



Canada Deposit
Insurance Corporation

Société d'assurance-dépôts
du Canada

APPLICATION FOR DEPOSIT INSURANCE

Canada The wordmark for Canada, with a small red maple leaf icon positioned above the letter 'a'.

**BY-LAW PRESCRIBING THE FORM OF THE APPLICATION
FOR DEPOSIT INSURANCE WITH THE
CANADA DEPOSIT INSURANCE CORPORATION**

Short Title

1. This By-law may be cited as the *Canada Deposit Insurance Corporation Application for Deposit Insurance By-law*.

Interpretation

2. (1) In this By-law,

“**Act**” means the *Canada Deposit Insurance Corporation Act; (Loi)*

“**affiliate**” means an entity that is affiliated with another entity within the meaning of subsection (2); (*groupe*)

“**applicant**” means a federal institution or a provincial institution that files an application for deposit insurance; (*requérant*)

“**associate**”, where used to indicate a relationship with any person, means

- (a) any body corporate of which that person beneficially owns, directly or indirectly, voting securities that carry more than 10 per cent of the voting rights attached to all of the outstanding voting securities of the body corporate,
- (b) any partner of that person,
- (c) any trust or estate in which that person has a substantial beneficial interest or to which that person serves as trustee or in a similar capacity,
- (d) any relative of that person,
- (e) anyone to whom that person is married or with whom that person is living in a conjugal relationship outside marriage, or
- (f) any relative of a person mentioned in paragraph (e) who occupies the same address as that person; (*liens*)

“**beneficial ownership**” includes ownership through one or more trustees, legal representatives, agents or other intermediaries; (*véritable propriétaire*)

“**body corporate**” means an incorporated body wherever or however incorporated; (*personne morale*)

“**business plan**” means, in respect of a specified time period,

- (a) the applicant's business objectives together with a description of the short and long term strategies for achieving those objectives,
- (b) the applicant's market strategy, including a description of the geographic area to be served by the applicant, and the scope and nature of business contemplated such as the types of products to be offered, the expected volume of deposits, and the details of lending and investment objectives,
- (c) a detailed forecast that includes pro-forma financial statements that cover the time period specified and that identifies the assumptions made in the preparation of the forecast, and
- (d) an explanation of the relation between the business background and expertise of the each officer and the business objectives of the applicant; (*plan d'entreprise*)

“direction”, in respect of the voting securities of an entity, means having the power, alone or in combination with one or more persons, directly or indirectly, to exercise or direct the exercise of the voting rights attached to such securities; (*haute main*)

“entity” means a body corporate, a trust, a partnership, a fund, an unincorporated association or organization, Her Majesty in right of Canada or of a province, an agency of Her Majesty in either of such rights or the government of a foreign country or any political subdivision and any agency thereof; (*entité*)

“financial statements” includes a balance sheet, a statement of retained earnings, an income statement and a statement of changes in financial position; (*états financiers*)

“forecast” means information in respect of prospective results of operations and the made in respect of future economic conditions and planned courses of action for a specified period, given management's judgment as to the most probable set of economic conditions; (*prévisions*)

“influence”, in respect of an entity, means having the power, alone or in combination with one ore more persons, directly or indirectly, to exercise an influence over the management and policies of the entity, whether through the beneficial ownership of voting securities, or otherwise; (*influence*)

“material”, in respect of any matter, means any matter that has or may reasonably be expected to have a bearing on the decision of the Canada Deposit Insurance Corporation as to whether to approve an applicant for deposit insurance; (*important*)

“misrepresentation” means an untrue statement made in respect of a material fact or the omission of a material fact that is required in order that a statement not be misleading in the context in which it was made; (*fausse déclaration*)

“officer” means a chief executive officer, president, vice-president, secretary, controller, treasurer, chief financial officer or general manager of an entity, or a natural person who performs functions similar to those normally performed by an individual occupying any such office; (*dirigeant*)

“person” means a natural person, an entity or a personal representative; (*personne*)

“promoter” means a person who

- (a) acting alone or in conjunction with one or more other persons, directly or indirectly, participates in the founding, organizing or substantial reorganizing of the business of an applicant, or
- (b) in connection with the founding, organizing or substantial reorganizing of the business of an applicant, directly or indirectly, receives in consideration of services or property, or both services and property, 5 per cent or more of any class of securities of the applicant or 5 per cent or more of the proceeds from the sale of any class of securities of a particular issue, but a person who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be considered to be a promoter within the meaning of this definition if such person does not otherwise take part in the founding, organizing or substantial reorganizing of the business of the applicant; (*promoteur*)

“regulatory authority” means any supervisory or regulatory authority of financial institutions, capital markets, securities transactions or commodity futures that has jurisdiction over an applicant; (*organisme de réglementation*)

“subsidiary”, where used to indicate a relationship between one body corporate and another, means a body corporate that is controlled by that other body corporate. (*filiale*)

- (2) For the purposes of this By-law, one entity is affiliated with another entity if one of those entities is controlled by the other or both are controlled by the same person.
- (3) For the purposes of this By-law,
 - (a) a person controls a body corporate if securities of the body corporate to which are attached more than 50 per cent of the votes that may be cast to elect directors of the body corporate are beneficially owned by the person and the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;
 - (b) a person controls an unincorporated entity, other than a limited partnership, if more than 50 per cent of the ownership interest, however designated, into which the entity is divided are beneficially owned by the person and the person is able to direct the business and affairs of the entity;

- (c) the general partner of a limited partnership controls the limited partnership; and
 - (d) a person controls an entity if the person has any direct or indirect influence that, if exercised, would result in control in fact of the entity.
- (4) For the purposes of this By-law, a person who controls an entity is considered to control any other entity that is controlled, or is considered to be controlled, by the entity.
- (5) For the purposes of the By-law, a person is considered to control an entity where the aggregate of any securities of the entity that are beneficially owned by the person and any securities of the entity that are beneficially owned by any entity controlled by that person is such that, if that person and all of the entities that beneficially own securities of the entity were one person, that person would control the entity.

Application for Deposit Insurance

3. The Canada Deposit Insurance Corporation may approve an applicant for deposit insurance under subsection 17(1) of the Act where the applicant
- (a) submits an Application for Deposit Insurance as set out in Form 1 of the schedule;
 - (b) satisfies the requirements set out in the Application for Deposit Insurance; and
 - (c) provides an affidavit as set out in Form 2 of the schedule and, if applicable, an affidavit as set out in Form 3 of the schedule.

SCHEDULE

(Section 3)

FORM 1

APPLICATION FOR DEPOSIT INSURANCE

General Requirements

1. This application is made in accordance with the *Canada Deposit Insurance Corporation Act* and the *Canada Deposit Insurance Corporation Application for Deposit Insurance By-law*.
2. This application and all documents and information provided to the Canada Deposit Insurance Corporation (in this application referred to as “CDIC”) in support of this application shall be provided in an official language of Canada. Any document or information that is to be provided and that is, in its original version, in a language other than an official language of Canada shall be accompanied by a translation into French or English that is attested to by a certified translator.
3. Where additional space in which to answer is required, the applicant shall complete the answer on a separate page that shall be marked as an attachment and cross-referenced to the item to which it pertains.
4. An applicant may answer any of the questions in this application by appropriately cross-referencing (by page and item number) the information provided in a previous application for deposit insurance or by appropriately cross-referencing (by page and item number) any information provided to a regulatory authority and attaching a copy thereof to this application.
5. This application shall be accompanied by an affidavit as set out in Form 2 and, if applicable, an affidavit as set out in Form 3.
6. Each attachment to this application shall be initialed by the applicant and the notary public taking the affidavit of the applicant.
7. (1) All financial statements of the applicant must be
 - (a) prepared in accordance with the accounting principles and auditing standards accepted or required under the laws of the jurisdiction of incorporation of the applicant or prescribed by the regulatory authority primarily responsible for regulating the applicant; or
 - (b) prepared in accordance with the accounting standards and guidelines established by the Canadian Institute of Chartered Accountants (“CICA”), and audited in accordance with the auditing standards and guidelines established by the CICA.
- (2) Financial statements that are provided for the purposes of this application by a foreign entity that controls the applicant must be

- (a) prepared in accordance with the generally accepted or applicable accounting principles and auditing procedures in the foreign controlling entity's jurisdiction of incorporation or establishment; or
 - (b) prepared in accordance with the accounting standards and guidelines established by the CICA, and audited in accordance with the auditing standards and guidelines established by the CICA.
- 8. All information provided to CDIC shall be updated as may be necessary.
- 9. The applicant shall ensure that its auditors shall cooperate fully with CDIC and, on written request from CDIC, shall provide CDIC with any information relating to this application that is in the possession of the auditors.

CDIC Authority

- 10. (1) Where CDIC considers it to be necessary or desirable in furtherance of its objects as set out in section 7 of the Act, CDIC may
 - (a) require an applicant to provide or cause to be provided to CDIC any additional information concerning the business and affairs of the applicant, its directors, officers, affiliates or associates, any promoter or any person exercising control or influence over the applicant; and
 - (b) require as a condition of approval of the applicant for deposit insurance, any guarantees, undertakings and assurances from any promoter, affiliate, associate or controlling entity of the applicant.
- (2) CDIC may, in accordance with subsection 17(1) of the Act, refuse deposit insurance to the applicant, notwithstanding that all required information in support of the application may have been provided to CDIC.



Application for Deposit Insurance

Part A

General Applicant Information

1. Provide the legal corporate name of the applicant, including any form of that name in the other official language of Canada:

2. Provide the address, telephone number and facsimile number of the registered or head office of the applicant:

3. Provide the address of the principal place of business of the applicant, if different from section 2 above:

4. Provide the address, telephone number and facsimile number for each current or proposed branch of the applicant:

5. Provide the full name, title or office, address, telephone number and facsimile number of the individual who is authorized to represent the applicant with respect to this application:

6. Provide the following information with respect to the incorporation of the applicant, namely,

(a) the date of incorporation:

(b) the jurisdiction of incorporation:

(c) the manner of incorporation:

(d) the date on which the business of the applicant commenced or is proposed to commence:

7. Attach the following documents:

- (a)* a notarially certified copy of the incorporating instrument of the applicant and any amendments made thereto;
- (b)* a notarially certified copy of all by-laws of the applicant and any amendments made thereto; and
- (c)* a legal opinion attesting to the due incorporation, organization and capacity of the applicant.

8. Provide the name and title or office of each existing or proposed director and officer of the applicant:

9. Attach a copy of any application made, within the last 12 months, by the applicant or by any promoter thereof, for incorporation, registration or licensing under any federal or provincial legislation that regulates financial institutions.

10. (1) Attach the following documents:

- (a)* where the applicant has been incorporated for less than one financial year, an audited opening balance sheet and unaudited interim financial statements, if any, for any interim financial period subsequent to the date of commencement of business; and
- (b)* where the applicant has been incorporated for one or more financial years, any unaudited interim financial statements for any interim financial period subsequent to the annual audited financial statements for the most recently completed financial year of the applicant and
 - (i)* audited financial statements for each completed financial year from the date of incorporation, where the applicant has been incorporated for one or more financial years but less than five financial years, or
 - (ii)* audited financial statements for each of the last five financial years, where the applicant has been incorporated for five or more financial years.

(2) The financial statements referred to in paragraph (1)(a) and subparagraphs (1)(b) (i) and (ii) must include a balance sheet that is prepared as at a date not more than 120 days before the date of this application and that includes a comparison of the balance sheet as at the corresponding date of the previous financial year.

11. (1) Attach a copy of

- (a)* a business plan that covers the current and next four financial years; and
- (b)* any other business plan prepared within the last 24 months.

(2) Explain any significant differences between the business plans referred to in paragraphs (1)(a) and (b).

12. Provide the legal name, address, telephone number and facsimile number of the current external auditor of the applicant together with similar particulars of a representative of the auditor who may be contacted by CDIC:

13. Provide the following information with respect to the capital of the applicant, namely,

(a) authorized capital:

(b) issued and outstanding capital:

(c) paid-in or stated capital:

(d) other forms of capital that are accepted as capital in the jurisdiction of incorporation of the applicant:

Part B

Promoters, Shareholders and Controlling Entities of the Applicant

14. Attach an organization chart for the applicant that shows the controlling entity of the applicant, if any, and all existing or proposed affiliates and associates of the applicant.

15. Attach the information required under sections 1 to 3, paragraphs 6(a) and (b), and sections 8, 10 and 11 of Part A for the controlling entity of the applicant, where the controlling entity is not already a member institution.

16 Provide the following information for each person who beneficially owns, directly or indirectly, or exercises direction over more than 10 per cent of any class of voting securities of the applicant or securities convertible or exchangeable into more than 10 per cent of any class of voting securities of the applicant, where such person is not a member institution, namely,

(a) name, address, telephone number and facsimile number:

(b) the class of securities owned or controlled, the number and percentage of each issued and outstanding class of securities held and the nature of the interest (i.e. whether direct or indirect and whether registered, beneficial, or exercised through direction):

(c) where any person named in paragraph (a) is other than a natural person, the name, address, telephone number and facsimile number of each director and officer of that person:

(d) where any person named in paragraph (a) is other than a natural person, the name, address, telephone number and facsimile number of each person who is the ultimate beneficial owner of, directly or indirectly, or who exercises direction over, 20 per cent or more of any class of voting securities of that person:

17. Provide the details of any agreement or understanding that, to the knowledge, information or belief of the applicant, has or could have a significant effect on the management or control of the applicant:

18. Provide the name, address, telephone number and facsimile number of any person who is, or within the last 24 months has been, a promoter of the applicant:

Part C

Other Information

19. Provide complete details where the applicant or, to the best knowledge and belief of the applicant, any affiliate of the applicant has

(a) submitted an application for deposit insurance, under the Act or under similar legislation in any other jurisdiction, that has been refused:

(b) held deposit insurance under the Act or under similar legislation in any other jurisdiction that has been suspended, revoked or the subject of an investigation:

(c) submitted an application for licensing or registration as a financial institution, under the laws of any jurisdiction, that has been refused:

(d) held a license or registration as a financial institution, under the laws of any jurisdiction, that has been suspended, revoked or the subject of an investigation:

(e) submitted an application for any material license or registration under the laws of any jurisdiction that has been refused:

(f) held any material license or registration under the laws of any jurisdiction that has been suspended, revoked or the subject of an investigation:

(g) submitted an application for membership in any self-regulatory organization under the laws of any jurisdiction that has been refused:

(h) held a membership in any self-regulatory organization under the laws of any jurisdiction that has been suspended, revoked or the subject of an investigation:

(i) submitted an application for bonding or insurance coverage relating to the business of the applicant that has been refused:

(j) held any bonding or insurance coverage relating to the business of the applicant that has been suspended, revoked or the subject of an investigation:

(k) been found guilty, under the laws of any jurisdiction, of any offence involving fraud, misappropriation of funds or violations of laws regulating the provision of financial services or trading in securities or commodities or commodity futures contracts or any other major offence:

20. Provide complete details of any material pending litigation to which the applicant is or may be a party:

21. Provide complete details of any investigation that is or may be pending by any regulatory authority that involves the applicant:

22. Attach copies of any certificates of the following documents relating to the business of the applicant:

- (a)* fidelity bond or insurance policy;
- (b)* banker's blanket bond or insurance policy;
- (c)* extortion bond or insurance policy;
- (d)* safe depository bond or insurance policy;
- (e)* director's or officer's insurance policy; or
- (f)* other bonds or insurance policies similar to those set out in paragraphs *(a)* to *(e)*.

23. Provide complete details concerning any material contingent liabilities of the applicant, including guarantees and indemnity obligations issued to shareholders, directors, officers, affiliates and associates of the applicant:

24. Provide complete details of any material transaction, that is pending or that the applicant contemplates will occur within the next 24 months, that confers or may confer a benefit or provides financial assistance by way of a guarantee or otherwise to

(a) an associate, affiliate or promoter of the applicant:

(b) any director or officer of a person referred to in paragraph (a) or any associate of such director or officer:

Part D

Resolutions

- 25. Attach a certified copy of the resolution of the board of directors of the applicant consenting to the making of this application and approving of its contents.**
- 26. Attach a certified copy of the resolution of the board of directors of the controlling entity, if any, of the applicant consenting to the making of this application and approving of it contents.**

Part E

Consents, Undertakings and Authorizations

- 27. The applicant hereby consents to the release to CDIC and its agents of any information provided by the applicant to any regulatory authority, the Bank of Canada or the Department of Finance and undertakes to provide or cause to be provided such other consents, releases or waivers as may be requested by CDIC in connection with its review of this application.**
- 28. The applicant hereby consents to the release to any regulatory authority, the Bank of Canada or the Department of Finance of any information provided by the applicant to CDIC and undertakes to provide or cause to be provided such other consents, releases or waivers as may be requested by any regulatory authority, the Bank of Canada or the Department of Finance in connection with CDIC's review of this application.**
- 29. The applicant that is a provincial institution hereby certifies that it has been authorized by the province of its incorporation to apply for deposit insurance and attaches to this application a certificate or other evidence of provincial authorization.**
- 30. The applicant that is a provincial institution hereby agrees, in carrying on its business, not to exercise powers substantially different from the powers exercisable by a company to which the *Trust and Loan Companies Act* applies.**

FORM 2
AFFIDAVIT

In the Matter of the Foregoing)
Application for Deposit Insurance)
made under the *Canada Deposit*)
Insurance Corporation Act)

I, _____
(Name in full)

in the

MAKE OATH AND SAY:

1. I am the _____ [state title or office]
of the applicant, and, as such, I have signed the application for deposit insurance.
2. The statements made in the application and in all attachments thereto and any supplementary information, document or representations provided by the applicant to CDIC in connection with the application are true and correct, in all material respects:
 - (a) as of the date hereof, in case of the statements made in the application or incorporated by reference therein, and
 - (b) as of the respective dates as of which the statements were made, in the case of the statements made in the attachments or in any other supplementary document filed in support of the application, andas of their respective dates, contain no misrepresentations.

SWORN before me at the

in the _____ of _____)
this _____ day of 20 _____)

(Signature)

(Notary Public)

FORM 3
AFFIDAVIT

In the Matter of the Foregoing)
Application for Deposit Insurance)
made under the *Canada Deposit*)
Insurance Corporation Act)

I, _____
(Name in full)

in the

MAKE OATH AND SAY:

1. I am the _____ [state title or office]
of _____, the controlling entity (the “Controlling Entity”)
of _____, (the “Applicant”) herein for deposit insurance.
2. The statements made and the information provided by the Controlling Entity in support of the application by the Applicant for deposit insurance are true and correct, in all material respects:
 - (a) as of the date hereof, in the case of the statements made in the application or incorporated by reference therein, and
 - (b) as of the respective dates as of which the statements were made, in the case of the statements made in the attachments or in any other supplementary document filed in support of this application, andas of their respective dates, contain no misrepresentations.

SWORN before me at the

in the _____ of _____)
this _____ day of 20 _____)

(Signature)

(Notary Public)