be transmitted to CDIC
  - the relationship that forms the “association of persons” is set out in the legal/contractual documentation between the nominee broker (i.e. CB and IB) and the CDIC MI
  - the “association of persons” formed through the contractual relationship between the IB, CB and MI continue to meet other requirements (i.e. IIROC and MFDA rules)
- These Best Practices look to address the **operation elements** that will support the transmission of information required to identify the “association of persons” on the records of the MI for deposit insurance purposes
  - Best practices related to the required contractual/legal elements of the approach are addressed through a different set of industry best practices.
- To do so, the industry will look to leverage the ***Legal Entity Identifier (LEI)***, an identifier widely accepted and used by broker/dealers in Canada, as the key piece of information to be transmitted to identify the association of persons for a deposit placed at a CDIC MI under a IB/CB relationship



## 2. Industry Best Practices: Operationalizing the LEI

### 2.1 Purpose of LEI Industry Best Practices

- The LEI Industry Best Practices build on the industry approach noted above and set out industry expectations about the LEI design, application and transmission.
- The LEI Industry Best Practices apply to nominee brokered deposits situations where an association of persons (i.e. between two legal entities) exists between an introducing entity and a carrying entity; it **does not apply** to nominee brokered deposits not held through an association of persons (i.e. placed directly by a broker) or to brokered deposits placed in client name.
- These Best Practices form the basis for nominee brokers under an association of persons (i.e. carrying broker for their introducing brokers), CDIC MIs and all intermediaries involved in the brokered deposit process to implement system and procedural changes required to support the proper transmission and retention of LEIs and facilitate broker and MI disclosure of these LEIs to CDIC when required.

### 2.2 LEI Target Audience

- The LEI Industry Best Practices apply to all organizations that play a role in nominee brokered deposit held through an association of persons and are involved in the process for placing client funds in deposit products held at CDIC MIs, including:
  - Carrying Brokerage firms
  - Introducing Broker and Portfolio Manager firms
  - CDIC MIs
  - Data Service Providers that support carrying brokerage firms and MIs
  - Financial exchange platforms
  - Relevant regulatory bodies (federal or provincial)
  - Other organizations that deal in nominee brokered deposits such as mutual fund companies, insurance companies, etc.

### 2.3 What is a Legal Entity Identifier (LEI)?

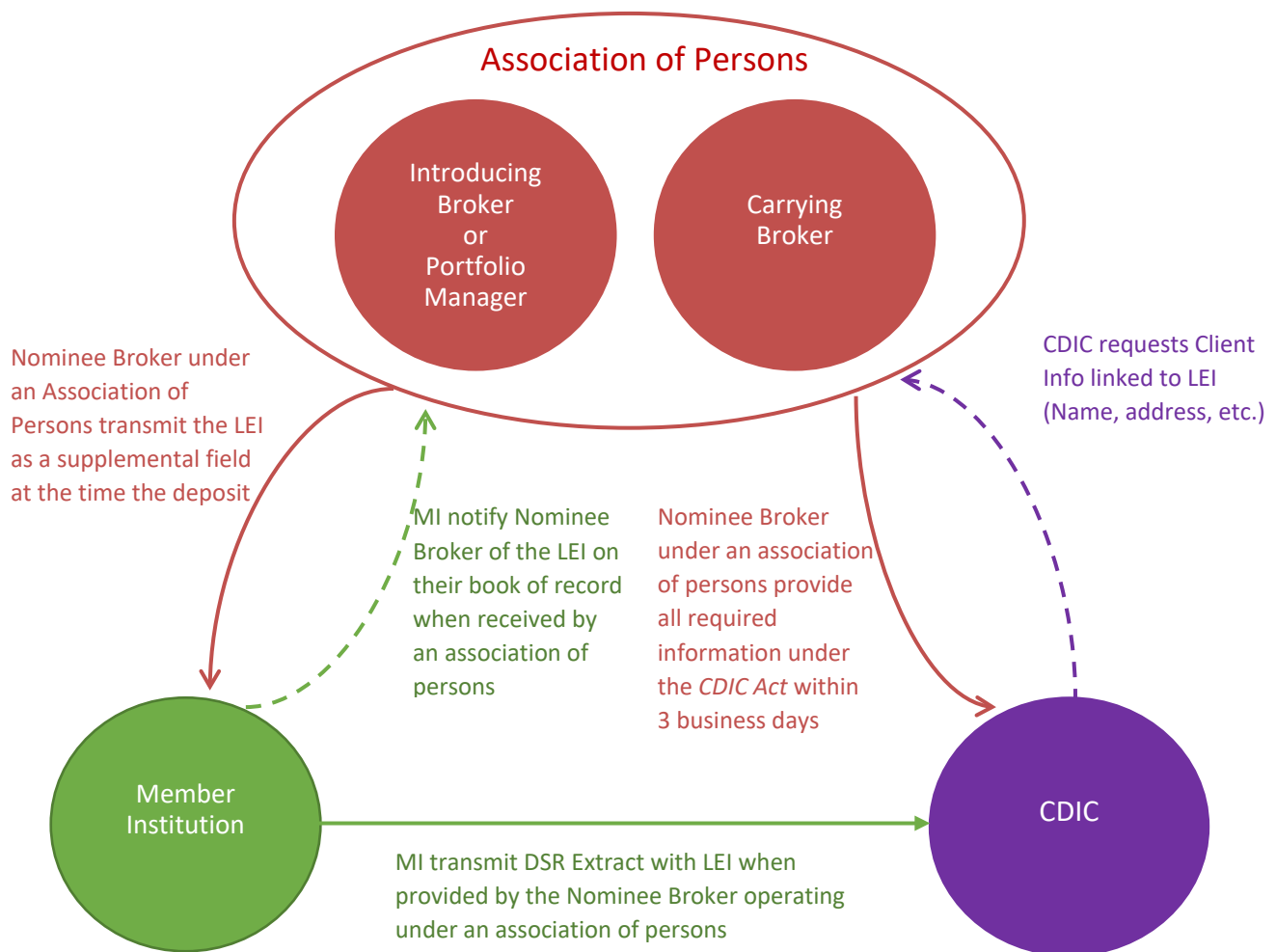
- The LEI is a unique, 20-character alphanumeric code based on the ISO 17442 standard, which is assigned to legal entities that are counterparties to financial transactions. The LEI links back to a data set of critical information about the transacting entity, including ultimate entity ownership.
- The Global Legal Entity Identifier Federation (GLEIF) is a not-for-profit organization established to support the implementation and use of the LEI. The GLEIF manages a network of partners, LEI issuing organizations, to provide trusted services and open, reliable data for unique legal entity identification worldwide.
- Each LEI code is assigned by an approved local operating unit (LOU) of the GLEIF, which benefits from local knowledge of infrastructure, corporate organizational frameworks and business practices.

### 2.4 Why is the LEI important?

- In relation with the CDIC Act and associated By-laws (COTDB), the LEI will be used in situation where the “Nominee Broker” is achieved through an “associated persons”—notable when there is a carrying and introducing entity involved in placing a deposit with an CDIC MI.
- An association of person would apply when the broker/dealer is a Carrying Broker (CB) or carrying dealer or intermediary carrying an Introducing Broker (IB) or introducing dealer or Portfolio Manager (PM).
  - It is important to note the associated persons with the Carrying Broker can only be formed under a contractual arrangement between legal entities registered under a Canadian Self-Regulatory Organization (SRO), such as IIROC or MFDA, or under a provincial securities commission.
- To facilitate the transmission of information regarding the relationship between the CB and IB, industry proposes the transmission of the Legal Entity Identifier (LEI) of the introducing entity. This will require the MI and the association of persons to agree to the use of the LEI as part of the distribution agreement, in lieu of another identifier of the introducing entity (i.e. legal name and address).
- Industry believes by using the LEI over other identifiers provided several benefits including the following:

- The LEI once issued for a company, regardless of any name change and/or address, remains in perpetuity
  - The LEI is internationally unique and provides greater consistency across the industry
  - The LEI links back to a generally available database that includes accurate and consistent demographic information about the IB
- It is key that the LEI be applied, transmitted and recorded correctly as information about the associated party of the nominee brokered deposits flows from broker/dealer/intermediary to MI to CDIC (*see LEI Transmission Flow schematic below*).

## 2.5 LEI Transmission Flow



## 2.6 Requirements for Existing and New Deposits

- Similar to the requirements for the UCI, to ensure that deposits placed under an introducing/carrying entity relationship are protected under the new approach, the LEI will need to be transmitted for each nominee deposits placed by carrying brokers that are already on the books of CDIC MIs as of the coming into force of the new requirements on April 30, 2022 (i.e. existing deposits), as well as for net-new deposits placed at CDIC MIs subsequent to the coming into force date.
- For clarity, this includes:
  - Transmitting LEIs for all nominee brokered deposits placed under the introducer/carrier association of persons deposits held for clients at an MI on the day the new requirements come into force (i.e., existing deposits), and
  - Providing LEIs for any new deposits placed for clients by nominee broker under an association of persons as of the day the new requirements come into force (i.e., net new deposits)
- Failure to properly assign LEIs for existing or new deposits placed under an IB/CB association could result in limiting deposit insurance protection for clients' deposits at CDIC MIs.

## 2.7 Benefits of a Standardized Approach for LEI

- The use of a LEI in transaction reporting improves the quality of financial data across the industry, allows for improved market surveillance and increases transparency amongst parties involved. Benefits to the financial industry resulting from the use of LEIs are clear, encouraging regulators worldwide to quickly adopt rules that are requiring entities to include LEIs in transaction reporting.
- Benefits for the registration of a LEI:
  - Adherence to growing regulations whereby LEIs are used to identify parties in a transaction;
  - Improved communications and recognition between entities by the use of a common language understood globally;
  - Reduced risk resulting from incorrectly identified entities;
  - Valuable risk management tool making the management of financial transactions more efficient.

### 3. LEI Key Standards and Parameters

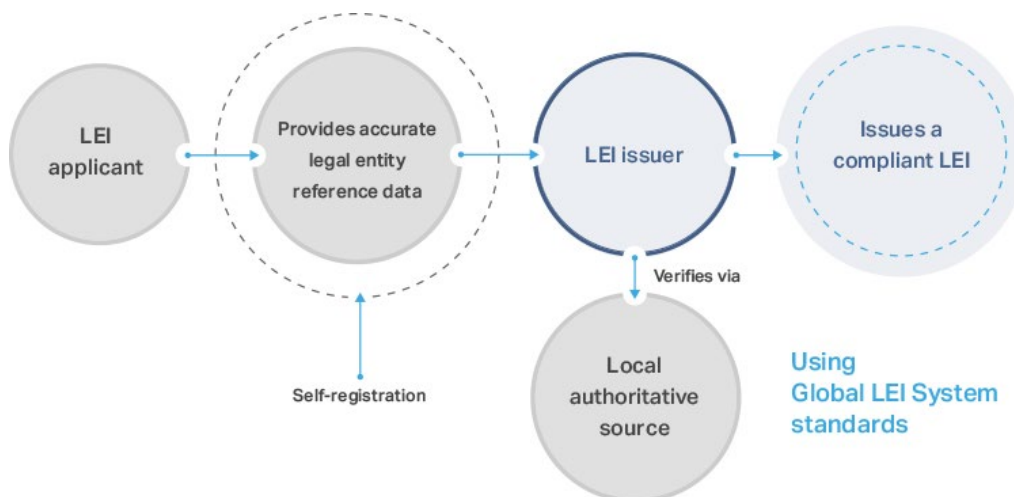
#### 3.1 LEI Standards

##### *3.1.1 Acceptable Legal Entity Identifier (LEI)*

- The LEI is a unique, 20-character alphanumeric code based on the ISO 17442 standard.
- Only organizations duly accredited by the Global Legal Entity Identifier Foundation (GLEIF) are authorized to issue LEIs. Accreditation is the process by which GLEIF evaluates the suitability of organizations seeking to operate within the Global LEI System as LEI issuers.
- Each LEI code is assigned by an approved local operating unit (LOU), which benefits from local knowledge of infrastructure, corporate organizational frameworks and business practices.

##### *3.1.2 How to obtain a Legal Entity Identifier (LEI)?*

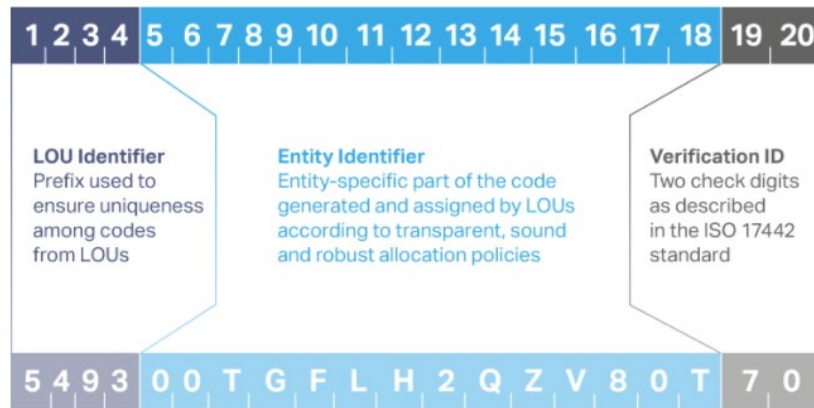
- To obtain a LEI, the legal entity needs to reach out to a LEI issuer, which are referred as Local Operating Unit (LOU), who supply registration, renewal and other services, and act as the primary interface for legal entity wishing to obtain an LEI.
- A list of LOU can be found on the Global Legal Entity Identifier Foundation (GLEIF) website (<https://www.gleif.org/en/>).
- Once a legal entity has identified a LOU the following diagram explains the workflow to obtain a valid LEI:



- As a reference, the below are pricings in effect (as of July 2020) for issuance and/or renewal of the LEI by a Canadian LOU. Please note that pricing is managed by the LOUs and may be subject to change at any time without notice.
- Renewal/Maintenance (as of August 2020)
  - 1-year renewal – LEI renewal for 1 year: C\$105 (C\$105/year)
  - 3-year renewal – LEI renewal for 1 year + 2 annual renewals: C\$291 (C\$97/year)
  - 5-year renewal – LEI renewal for 1 year + 4 annual renewals: C\$435 (C\$87/year)

### 3.1.3 Legal Entity Identifier (LEI) Format

- The LEI Code has been defined and specified in the International Standard ISO 17442, issued on June 1st, 2016.
- The code consists of 20 characters (digits and uppercase letters A-Z):
  - Four digits to identify the LOU (Local Operating Unit) that issued the LEI
  - Two reserved characters
  - Twelve digits that identify the legal entity
  - Two checksum characters
- The following diagram depicts the structure of the LEI Code:



**Example:** ABB Sécheron S.A., Switzerland

- The Standard requests the LEI Data Record to contain, at a minimum, the following reference data for each LEI Code:
  - The official name of the legal entity as recorded in the respective official business registry
  - The registered address of the headquarters of the legal entity
  - The address and the country of the legal formation (encoded according to the ISO 3166 standard)
  - The date of the first LEI code assignment
  - The date of the last update of the LEI reference data
- The Global Legal Entity Identifier Foundation (GLEIF) lists four fundamental principles that underlie the structure of a LEI:
  - Globality – The global scope of the standard
  - Uniqueness – a single, unique identifier is assigned to each legal entity
  - Data Quality – the standard is supported by high-quality data
  - Free Availability – the standard is a public good, available free-of-charge to all users

## 3.2 LEI Parameters

### 3.2.1 Legal Entity Identifier (LEI) Function

- The primary function of the LEI is to represent the Introducing Broker or Portfolio Manager as part of the association of persons with the Carrying Broker on the records of the MI and to CDIC.

- The LEI must be sent with each nominee brokered deposit transaction whenever a Nominee Broker is composed by an association of persons between a Carrying Broker and an Introducing Broker or Portfolio Manager firm.
- The LEI must not be used when the Nominee Broker is a sole Broker (i.e. the deposit does not extend from an IB/CB association of persons).

### 3.2.2 *Parameters for using the Legal Entity Identifier (LEI)?*

- As per the GLIEF standards, the LEI must meet the following criteria for transmission for nominee brokered deposits:
  - The LEI was assigned from the public domain which adhere to the 20 characters, alpha-numeric, code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO);
  - The LEI is used in a context of associated person under an operational model of a carrying broker;
  - The LEI represents the introducing broker or portfolio manager that is part of the associated person with the carrying broker;
  - The introducing broker or portfolio manager is registered under a Canadian Self-Regulated Organization (i.e. IIROC or MFDA) or under a provincial securities commission;
- If one or more criteria above are not met, then the LEI should not be used in any context related to CDIC by-laws for deposit coverage.
- The following examples illustrate the above guiding principles when to populate or not the LEI:

#### *Example A*

**Context** – A Broker/Dealer is registered under an SRO (i.e. IIROC or MFDA) and is party to an agreement with a MI to place deposit for clients in nominee name. A client of this Broker/Dealer is a corporation, legal entity on its own, who use the service of the Broker/Dealer for investments and deposits purposes.

**Question 1** – Does a LEI need to be transmitted for the purposed of extending deposit insurance protection?

**Response** – No, a LEI is not required as the Nominee Broker in this case is not an association of persons (i.e. the deposit does not stem from a IB/CB relationship).



**Question 2** – should a LEI be assigned for the corporation who is a client of the nominee broker?

**No.** A LEI needs only be provided for an introducing entity who together with the carrying entity forms the association of person that are the nominee broker. In this case, the corporate client is the beneficiary of the deposit and should be assigned a UCI.

*Example B*

**Context** – A Broker/Dealer is registered under IIROC or MFDA (SRO) as a Carrying Broker (CB). Their client firm is an Introducing Broker (IB) registered as such under IIROC or MFDA. The IB service their clients for investments and deposits needs.

**Question** – Will a LEI be required or permissible to use in this case in relation for CDIC deposit coverage?

**Response** – Yes, a LEI is required as the Nominee Broker in this case is an association of persons between the CB and IB. Additionally, the association of persons in this case qualify for all criteria.

*Example C*

**Context** – A Broker is registered under IIROC (SRO) as a Carrying Broker (CB). Their client firm is a Portfolio Manager registered under a provincial securities commission. The PM service their clients for investments and deposits needs.

**Question** – Will a LEI be required or permissible to use in this case in relation for CDIC deposit coverage?

**Response** – Yes, a LEI is required as the Nominee Broker in this case is an association of persons between the CB and PM. Additionally, the association of persons in this case qualify for all criteria.

*3.2.3 LEI Link to Deposits and Nominee Broker under an Association of Persons*

- To ensure alignment of nominee broker, operating as an association of persons, and CDIC Member Institution (MI) records, a LEI must be assigned to the associated party such as the Introducing Broker (IB) or Portfolio Manager (PM) and transmitted to a MI if it is linked to deposit positions at a CDIC MI.

- When a LEI is issued for an associated party such as an IB or PM, the LEI must be linked to the required firm information (i.e. names, addresses, etc.) in the records/systems of the Carrying Broker (CB) and must be kept up to date.
- The LEI must be transmitted through the appropriate channel (CANNEX, FundServ; Manual forms) with each nominee brokered deposit transaction at the time the transaction is effectuated.
- MIs must ensure that LEIs transmitted to them are received and linked to the appropriate nominee brokered deposits on their records.
- MIs and Carrying Brokers must ensure they have the capacity to provide the LEIs to CDIC at the time and in the format specified by CDIC.

#### *3.2.4 Amending Legal Entity Identifier (LEI)*

- The same LEI must be transmitted for the same associated firm (i.e. Introducing Broker (IB) or Portfolio Manager (PM)), irrespective of the number of accounts that associated firm might hold through the Carrying Broker at a CDIC MI or when the deposits are placed.
- Carrying Broker (CB) might, from time to time, be required to amend or change a LEI for an associated party (i.e. IB or PM) for various business reasons (i.e. acquisitions, mergers, etc.). In such instances, the new LEI must be updated with member institutions for any existing and future deposits.

## 4. Roles and Responsibilities

### 4.1 Context

- The roles and responsibilities must be clearly defined and frame through a legal agreement between each party. As noted at the outset, best practices regarding legal/contractual elements of this approach will be set out in an accompanying document.
- The information below provide general high-level roles and responsibilities that each party in the chain of a nominee deposits will play. For legally binding roles and responsibilities please refer to the legal agreement between each party.

### 4.2 Introducing Broker and Portfolio Manager

- The Introducing Broker (IB) or Portfolio Manager (PM) firm that enter in an association of persons with a Carrying Broker (CB) is responsible for obtaining a valid LEI of 20 characters, alpha-numeric, based on ISO 17442 and from an appropriate LEI Local Operating Unit (LOU).
- The IB or PM firm is responsible for maintaining the LEI data displayed on the public domain and to maintain an active LEI through the regular required renewals.
- The IB or PM firm must provide the active and valid LEI to the CB in order to establish an association of persons with the CB prior to making new deposits or changing a deposit.

### 4.3 Carrying Broker

- The Carrying Broker (CB) is responsible for ensuring that the Introducing Broker (IB) or Portfolio Manager (PM) that forms an association of persons with the CB have a valid LEI of 20 characters, alpha-numeric, based on ISO 17442.
- The CB must store the LEI of the IB or PM in order to populate the appropriate LEI field as required, when a client of the IB or PM wishes to place a deposit or change a deposit with a Member Institution (MI).
- The CB must ensure LEI of the IB or PM remain active. The CB must transmit the LEI of the IB or PM to the MI with each deposit transaction when required.

- The CB must ensure the UCI of each client under the same LEI for an IB or PM is unique and adheres to the *CDIC Act* and By-law requirements and meet the standards set out in the *Unique Client Identifiers (UCI) Industry Best Practices*.

#### 4.4 Platform Partners – Fundserv and CANNEX

- Fundserv and CANNEX must provide a standardized ability for Carrying Brokers (CB) to provide the LEI as a field of 20 characters, alpha-numeric, based on ISO 17442 to Member Institution (MI)/Manufacturer through their established processes.
- Fundserv and CANNEX, as platform partners, should ensure the LEI field is always 20 characters and alpha numeric. LEI with more or less than 20 characters and/or with a character that is not alpha numeric (e.g. special characters) should not be permitted.
- Fundserv and CANNEX must provide a standardized ability for Member Institution (MI)/Manufacturer to confirm the LEI field received from a Carrying Broker (CB) at a time of a deposit or a change of deposit.
- Fundserv and CANNEX must provide a standardized ability for CB and MI to reconcile the LEI periodically.

#### 4.5 Member Institution (MI)

- Member Institutions (MI) are responsible to capture and store the LEI received from the Carrying Broker as part of a new deposit or when a change is made to a deposit. MIs need to use the LEI as part of the key data point to determine coverage of a deposit.
- CDIC requires that MIs provide the LEI to CDIC through the DSR as set out in section 4.1.8 Table 0153 (Beneficiary Data – Nominee Broker).

#### 4.6 CDIC

- When required, CDIC will retrieve the LEI when provided by the Member Institution (MI) through the DSR in section 4.1.8 Table 0153 (Beneficiary Data – Nominee Broker).

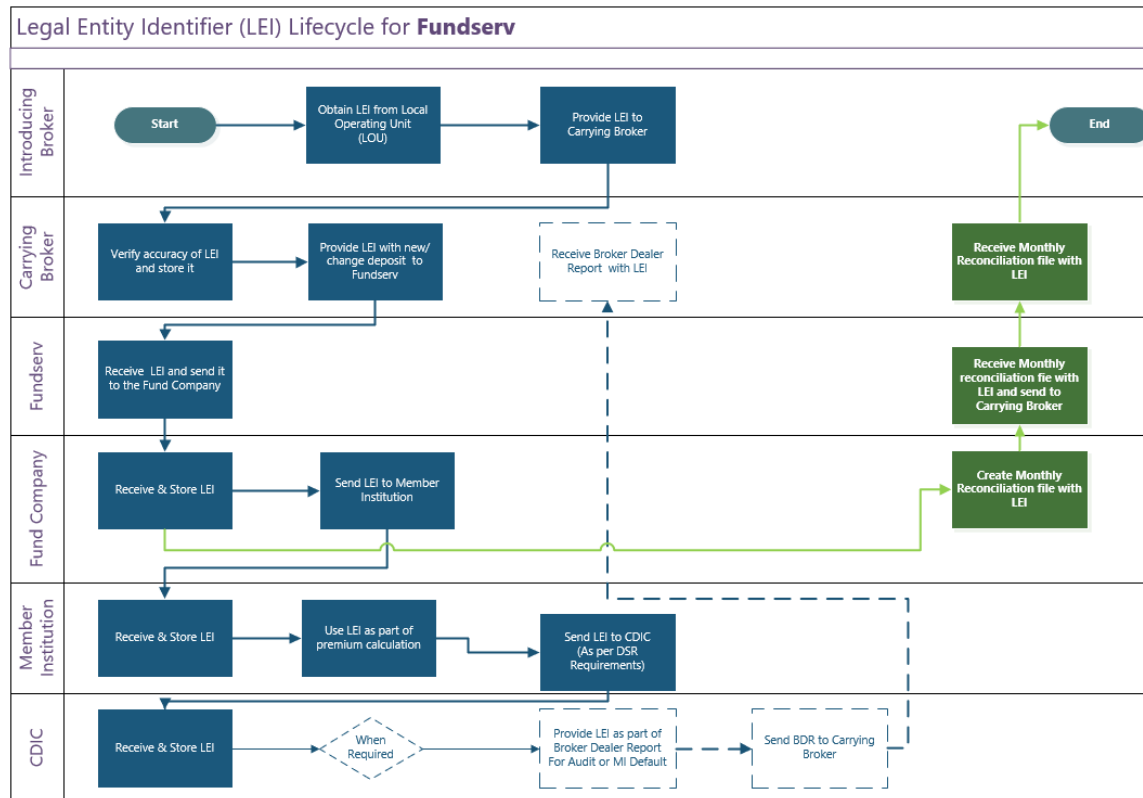
- CDIC may also ask carrying brokers to provide LEI information from their records when required through the Nominee Broker Data Requirements (NBDR) and/or as part of their annual attestations to CDIC.

## 5. LEI Lifecycle within the Investment Industry

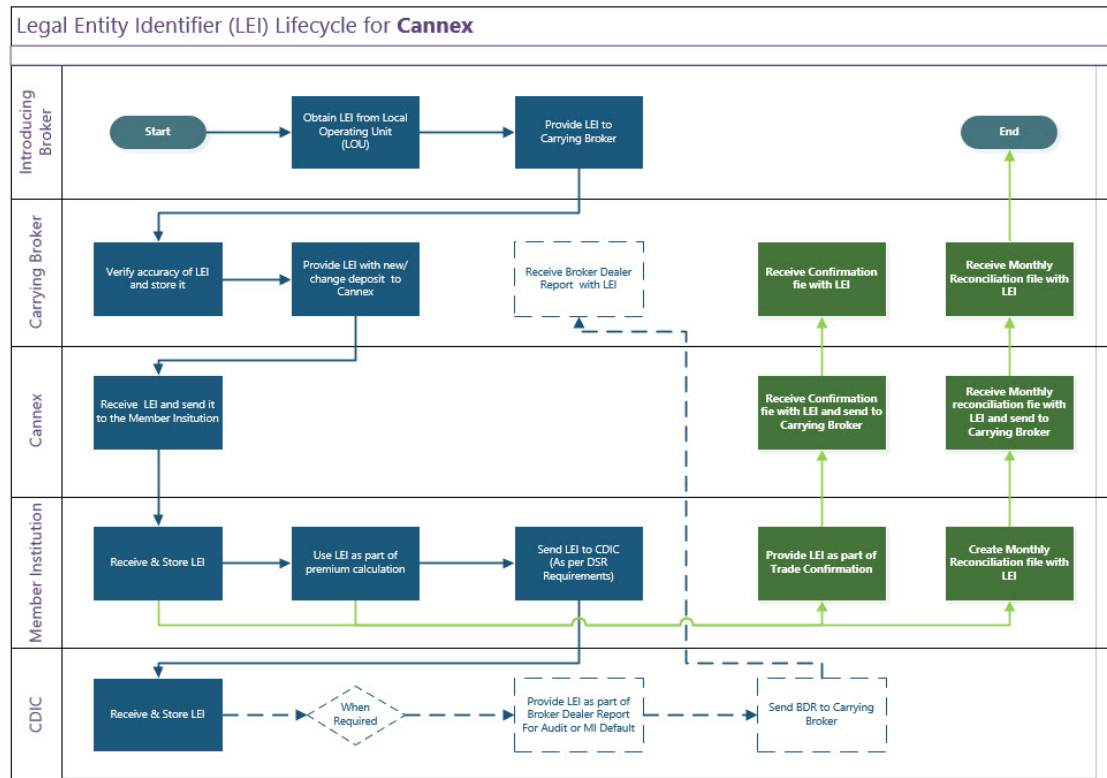
### 5.1 Key Platforms

- This section will provide an overview of how the LEI will be transmitted from the Introducing Broker/Carrying Broker through platforms to the Member Institution and CDIC. The processes are captured using the two main financial platforms (Fundserv and CANNEX) as well as a manual process.

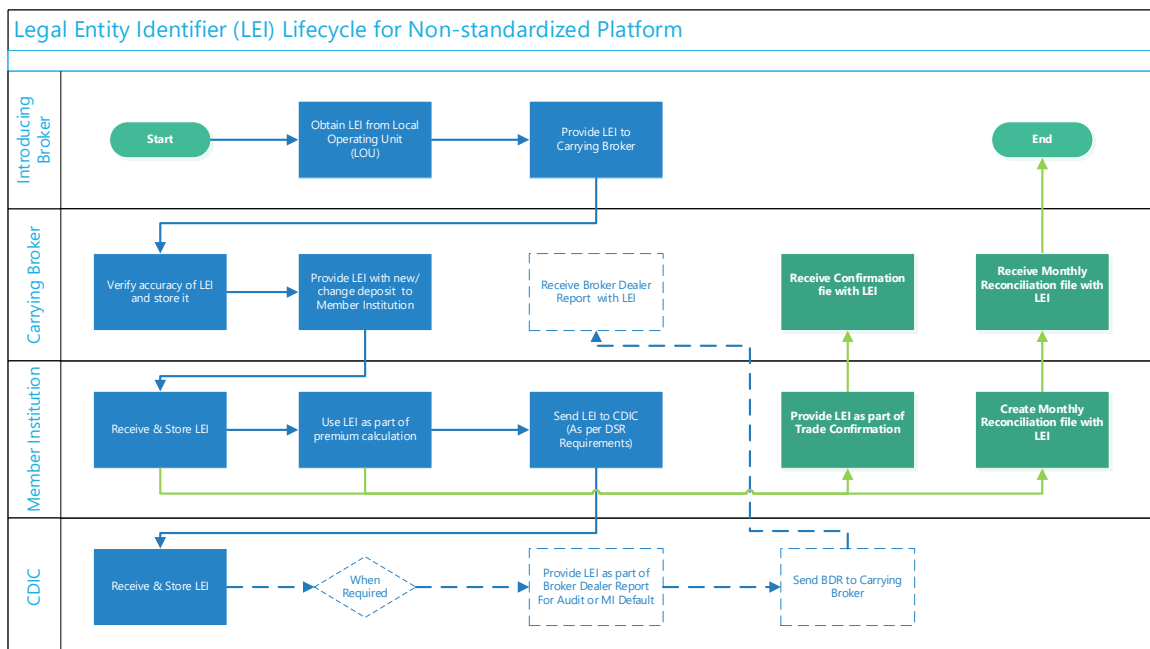
### 5.2 Fundserv



## 5.2 CANNEX



## 5.3 Manual



## 6. LEI Application: Key Examples - Non-Registered Deposits

### 6.1 Non-Registered Deposits

- For all examples under this section, the following definition apply:
  - When using the term “**Broker**” it means a dealer/broker that self-clear and does not use the service of a carrying broker/dealer. As such, the term “Broker” it is not an association of persons and the Member Institution only know/see the dealer/broker.
  - When using the term “**Carrying Broker**” it means a dealer/broker or intermediary that clear on behalf of other legal entities such as introducing broker/dealer or portfolio manager. As such, the term “Carrying Broker” refer to an association of persons with the underlying introducing broker/dealer or portfolio manager.
- The term “Broker” and “Carrying Broker” can refer to the same legal entity. It is possible that some firms are legally one entity with various line of business (**LOB**). This is most prevalent for Bank owned brokerage where legal entity “ABC” can represent a brokerage with the following LOB’s:
  - Full-Service Retail Brokerage
  - Discount Brokerage
  - Carrying Brokerage
- In all LOBs above the legal entity is “ABC” and for the first two (i.e. Full Retail and Discount) could be self-clearing, thus not in an association of persons, while for the last one (i.e. Carrying Brokerage) they will be part of an association of persons with the underlying legal entities (i.e. Introducing Broker or Portfolio Manager) they carry.



## 6.2 Example A: One Client/One Deposit

- The same Brokerage “ABC” has both a Full Retail Broker and Carrying Broker under the same legal entity.
- Client Mary Smith asks introducing broker (IB) “DEF” who is in an association of persons with carrying broker (CB) “ABC” to place \$20,000 in a GIC at member institution (MI) “XYZ”. In addition, client John Smith ask Broker “ABC” to place a \$30,000 in a GIC at MI “XYZ”.
- Mary Smith as a new client is assigned a UCI by carrying broker “ABC”. The UCI assigned to Mary Smith is B1A1. As for John Smith, he is also a new client who is assigned a UCI by broker “ABC”. The UCI for John Smith is “LF1D1”.
- Introducing broker “DEF” is registered under LEI “2594007XIACKNMUAW223” and in an association of persons with Carrying broker “ABC” registered with the MI under the agent/dealer code “1111”.
- Carrying broker “ABC” must transmit the LEI of the associated party, introducing broker “DEF”, in addition to all other required information for Mary Smith when the deposit is placed at MI “XYZ”.
- Broker “ABC” must not transmit a LEI when placing the deposit for John Smith at MI “XYZ”. In the case of John Smith, Broker “ABC” is not a CB and there is no association of persons thus the LEI must not be transmitted to MI “XYZ”.
- MI “XYZ” must receive and record the LEI and all other required information in its complete format in their systems when received for Mary Smith deposit.

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$20,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 5yr GIC	ABC		\$30,000	LF1D1	N/A	Non-Registered	N/A

The LEI for Introducing Broker must be provided as the Nominee Broker is composed of an association of persons with the carrying broker only in the deposit for Mary Smith. It must not be populated for the deposit of John Smith.

### 6.3 Example B: One Client/Multiple Deposits same Introducing Broker/Portfolio Manager

- Mary Smith places multiple deposits with the same Introducing Broker (IB) “DEF” who is in an association of persons with carrying broker (CB) “ABC” at Member Institution (MI) “XYZ”:
  - a \$50,000 5yr GIC;
  - a \$30,000 6mo Term Deposits; and
  - a \$40,000 HISA
- In addition, Mary Smith place a fourth deposit directly with Broker “ABC” for a \$60,000 3yr GIC at MI “XYZ”.
- Carrying broker “ABC” must transmit the LEI of the associated party, introducing broker “DEF”, in addition to all other required information for Mary Smith when the deposit is placed at MI “XYZ”.
- Carrying broker “ABC” must transmit the unique LEI of each IB for each deposit for Mary Smith at MI “XYZ” regardless of when the deposit is made or the type of deposit product as it is done through different IB (i.e. associated party).
- Broker “ABC” does not transmit a LEI as there is no association of persons for the fourth deposit of Mary Smith.
- CDIC uses the LEI, in addition to all other required information, to aggregate deposits held for Mary Smith at MI “XYZ” and provides deposit insurance coverage up to the \$100,000 per deposit under each different association of persons.
- In this specific case Mary Smith would be covered only for \$100,000 as she is above the maximum CDIC coverage limit (i.e. \$120,000 total aggregated deposits) of \$100,000 for the first three (3) deposits. In addition, Mary Smith will be covered for the fourth deposit independently for \$60,000 by CDIC. In the end, Mary Smith will have a grand total coverage of \$160,000 for all four (4) deposits placed in this example.

Aggregation of Deposits

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$50,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 6mo Term	ABC	2594007XIACKNMUAW223	\$30,000	B1A1	N/A	Non-Registered	N/A
Deposit #3 HISA	ABC	2594007XIACKNMUAW223	\$40,000	B1A1	N/A	Non-Registered	N/A
Deposit #4 3yr GIC	ABC		\$60,000	B1A1	N/A	Non-Registered	N/A

The same LEI for Introducing Broker must be provided for each deposit as the Nominee Broker is composed of an association of persons with the carrying broker for the first three deposits. For the fourth deposit the LEI must not be provided as there's no association of person.

## 6.4 Example C: One Client/Multiple Deposits different Introducing Broker/Portfolio Manager

- Mary Smith places multiple deposits with the different Introducing Broker (IB) “DEF”, “GHI” and Portfolio Manager (PM) “JKL” who are in an association of persons with carrying broker (CB) “ABC” at Member Institution (MI) “XYZ”:
  - a \$50,000 5yr GIC under IB “DEF”;
  - a \$30,000 6mo Term Deposits under IB GHI”;
  - and a \$40,000 HISA under PM “JKL”
- In addition, Mary Smith place a fourth deposit directly with Broker “ABC” for a \$60,000 3yr GIC at MI “XYZ”.
- Carrying broker “ABC” must transmit each LEI of the associated party, introducing broker “DEF”, “GHI” and Portfolio Manager “JKL”, in addition to all other required information for Mary Smith when each of the deposit are placed at MI “XYZ”.
- Carrying broker “ABC” must transmit the unique LEI for each deposit for Mary Smith at MI “XYZ” regardless of when the deposit is made or the type of deposit product as it is done through different IB and PM (i.e. associated party).
- Broker “ABC” does not transmit a LEI as there is no association of persons for the fourth deposit of Mary Smith.
- CDIC would use the LEI, in addition with all other required information, to determine deposit insurance coverage. Mary Smith deposits are not aggregated as they are under separate association of persons thus providing each deposit with a maximum coverage of \$100,000. In this case, CDIC would protect up to \$180,000 coverage (i.e. \$50k under IB “DEF”, \$30k under IB “GHI”, \$40k under PM “JKL” and \$60k under “ABC”).

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$50,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 6mo Term	ABC	3605117ZIBCKMNUBY334	\$30,000	B1A1	N/A	Non-Registered	N/A
Deposit #3 HISA	ABC	4716227AIAJKNMUCZ445	\$40,000	B1A1	N/A	Non-Registered	N/A
Deposit #4 3yr GIC	ABC		\$60,000	B1A1	N/A	Non-Registered	N/A

Different unique LEI, one for each Introducing Broker, must be provided for each deposit as the Nominee Broker is composed of an association of persons with the carrying broker for the first 3 deposits. For the fourth deposit the LEI must not be provided as there's no association of person.

## 6.5 Example D: One Client/Multiple Deposits different Introducing Dealer

- Mary Smith asks Introducing Dealer (ID) “DEF”, who has an introducing/carrying agreement with Carrying Dealer (CD) “ABC” to purchase a \$80,000 5 years GIC (deposit #1). Introducing Dealer DEF has obtained a valid LEI and in order to enter into an association of persons with Carrying Dealer ABC under deposit #1.
- In addition, Mary Smith asks Introducing Dealer (ID) “GHI” who has an introducing/carrying agreement with Carrying Dealer (CD) “ABC” to purchase a \$60,000 3 years GIC (deposit #2). Introducing Dealer “GHI” has NOT obtained a valid LEI, therefore Mary Smith will be effectively purchasing the GIC directly with the Carrying Dealer “ABC”. There is no association of persons between Introducing Dealer “GHI” and Carrying Dealer “ABC”.
- Lastly, Mary Smith asks Introducing Dealer (ID) “JKL” who has who has an introducing/carrying agreement with Carrying Dealer (CD) “ABC” to purchase a \$55,000 2 years GIC (deposit #3). Introducing Dealer “JKL” has also NOT obtained a valid LEI, therefore Mary Smith will be effectively purchasing the GIC directly with the Carrying Dealer “ABC”. There is no association of persons between Introducing Dealer “JHK” and Carrying Dealer “ABC”.
- For deposit #1, carrying dealer “ABC” must transmit the unique LEI for each deposit for Mary Smith at MI “XYZ” regardless of when the deposit is made or the type of deposit product as it is done through an Introducing Dealer (i.e. associated party) that is in an association of persons.
- In deposit #2 and #3, carrying dealer “ABC” does not transmit a LEI as there is no association of persons with introducing dealer “GHI” and “JKL” for the deposit of Mary Smith.
- CDIC would use the LEI, in addition with all other required information, to determine deposit insurance coverage. Mary Smith deposits are not aggregated for deposit #1 as they are under separate association of persons thus providing each deposit with a maximum coverage of \$100,000. However, for deposit #2 and #3 there is no association of persons and the deposits of Mary Smith will be aggregated up to \$100,000 coverage. In this case, CDIC would protect up to \$180,000 coverage (i.e. \$80k under ID “DEF” and a combine of maximum of \$100k under ID “GHI” and “JKL”).

Aggregation of Deposits							
Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007MFDAKNMUAW223	\$80,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 3yr GIC	ABC		\$60,000	B1A1	N/A	Non-Registered	N/A
Deposit #3 2yr GIC	ABC		\$55,000	B1A1	N/A	Non-Registered	N/A

A unique LEI is provided for deposit #1 where there's an association of persons between introducing dealer "DEF" and carrying dealer "ABC". For the deposit #2 and #3 the LEI there's no association of person as introducing dealer "GHI" and "JKL" did not obtain a valid LEI.

## 6.5 Example D: One Deposit/Multiple Clients

- Introducing Broker (IB) “DEF” in an association with Carrying Broker (CB) “ABC” places deposit #1 of \$400,000 5yr GIC deposit at Member Institution (MI) “XYZ” under which four (4) clients own an equal portion (25%) of the total deposit.
  - Mary Smith (UCI B1A1);
  - Tom Brown (UCI P2A1);
  - Jane White (UCI P3A1);
  - Sam Rogers (UCI P4A1)
- In addition, Broker “ABC” places deposit #2 of \$400,000 3yr GIC deposit at Member Institution (MI) “XYZ” under which four (4) clients own an equal portion (25%) of the total deposit.
  - Mary Smith (UCI B1A1);
  - Tom Brown (UCI P2A1);
  - Jane White (UCI P3A1);
  - Sam Rogers (UCI P4A1)
- IB “ABC” must transmit the LEI of the associated party, IB “DEF”, in addition to all other required information for each client when deposit #1 is placed with MI “XYZ”, along with the interest each holds in the deposit.
- Broker “ABC” must not transmit the LEI as there is no association of persons for deposit #2 placed with MI “XYZ”. All other required information, including the interest each holds in the deposit, must be provided by Broker “ABC” to MI “XYZ”.
- CDIC uses the LEI as part of the coverage determination, in addition with all other required information transmitted to MI XYZ to extend deposit insurance coverage to each client under the deposit up to the \$100,000 limit.
- In this case, each client would receive \$100,000 (25% interest in the deposit) for a total of \$400,000 for the four clients for deposit #1. Similarly, deposits #2 would also receive \$100,000 (25% interest in the deposit) for a total of \$400,000 for the four clients. Deposit #1 and Deposit #2 are placed under a different “Nominee Broker” (i.e. Deposit #1 under association of persons comprised of CB “ABC” and IB “DEF” and Deposit #2 under Broker “ABC”).

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$400,000	B1A1 P2A1 P3A1 P4A1	25% 25% 25% 25%	Non-Registered	N/A
Deposit #2 3yr GIC	ABC		\$400,000	B1A1 P2A1 P3A1 P4A1	25% 25% 25% 25%	Non-Registered	N/A

One LEI representing the Introducing Broker must be provided for deposit #1 as the Nominee Broker is composed of an association of persons with the carrying broker. For deposit #2 the Nominee Broker is not an association of person and the LEI must not be provided.



## 6.7 Example E: Multiple Deposits/Multiple Clients same Introducing Broker/Portfolio Manager

- Mary Smith asks her Introducing Broker (IB) “DEF”, who is in an association of person with Carrying Broker (CB) “ABC”, to place two deposits at Member Institution “XYZ”. Under deposit #1 (5yr GIC) Mary is the sole owner. Under deposit #2 (3yr GIC) she is one of two clients with equal share (50%) in the deposit.
- In addition, Mary Smith asks her Broker “ABC”, to place two deposits at Member Institution “XYZ”. Under deposit #3 (5yr GIC) Mary is the sole owner. Under deposit #4 (3yr GIC) she is one of two clients with equal share (50%) in the deposit.
- CB “ABC” must transmit the LEI of the IB “DEF”, in addition to all other required information, for deposits #1 and #2 placed through an association of persons composed of CB “ABC” and IB “DEF”.
- Broker “ABC” must not transmit the LEI as there is no association of persons for deposit #3 and #4 placed with MI “XYZ”.
- CDIC would use the LEI, in addition with all other required information, to aggregate deposits and determine deposit insurance coverage. In this case, the aggregate of Mary Smith’s deposits under the Nominee Broker made of the association of persons of CB “ABC” and IB “DEF” would be \$160,000 (\$100,000 for deposit #1 and \$60,000 for deposit #2). CDIC would protect up to \$100,000 for the combined deposit #1 and #2.
- Similarly, the aggregate deposits of Mary Smith made under Nominee Broker of Broker “ABC”, which is not an association of persons, would be \$180,000 (\$90,000 for deposit #3 and \$90,000 for deposit #4). CDIC would protect up to \$100,000 for the combined deposit #3 and #4.

Aggregation of Deposits by UCI							
Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$100,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 3yr GIC	ABC	2594007XIACKNMUAW223	\$120,000	B1A1 R2D2	50% 50%	Non-Registered	N/A
Deposit #3 5yr GIC	ABC		\$90,000	B1A1	N/A	Non-Registered	N/A
Deposit #4 3yr GIC	ABC		\$180,000	B1A1 R2D2	50% 50%	Non-Registered	N/A

The same LEI for Introducing Broker must be provided for each of deposit #1 and #2 as the Nominee Broker is composed of an association of persons. For deposit #3 and #4 the Nominee Broker is not an association of person and the LEI must not be provided.

Aggregation of Deposits by UCI

## 6.8 Example F: Multiple Deposits/Multiple Clients different Introducing Broker/Portfolio Manager

- Mary Smith asks her Introducing Broker (IB) “DEF”, who is in an association of person with Carrying Broker (CB) “ABC”, to place a deposit at Member Institution (MI) “XYZ” for deposit #1 (5yr GIC) where Mary is the sole owner. In addition, Mary ask her Portfolio Manager (PM) “JKL”, who is in an association of persons with CB “ABC”, to place a deposit at MI “XYZ” for deposit#2 (3yr GIC) where she is one of two clients with equal share (50%) in the deposit.
- In addition, Mary Smith asks her Broker “ABC”, to place two deposits at Member Institution “XYZ”. Under deposit #3 (5yr GIC) Mary is the sole owner. Under deposit #4 (3yr GIC) she is one of two clients with equal share (50%) in the deposit.
- Carrying broker “ABC” must transmit each LEI of the associated party, introducing broker “DEF” (Deposit #1) and Portfolio Manager “JKL” (Deposit #2), in addition to all other required information for Mary Smith when each of the deposit are placed at MI “XYZ”.
- Broker “ABC” must not transmit the LEI as there is no association of persons for deposit #3 and #4 placed with MI “XYZ”.
- CDIC would use the LEI, in addition with all other required information, to determine deposit insurance coverage.
- Mary Smith deposit #1 and #2 are not aggregated as they are under separate association of persons, thus providing each deposit with a maximum coverage of \$100,000. In this case, CDIC would protect up to \$160,000 (i.e. \$100k under IB “DEF” and \$60k under PM “JKL”).
- Mary Smith deposit #3 and #4 are aggregated, as they are under the same Broker “ABC”, for a total of \$180,000 (i.e. \$90k for deposit #3 and \$90k for deposit #4). CDIC would protect up to \$100,000 for the combined deposit #3 and #4.

Aggregation of Deposits by UCI

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$100,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 3yr GIC	ABC	3605117ZIBCKMNUBY334	\$120,000	B1A1 R2D2	50% 50%	Non-Registered	N/A
Deposit #3 5yr GIC	ABC		\$90,000	B1A1	N/A	Non-Registered	N/A
Deposit #4 3yr GIC	ABC		\$180,000	B1A1 R2D2	50% 50%	Non-Registered	N/A

A different LEI, unique for each Introducing Broker, must be provided for deposit #1 (under IB “DEF”) and deposit #2 (under PM “JKL”) as the Nominee Broker is composed of an association of persons. For deposit #3 and #4 the Nominee Broker is not an association of person and the LEI must not be provided.

## 6.9 Example G: Co-owned Deposits

- Mary Smith asks Introducing Broker (IB) “DEF”, who is in an association of persons with Carrying Broker (CB) “ABC”, to place two deposits at Member Institution (MI) “XYZ”. Under deposit #1 (5yr GIC) Mary is the sole owner. Under deposit #2 (6mth term) it is co-owned (i.e. jointly held) by Mary and Denis Smith.
- In addition, Mary Smith asks Broker “ABC” to place two deposits at Member Institution (MI) “XYZ”. Under deposit #3 (5yr GIC) Mary is the sole owner. Under deposit #4 (6mth term) it is co-owned (i.e. jointly held) by Mary and Denis Smith.
- CB “ABC” must transmit the LEI of the IB “DEF”, in addition to all other required information, for deposits #1 and #2 only as there is an association of persons for these deposits.
- Broker “ABC” must not transmit the LEI as there is no association of persons for deposit #3 and #4 placed with MI “XYZ”.
- For deposits #1 and #2, CDIC would treat these deposits under the same association of persons, made of CB “ABC” and IB “DEF”. However, in this case each deposit would be eligible for deposit insurance protection up to \$100,000. CDIC would not aggregate Mary Smith’s interest in each deposit due to the co-owner relationship.
- Similarly, for deposit #3 and #4, CDIC would treat these deposits under the same “Nominee Broker” of Broker “ABC”. However, in this case each deposit would be eligible for deposit insurance protection up to \$100,000. CDIC would not aggregate Mary Smith’s interest in each deposit due to the co-owner relationship.
- All four (4) deposit made by Mary will be independently eligible for up to \$100,000 each. In this case, Mary will receive a total of \$400,000 in coverage.

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$100,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 6mo Term (co-owned)	ABC	2594007XIACKNMUAW223	\$120,000	J3T3	N/A	Non-Registered	N/A
Deposit #3 5yr GIC	ABC		\$100,000	B1A1	N/A	Non-Registered	N/A
Deposit #4 6mo Term (co-owned)	ABC		\$120,000	J3T3	N/A	Non-Registered	N/A

The same LEI for Introducing Broker must be provided for deposit #1 and #2 as the Nominee Broker is composed of an association of persons. For deposit #3 and #4 the Nominee Broker is not an association of person and the LEI must not be provided.

## 6.10 Example H: Nested Trust Deposit

- John Smith asks Introducing Broker (IB) “DEF”, who is in an association of persons with Carrying Broker (CB) “ACB”, to place a \$150,000 GIC (Deposit #1) in trust for his daughter, Mary Smith, at Member Institution (MI) “XYZ”.
- There are two trust relationships under deposit #1: 1) between the association of persons, CB “ABC” and IB “DEF”, and John Smith; and 2) between John Smith and Mary Smith. This is a Nested Trust.
- For non-registered deposits, CDIC can only consider the first trust relationship when calculating deposit insurance protection (i.e. between the association of person, CB “ABC” and IB “DEF”, and John Smith).
- CB “ABC” must send the LEI of the associated person, IB “DEF”, in addition to all other required information to MI “XYZ”.

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$150,000	LF1D1	N/A	Non-Registered	N/A



The LEI for Introducing Broker must be provided as the Nominee Broker is composed of an association of persons with the carrying broker.

## 7. LEI Application: Key Examples – Registered Deposits (same UCI)

### 7.1 Approach

- For all examples under Section 7, the following definition apply:
  - When using the term “Broker” it means a dealer/broker that self-clear and does not use the service of a carrying broker/dealer or intermediary. As such, the term “Broker” it is not an association of persons and the Member Institution only know/see the dealer/broker.
  - When using the term “Carrying Broker” it means a dealer/broker or intermediary that clear on behalf of other legal entities such as introducing broker/dealer or portfolio manager. As such, the term “Carrying Broker” refer to an association of persons with the underlying introducing broker/dealer or portfolio manager.
- The term “Broker” and “Carrying Broker” can refer to the same legal entity. It is possible that some firms are legally one entity with various line of business (LOB). This is most prevalent for Bank owned brokerage where legal entity “ABC” can represent a brokerage with the following LOB’s:
  - Full Retail Brokerage
  - Discount Brokerage
  - Carrying Brokerage
- In all LOB’s above the legal entity is “ABC” and for the first two (i.e. Full Retail and Discount) could be self-clearing, thus not in an association of persons, while for the last one (i.e. Carrying Brokerage) they will be part of an association of persons with the underlying legal entities (i.e. Introducing Broker or Portfolio Manager) they carry.

### 7.2 Application of LEIs for Registered Deposits

- Nominee brokers must provide their name and address as set out in the *CDIC Act*. This also applied to the Introducing Broker (IB) or Portfolio Manager (PM) firms when they are part of an association of persons with the Carrying Broker (CB) to form the Nominee Broker. However, for IB and PM the LEI is used in lieu of the name and address of the IB and PM.

- This requirement to populate the LEI apply to all deposits held under an association of person, which include deposits that are held under the special income arrangements (RRSP, RRIF, TFSA, RESP and RDSP) set out in the *CDIC Act*.

### 7.3 Example I: Registered Plans (RRSP)

- Mary Smith asks Introducing Broker (IB) “DEF”, who is in an association of persons with Carrying Broker “ABC”, to place two deposits at Member Institution (MI) “XYZ”:
  - Deposit #1 (5yr GIC) is a non-registered deposit for Mary
  - Deposit #2 (3yr GIC) is a deposit held in a RRSP for Mary
- In addition, Mary Smith ask Broker “ABC” to place two deposits at MI “XYZ”:
  - Deposit #3 (5yr GIC) is a non-registered deposit for Mary
  - Deposit #4 (3yr GIC) is a deposit held in a RRSP for Mary
- Carrying broker “ABC” must transmit the LEI of the associated party, introducing broker “DEF”, in addition to all other required information for Mary Smith when deposit #1 and #2 are placed at MI “XYZ”.
- Broker “ABC” must not transmit the LEI as there is no association of persons for deposit #3 and #4 placed with MI “XYZ”.
- CDIC uses all required information, including the LEI, to determine that deposit #1 and #2 will be reviewed separately then deposits #3 and #4 as the Nominee Broker is different (i.e. Deposits #1 and #2 under an association of persons between IB “DEF” and CB “ABC” while deposits #3 and #4 under Broker “ABC” who is not an association of person).
- In this case, each deposit fall in separate deposit insurance categories and provides coverage up to \$100,000 for each deposit (no aggregation). Mary Smith will obtain a total coverage of \$150,000 across four (4) deposits held through two (2) separate Nominee Broker.

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$20,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 3yr GIC	ABC	2594007XIACKNMUAW223	\$30,000	B1A1	N/A	RRSP	B1A1
Deposit #3 5yr GIC	ABC		\$40,000	B1A1	N/A	Non-Registered	N/A
Deposit #4 3yr GIC	ABC		\$60,000	B1A1	N/A	RRSP	B1A1

The same LEI for Introducing Broker must be provided for each of deposit #1 and #2 as the Nominee Broker is composed of an association of persons. For deposit #3 and #4 the Nominee Broker is not an association of person and the LEI must not be

## 7.4 Example J: Registered Plans (RESP)

- Mary Smith asks Introducing Broker (IB) “DEF”, who is in an association of persons with Carrying Broker “ABC”, to place three deposits at Member Institution (MI) “XYZ”:
  - Deposit #1 (5yr GIC) is a non-registered deposit for Mary
  - Deposit #2 (3yr GIC) is a deposit held in a RRSP for Mary
  - Deposit #3 (5yr GIC) held in a RESP for her two children (Linda and Mark)
- In addition, Mary Smith ask Broker “ABC” to place three deposits at MI “XYZ”:
  - Deposit #4 (5yr GIC) is a non-registered deposit for Mary
  - Deposit #5 (3yr GIC) is a deposit held in a RRSP for Mary
  - Deposit #6 (5yr GIC) held in a RESP for her two children (Linda and Mark)
- Carrying broker “ABC” must transmit the LEI of the associated party, introducing broker “DEF”, in addition to all other required information when deposit #1, #2 and #3 are placed at MI “XYZ”.
- Broker “ABC” must not transmit the LEI as there is no association of persons for deposit #4, #5 and #6 placed with MI “XYZ”.
- CDIC uses all required information, including the LEI, to determine that deposit #1, #2 and #3 will be reviewed separately then deposits #4, #5 and #6 as the Nominee Broker is different (i.e. Deposits #1, #2 and #3 under an association of persons between IB “DEF” and CB “ABC” while deposits #4, #5 and #6 under Broker “ABC” who is not an association of person).
- In this case, each deposit fall in separate deposit insurance categories and provides coverage up to \$100,000 for each deposit (no aggregation). Mary Smith will obtain a total coverage of \$250,000 across four (4) deposits held through two (2) separate Nominee Broker while Linda and Mark will each receive their own coverage of \$130,000 as the beneficiary of the RESP held in two separate Nominee Broker.

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$20,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 3yr GIC	ABC	2594007XIACKNMUAW223	\$90,000	B1A1	N/A	RRSP	B1A1
Deposit #3 5yr GIC	ABC	2594007XIACKNMUAW223	\$120,000	B1A1	N/A	RESP	CH1B1 CH2B1
Deposit #4 5yr GIC	ABC		\$40,000	B1A1	N/A	Non-Registered	N/A
Deposit #5 3yr GIC	ABC		\$100,000	B1A1	N/A	RRSP	B1A1
Deposit #6 5yr GIC	ABC		\$140,000	B1A1	N/A	RESP	CH1B1 CH2B1



The same LEI for Introducing Broker must be provided for each of deposit #1, #2 and #3 as the Nominee Broker is composed of an association of persons. For deposit #4, #5 and #6 the Nominee Broker is not an association of person and the LEI must not be provided.



## 7.5 Example K: Registered Plans (Multiple RESP)

- Three subscribers, Mary, Denis and Leslie, each ask their Introducing Broker (IB), who all are in an association of persons with Carrying Broker “ABC”, to place a deposit at Member Institution (MI) “XYZ” in a RESP for the same children (Linda and Mark):
  - Deposit #1 (5yr GIC): \$80,000 RESP under IB “DEF” - Mary Smith for Linda and Mark
  - Deposit #2 (3yr GIC): \$80,000 RESP under IB “GHI” – Mary and Denis Smith as joint subscribers for Linda and Mark
  - Deposit #3 (5yr GIC): \$80,000 RESP under IB “JKL” – Aunt Leslie as subscriber for Linda and Mark
- In addition, the same three subscribers each ask Broker “ABC” to place the same deposit at MI “XYZ” in a RESP for the same children (Linda and Mark):
  - Deposit #4 (5yr GIC): \$80,000 RESP - Mary Smith for Linda and Mark
  - Deposit #5 (3yr GIC): \$80,000 RESP – Mary and Denis Smith as joint subscribers for Linda and Mark
  - Deposit #6 (5yr GIC): \$80,000 RESP – Aunt Leslie as subscriber for Linda and Mark
- Carrying broker “ABC” must transmit the LEI of the associated party, introducing broker “DEF”, “GHI” and “JKL” in addition to all other required information when deposit #1, #2 and #3 are placed at MI “XYZ”.
- Broker “ABC” must not transmit the LEI as there is no association of persons for deposit #4, #5 and #6 placed with MI “XYZ”.
- CDIC uses all required information, including the LEI, to determine that deposit #1, #2 and #3 will be reviewed separately as the association of persons that constitute the Nominee Broker is different (i.e. three different IB: “DEF”, “GHI” and “JKL”).
- However, deposits #4, #5 and #6 will be aggregated as the Nominee Broker is constituted of only Broker “ABC” who is not an association of persons.
- In this case, as the account are RESP CDIC will extend the coverage to each child up to a total of \$100,000. In taking the LEI, and all other required information, in consideration for coverage the total amount that would be covered for each child (i.e. Linda and Mark) would be \$220,000 (i.e. \$40k each for deposits under an association with IB “DEF”, “GHI” and “JKL” plus each \$100k, the maximum covered, for the aggregated deposit under Broker “ABC” who is not an association of persons).

Aggregation of Deposits							
Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$80,000	B1A1	N/A	RESP	CH1B1 CH2B1
Deposit #2 3yr GIC	ABC	3605117ZIBCKMNUBY334	\$80,000	B1A1	N/A	RESP	CH1B1 CH2B1
Deposit #3 5yr GIC	ABC	4716227AIAJKNMUCZ445	\$80,000	B1A1	N/A	RESP	CH1B1 CH2B1
Deposit #4 5yr GIC	ABC		\$80,000	B1A1	N/A	RESP	CH1B1 CH2B1
Deposit #5 3yr GIC	ABC		\$80,000	B1A1	N/A	RESP	CH1B1 CH2B1
Deposit #6 5yr GIC	ABC		\$80,000	B1A1	N/A	RESP	CH1B1 CH2B1

A unique LEI for each Introducing Broker must be provided for deposit #1, #2 and #3 as the Nominee Broker is composed of an association of persons with a different IB (i.e. "DEF", "GHI" and "JKL"). For deposit #4, #5 and #6 the Nominee Broker is not an association of person and the LEI must not be provided.

## 7.6 Example L: Registered Plans (RDSP)

- Mary Smith asks Introducing Broker (IB) “DEF”, who is in an association of persons with Carrying Broker “ABC”, to place three deposits at Member Institution (MI) “XYZ”:
  - Deposit #1 (5yr GIC) is a non-registered deposit for Mary
  - Deposit #2 (3yr GIC) is a deposit held in a RDSP for Mary’s daughter Linda
  - Deposit #3 (5yr GIC) held in a RESP for Mary’s two children (Linda and Mark)
- In addition, Mary Smith ask Broker “ABC” to place two deposits at MI “XYZ”:
  - Deposit #4 (5yr GIC) is a non-registered deposit for Mary
  - Deposit #5 (5yr GIC) held in a RESP for Mary’s two children (Linda and Mark)
- Carrying broker “ABC” must transmit the LEI of the associated party, introducing broker “DEF”, in addition to all other required information when deposit #1, #2 and #3 are placed at MI “XYZ”.
- Broker “ABC” must not transmit the LEI as there is no association of persons for deposit #4 and #5 placed with MI “XYZ”.
- CDIC uses all required information, including the LEI, to determine that deposit #1, #2 and #3 will be reviewed separately then deposits #4 and #5 as the Nominee Broker is different (i.e. Deposits #1, #2 and #3 under an association of persons between IB “DEF” and CB “ABC” while deposits #4 and #5 under Broker “ABC” who is not an association of person).
- In this case, each deposit fall in separate deposit insurance categories and provides coverage up to \$100,000 for each deposit (no aggregation).
  - Mary Smith will obtain a total coverage of \$120,000 for her two Non-Registered accounts held through two separate Nominee Broker (i.e. First is through an association of persons between CB “ABC” and IB “DEF” while the second is under Broker “ABC”, who is not an association of persons).
  - Linda will obtain a total coverage of \$230,000 for the RDSP and two RESP accounts as each account type are held through a separate Nominee Broker.
  - Mark will obtain a total coverage of \$140,000 for the two RESP accounts as each are held through a separate Nominee Broker.

Deposit	Broker / Carrying Broker	Introducing Broker / Portfolio Manager LEI	Amount of Deposit	UCI	Interest of each client under the deposit (% or \$)	Account Type	Individual who benefits from the plan
Deposit #1 5yr GIC	ABC	2594007XIACKNMUAW223	\$40,000	B1A1	N/A	Non-Registered	N/A
Deposit #2 3yr GIC	ABC	2594007XIACKNMUAW223	\$90,000	B1A1	N/A	RDSP	CH1B1
Deposit #3 5yr GIC	ABC	2594007XIACKNMUAW223	\$120,000	B1A1	N/A	RESP	CH1B1 CH2B1
Deposit #4 5yr GIC	ABC		\$80,000	B1A1	N/A	Non-Registered	N/A
Deposit #5 5yr GIC	ABC		\$160,000	B1A1	N/A	RESP	CH1B1 CH2B1



The same LEI for Introducing Broker must be provided for each of deposit #1, #2 and #3 as the Nominee Broker is composed of an association of persons. For deposit #4 and #5 the Nominee Broker is not an association of person and the LEI must not be provided.

## Acronyms and Abbreviations

<b>BDAG</b>	Brokered Deposit Advisory Group
<b>CB</b>	Carrying Broker
<b><i>CDIC Act</i></b>	<i>Canada Deposit Insurance Corporation Act</i>
<b>CDIC</b>	Canada Deposit Insurance Corporation
<b>COTDB</b>	Co-owned and Trust Disclosure By-law
<b>DSR</b>	Data and System Requirements
<b>DSRB</b>	CDIC Data and System Requirements By-law
<b>GIC</b>	Guaranteed Investment Certificate
<b>GLEIF</b>	Global Legal Entity Identifier Foundation
<b>IB</b>	Introducing Broker
<b>IIROC</b>	Investment Industry Regulatory Organization of Canada
<b>ISO</b>	International Organization for Standardization
<b>LEI</b>	Legal Entity Identifier
<b>LOU</b>	Local Operating Unit
<b>MFDA</b>	Mutual Fund Dealers Association of Canada
<b>MI</b>	Member Institution of CDIC
<b>PM</b>	Portfolio Manager
<b>RDSP</b>	Registered Disability Savings Plan
<b>RESP</b>	Registered Education Savings Plan
<b>RRIF</b>	Registered Retirement Income Fund
<b>RRSP</b>	Registered Retirement Savings Plan
<b>SIA</b>	Special Income Arrangement
<b>SRO</b>	Self-Regulated Organization
<b>TFSA</b>	Tax Free Savings Account
<b>UCI</b>	Unique Client Identifier

## Glossary of Terms & Concepts

For more information on other important terms related to CDIC deposit insurance protection, please see:

- CDIC website at: <https://www.cdic.ca/glossary/>
- UCI Best Practices Glossary: <https://www.cdic.ca/wp-content/uploads/BDAG-UCI-Industry-Best-Practices-Appendix-B-Glossary-of-Terms.pdf>

In addition:

**Association of Persons** – Association of persons means two or more persons who collaborate for a mutual determination with a vision to earn an income. In this document, the term Person means two or more legal entities who are registered under an SRO (such as IIROC or MFDA) or a provincial securities commission.

**Carrying Broker/Dealer** – A brokerage firm that provides back-office support for other brokers. Note: IIROC members typically use the term Broker while MFDA members use the term Dealer. Examples of such support include ensuring regulatory compliance, recording and distributing client documents, and monitoring credit risk for margin accounts.

**Counterparty** – Refer to brokers, dealers, intermediaries, carrying brokers or carrying dealers that serve as the contracting party when completing a deposit with an issuer or manufacturer. The counterparty as direct link to the Member Institution and do not refer to the introducing broker/dealer.

**Introducing Broker/Dealer** - An introducing broker (IB) advises clients in the securities market but delegates trade execution and back office operations to a carrying broker. Note: IIROC members typically use the term Broker while MFDA members use the term Dealer.

**ISO 17442** – The International Standard Organization specification for the Legal Entity Identifier (LEI).

**Member Institution** – CDIC member institutions include federally regulated deposit-taking institutions such as banks, trust companies, loan companies, and federal credit unions. See CDIC Glossary

**Nominee Broker** – The CDIC Act defines Nominee Broker as *“a person who is a party to an agreement or arrangement with a member institution in order to make deposits as a nominee on behalf of another person”*.

**Portfolio Manager** – A registered portfolio manager (PM) hold an investor’s cash, deposits and/or securities in an account at a carrying broker (CB) over which the PM has discretionary trading authority. The carrying broker will execute, clear, and/or settle the investor’s trades and positions in the account based on instructions it receives from the PM. The investor is considered to be a client of both the PM and the carrying broker but, each has different roles and responsibilities, and different regulatory obligations, to the client.