



## **DIFFERENTIAL PREMIUMS BY-LAW FILING REQUIREMENTS**

### **A. PURPOSE**

This document describes the filing requirements for CDIC member institutions under the By-law and the methods available to complete the filings.

### **B. DETERMINING THE FILINGS REQUIRED**

Under the By-law, certain member institutions will be required to file with CDIC one or more of the following:

- New Member Institution Declaration;
- Reporting Form;
- Returns and Documents supporting the Reporting Form; and
- list of subsidiaries that are CDIC Member Institutions.

The following sections describe whether a member is required to file particular documents. Each member institution should refer to the By-law to determine its specific filing requirement. For example, in most cases, but not all, a member institution that is a subsidiary of another member institution is exempt from filing requirements.

#### **i) New Member Institution Declaration**

A “New Member Institution Declaration” certifies that a member institution meets the conditions to be classified in accordance with Paragraph 7(1)(a) of the By-law. Subject to certain exceptions, a member meets these conditions if it has been operating as a member institution for less than two fiscal years consisting of at least 12 months each, determined as of the end of the fiscal year ending in the year preceding the filing year.

A member that would otherwise meet the Paragraph 7(1)(a) condition but falls into one of the following categories is not required to file a “New Member Declaration”:

- it is a subsidiary of a member that has been operating as a member for at least two fiscal years of 12 months or more ending in the year preceding the filing year;

- it has a subsidiary that is a member that has been operating as a member for at least two fiscal years of 12 months or more ending in the year preceding the filing year; or
- it has been formed by the amalgamation of one or more members, any one of which has been operating as a member for at least two fiscal years of 12 months or more ending in the year preceding the filing year.

A member institution that meets the conditions of Paragraph 7(1)(a) is required by Paragraph 7(1)(b) to file a “New Member Institution Declaration” by April 30<sup>th</sup> of the filing year. The form of Declaration is provided under the Tab titled “New Member Declaration”. It can also be obtained from the CDIC web site [www.cdic.ca].

## **ii) Reporting Form**

The Reporting Form sets out the information required to calculate a member institution’s score for the quantitative factors set out under the By-law. It includes a section that summarizes the scores relating to each quantitative factor and a certification that the Reporting Form, completed in accordance with the By-law, contains correct information. The Reporting Form is provided under the Tab titled “Reporting Form”.

The requirements for filing the Reporting Form are set out in sections 15 through 18 of the By-law.

Subject to exceptions respecting amalgamations that are set out in section 16, each member institution must file a Reporting Form by April 30<sup>th</sup> of the filing year unless:

- it is a “New Member Institution” as explained above;
- it is a subsidiary of a member institution that is not a “New Member Institution”;
- or
- it is a member institution to which section 10 of the By-law applies.

A member institution that is a direct subsidiary of a member institution that started operating as a member after April 30<sup>th</sup> of the year preceding the filing year is required to file a Reporting Form if it was operating as a member institution for more than two fiscal years of at least 12 months ending in the year preceding the filing year.

A member institution that amalgamates with another member institution during the one-year period prior to May 1<sup>st</sup> of the filing year is subject to the following filing requirements:

- if the amalgamated institution produced fiscal year-end financial statements in the calendar year preceding the filing year, it must file the Reporting Form based on and consistent with those financial statements;

- if the amalgamated institution did not produce financial statements in the calendar year preceding the filing year, it must file the Reporting Forms based on and consistent with the fiscal year-end audited financial statements of each amalgamating member institution for the period ending in the calendar year preceding the filing year – except that, if an amalgamating member institution did not have year-end audited financial statements for the year preceding the filing year, the amalgamated institution must file Reporting Forms based on and consistent with audited financial statements of the amalgamating member institution as of the day preceding the date of amalgamation.

Section 15 of the By-law requires that the information contained in the Reporting Form be based on and consistent with audited financial statements prepared in accordance with generally accepted accounting principles, the principal source of which is the CICA Handbook.

In some cases, to calculate measures or ratios in the Reporting Form requires data from prior periods. If the member institution has restated the results of previous years, the restated values are to be used and any differences explained and provided with the Reporting Form. Under the provisions of the By-law, re-statement as a result of an amalgamation or acquisition will normally not qualify as a reason to revise a previous year's filing.

A member institution for which audited financial statements have not been issued by the filing deadline must complete the Reporting Form (and the Returns and Documents referred to below) using information based on and consistent with that reported in the member institution's unaudited financial statements for the relevant fiscal year and file that Reporting Form by the April 30<sup>th</sup> filing deadline. Once audited financial statements are issued, the member institution must either

- provide CDIC with a declaration confirming that the member institution's audited financial statements confirm the information that was previously provided and that no modifications are required to be made to the Reporting Form (or to the Returns and Documents referred to below); or
- file a revised Reporting Form (and Returns and Documents referred to below) if they have been revised to conform with the member institution's audited financial statements.

A form for this declaration is provided under the Tab titled "Subparagraph 15(4)(b)(i) - Declaration".

If a member institution's confirmation or revised Reporting Form is received by CDIC not later than July 1<sup>st</sup> of the filing year, the member institution will be classified for the

full year in the premium category corresponding to its score based on the revised Reporting Form or confirmation.

### **iii) Returns and Documents**

Each member institution that is required under the By-law to file a Reporting Form (“filing member”) is also required, under section 15 or 16 of the By-law, to complete and file by April 30<sup>th</sup> of the filing year the following Returns and Documents in support of, and in conjunction with, the Reporting Form:

- the Capital Adequacy Report as at the end of each of the two fiscal years preceding the filing year (form provided under Tab 1);
- if applicable, the Capital Adequacy Return – Market Risk as at the end of the fiscal year preceding the filing year (form provided under Tab 2);
- the Consolidated Statement of Income for the fiscal year preceding the filing year (form provided under Tab 3);
- the Consolidated Monthly Balance Sheet as at the end of the fiscal year preceding the filing year (form provided under Tab 4);
- the Return of Impaired Assets as at the end of the fiscal year preceding the filing year (form provided under Tab 5);
- [Tab 6 – Blank];
- Section III of the Mortgage Loans Report as at the end of the fiscal year preceding the filing year or as at the calendar quarter-end preceding that year-end (form provided under Tab 7);
- Section 6 of the Non-Mortgage Loans Report as at the end of the fiscal year preceding the filing year or as at the calendar quarter-end preceding that year-end (form provided under Tab 8); and
- the audited financial statements on which the information provided in the Reporting Form and the Returns and Documents are based, unless previously submitted to CDIC.

### **iv) List of Subsidiaries that are CDIC Member Institutions**

Each filing member is also required, under section 15 or 16 of the By-law, to file a list of its subsidiaries that are member institutions. A form for this listing is provided under the Tab titled “List of Subsidiaries”.

**C. FILING DATA AND CALCULATIONS**

All dollar amounts reported on the Reporting Form must be rounded to thousands (e.g., \$500,500 rounds up to \$501,000; \$500,499 rounds down to \$500,000). All measures, ratios and calculations to determine a quantitative score must be rounded to two decimal places (e.g., 1.235 rounds up to 1.24; 1.234 rounds down to 1.23).

**D. ELECTRONIC VERSION**

An electronic version of the Reporting Form and all supporting documents is annually made available for member institutions to download from CDIC's webpage. Instructions for accessing, downloading and transmitting these forms are forwarded to filing members. Institutions unable or unwilling to download the forms should communicate with the CDIC Technical Support contact to make alternate arrangements (see Section "G").

**E. FILING DEADLINE**

The filing deadline under the By-law is April 30<sup>th</sup> of each filing year. **Late filing may have significant financial consequences.**

Failure by a member institution to file the information required under the By-law within the specified deadline will result in that member, and any member institutions that are subsidiaries of that member, being classified in premium category 4.

A member institution that fails to file the information required under the By-law also may be subject to sanctions under the *Canada Deposit Insurance Corporation Act* for breach of the CDIC Policy of Deposit Insurance. These sanctions could include a premium surcharge, a compliance order after conviction of an offence under section 49 or termination of deposit insurance.

**F. WHERE TO SUBMIT**

All filings should be sent to:

Canada Deposit Insurance Corporation  
50 O'Connor Street, 17<sup>th</sup> Floor,  
Box 2340, Station "D",  
Ottawa, Ontario  
K1P 5W5

**G. CDIC CONTACT PERSON**

Questions relating to the Differential Premiums By-law or the filing of the forms may be directed as follows:

<b>Differential Premiums By-law</b>	<b>Technical Support</b>
Ms. Sandra Chisholm Director, Insurance (613) 943-1976 schisholm@cdic.ca	Mr. Reg Neale Director of Information and Methodology (613) 943-0613 rneale@cdic.ca