



Canadian Investor Protection Fund

Claims Procedures

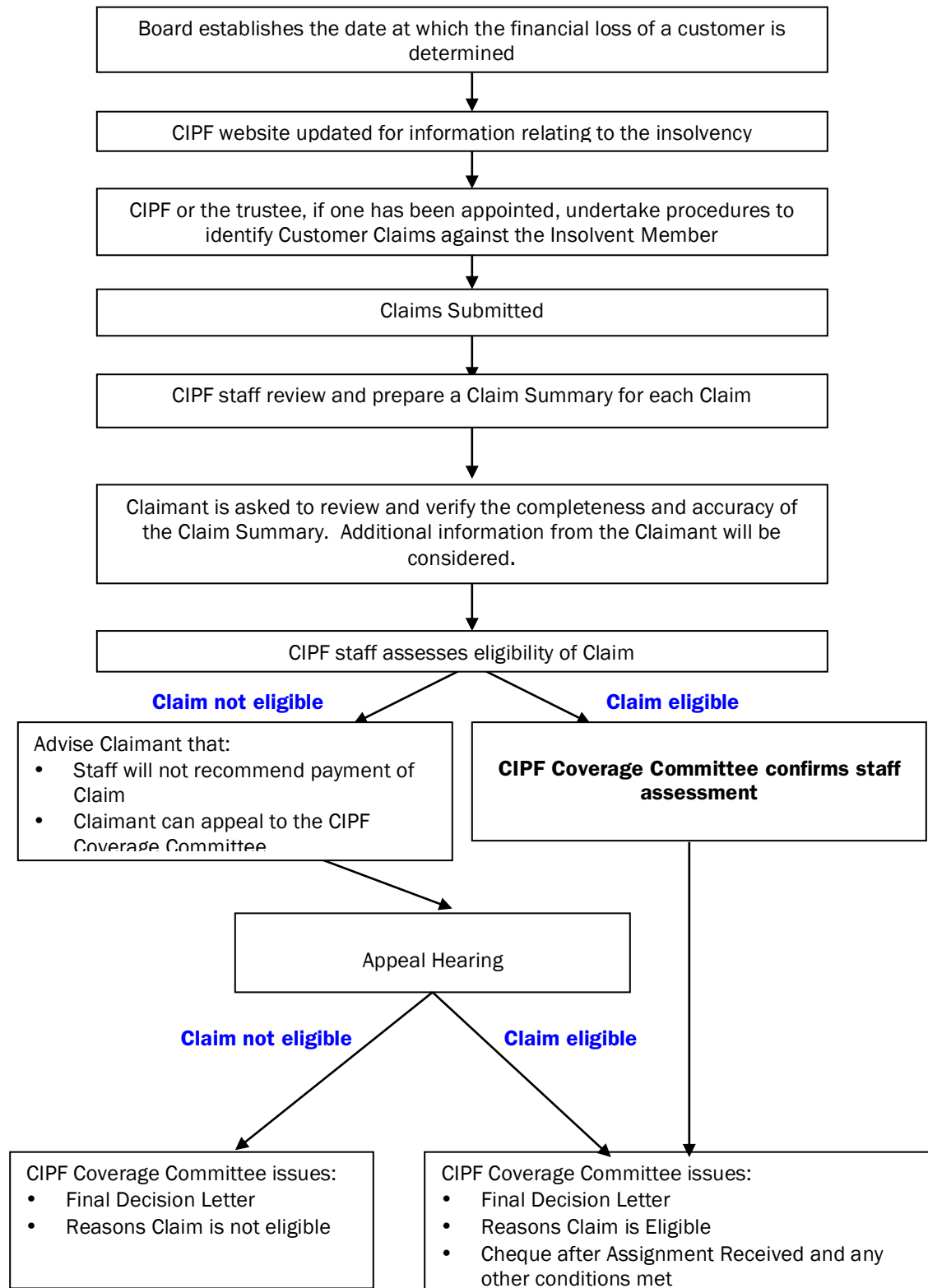
April 16, 2013

1. *Introduction*

The Claims Procedures should be read in conjunction with CIPF's "Coverage Policy". The Coverage Policy states that CIPF and the Directors reserve the right to authorize or withhold payments in a manner other than as prescribed in the Coverage Policy, and the Board of Director's interpretation of the policy as to the eligibility of a customer shall be final and conclusive.

By way of background, in the Memorandum of Agreement between CIPF and the Canadian Securities Administrators, CIPF has undertaken to develop fair and reasonable policies for assessing claims and to pay eligible claims pursuant to these policies. It has also undertaken to establish a fair and reasonable internal claim review process whereby customer claims that are not accepted for coverage by the CIPF staff, or by an appointed committee, shall be reconsidered by the Board of Directors, or a review panel, if requested by the customer or CIPF staff. This document explains how CIPF will administer claims.

2. Overview



3. Administrative

3.1 Board Establishes Date of Insolvency

The date at which the financial loss of a customer shall be determined by the Board of Directors, is the date on which the Member became insolvent.

For purposes of CIPF coverage, a CIPF Member is insolvent when CIPF has appointed a trustee/receiver or when customers cease to have unrestricted access to their accounts, for example, because the CIPF Member has been suspended by IIROC.

3.2 CIPF staff act as an inspector of estate when appropriate

3.3 Coverage Committee

The Coverage Committee is a Committee of the Board of Directors. This Committee is authorized to determine the eligibility of claims against the Fund by customers of insolvent Members, or to review any such determinations as made by staff of the Fund, and to authorize payment by the Fund of any such eligible claims.

3.4 Claim Information

The information required to make a claim, including a proof of claim form, will be available from the CIPF website, or upon request.

4. Claims Procedures

4.1 Identification of claims against the estate

4.1.1. To be eligible for coverage CIPF requires a customer to have an account at the date of insolvency.

4.1.2. Claims by a customer of an insolvent Member will be made to CIPF or directly to the trustee in bankruptcy, if one has been appointed.

4.1.3. Documented claims to the trustee will be accepted as claims to CIPF.

4.1.4. CIPF or the trustee will publish a notice and send an account statement and letter to all clients that have a cash balance and/or security position on or around the date of insolvency, asking such clients to confirm the accuracy of their account statement¹.

4.1.5. When a customer's account balance is not in dispute, the account statement will act as the customer's proof of claim against the estate.

4.1.6. When the customer disputes its account balance, the customer **must** submit a proof of claim to CIPF or the trustee along with all documents and information to support the claim.

4.1.7. In order to be eligible for CIPF coverage, customers must ensure that either CIPF or the trustee has received their proof of claim within 180 days of the date of insolvency.

4.1.8. Claims that are eligible for coverage are normally settled by ensuring that the trustee has sufficient cash, securities and other assets to transfer the account to another CIPF Member firm so that the account has all the property to which the customer is entitled.

¹ The trustee's date for valuing claims may differ from CIPF's date. Where this is the case, customers may be asked to confirm the accuracy of their account balances at two dates.

4.2 Priority of claim handling

4.2.1. CIPF staff will give priority to the proved claims of customers that have demonstrated that they will suffer undue hardship if their claim is not dealt with immediately.

4.2.2. All other claims will be dealt with in the order in which the information needed to assess the claim is made available to CIPF.

4.3 CIPF staff research claim and prepare claim package

4.3.1. CIPF staff will prepare a summary of all information relating to the claim that will be used by CIPF to assess the eligibility of the claim for CIPF coverage.

4.3.2. This summary will be provided to the customer and the customer will be asked to confirm, in writing, the completeness and accuracy of the summary, or provide any changes.

4.3.3. CIPF may require the customer to provide additional information necessary to establish the amount and eligibility of a claim. The customer will usually be given 30 days to comply with any such requests. If the customer does not comply within the required time, CIPF may assess the claim based on the information it has.

4.3.4. Provided that it relates to a claim which appears to be valid and appears to be within CIPF coverage, CIPF will, on request, assist the customer in obtaining a reasonable amount of documentation that is in the possession of the trustee.

4.3.5. After CIPF staff and the customer agree that all information required to assess the validity of the claim has been received, CIPF staff will determine, within 30 days, whether the claim is eligible for CIPF coverage and advise the customer.

4.3.6. If CIPF staff determines that the claim is not eligible for coverage, it will advise the customer that it can request an appeal of this decision to the Coverage Committee. The Directors have determined that such requests must be submitted within 45 days.

5. Appeal Procedures

5.1 If the customer asks for an appeal, the claim package will be sent to the Coverage Committee, together with any other relevant information, and it will endeavour to hold an appeal within six months of the request.

5.1.1 The appeal meeting shall be attended by the Chair of the Coverage Committee or a designate from the Coverage Committee, which must be a Public Director, and at least two other Coverage Committee members, of which one must be an industry Director.

5.1.2 The customer will be notified, in writing, of the date, time and place of the appeal meeting.

5.2 Any participant in the appeal can attend in person or by teleconference.

5.2.1. When the customer attends the appeal meeting, the customer may have legal counsel or other advisors present, but it is not necessary to do so.

5.2.2. CIPF staff will also attend to answer factual questions or verify facts, to take notes, and to provide the reasons that it determined the claim was not eligible for coverage, if requested to do so.

5.2.3. The customer, or its legal counsel or other advisors, may take notes or transcripts of the meeting at their own expense.

5.2.4 Any costs incurred by the customer relating to an appeal will not be paid by CIPF.

6. Deliberations

6.1 The Coverage Committee will conduct its deliberations and make its determination in the absence of CIPF staff, the customer, and the customer's legal counsel or other advisors.

6.2 The Committee will decide on the appeal, by simple majority, and select one Committee Member to record the reasons for the decision.

6.3 The Coverage Committee shall consult with legal counsel to ensure that its decision and reasons are determined in accordance with CIPF Coverage Policy and these claims procedures.

6.4 The customer and CIPF staff will be advised in writing of the Coverage Committee's decision and provided with its written reasons.

6.5 If the claim is eligible for coverage, prior to payment, the customer must provide CIPF with an assignment and other assurances of his or her interest in the claim so as to protect CIPF's position as a subrogated customer.

6.6 A customer can request changes to the assignment, but any such requests must be approved by CIPF and the customer will be obligated to reimburse CIPF for any additional expenses.

7. Payment timing

7.1 Claims that are determined to be eligible for coverage after an appeal will be paid within 30 days after the assignment is received from the customer.