

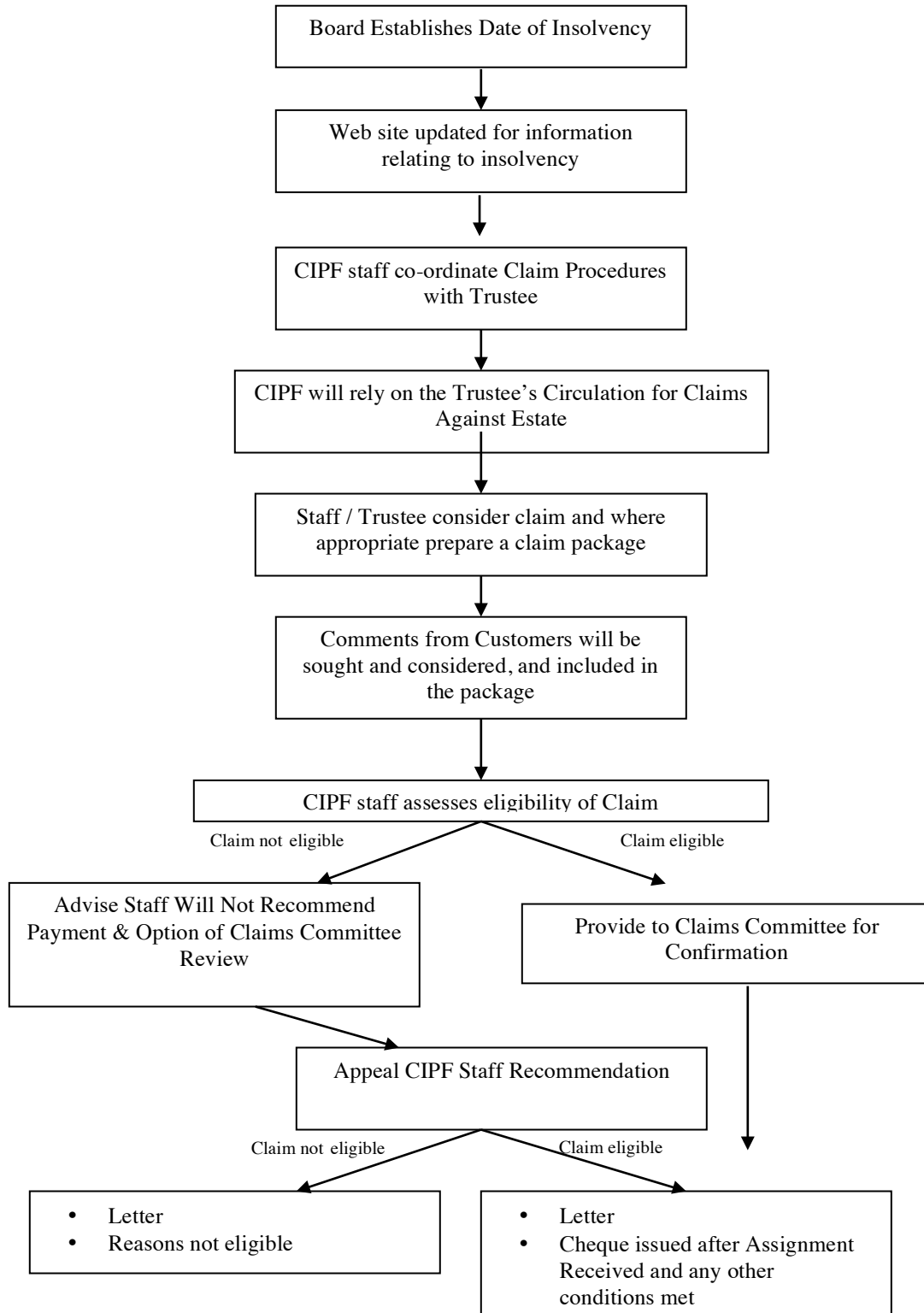
***I.* Introduction**

The Claims Review Procedures should be read in conjunction with CIPF's "Coverage Policy". The Coverage Policy states that CIPF and the Governors reserve the right to authorize or withhold payments in a manner other than as prescribed in the Coverage Policy, and the Board of Governor'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 Governors, or a review panel, if requested by the customer or CIPF staff. This document explains how CIPF will administer claims.

Claims Procedures When a Trustee Has Been Appointed
Updated to September 16, 2005

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 Governors as the date on which, in the opinion of the Governors, the Member became insolvent, which may be the date of bankruptcy¹.

3.2 CIPF staff act as an inspector of estate when appropriate

3.3 Claims Committee

The Claims Committee is a Committee of the Board of Governors. 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 Web site

The information required to make a claim, including a proof of claim form, will be available from the CIPF web site.

4. *Claims Procedures*

4.1 Trustee to circulate for claims against 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 generally be made directly to the trustee in bankruptcy.

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

4.1.4. The trustee will normally send an account statement and letter to all clients that have a cash balance and / or security position at the date of

¹ Policy Statement

bankruptcy asking the clients to confirm the accuracy of their account statement².

- 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 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.
- 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 firm so that the account has all the property to which the customer is entitled.

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.

² 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.

- 4.3.2. 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 Claims Committee. The Governors 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 Claims Committee, together with any other relevant information, and it will endeavour to hold an appeal within six months of the request.
- 5.2 At the customer's option, the customer can attend the appeal in person or by teleconference.
 - 5.2.1. When the customer attends the appeal meeting, the customer may have legal counsel or other advisers present

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, may take notes or transcripts of the meeting at their own expense.

6. *Decision*

6.1 After the Committee has heard the appeal it will determine whether or not the claim is eligible for coverage. In making its decision the Committee may refer to or rely on the advice of legal and other professional advisers.

6.2 The customer will be advised in writing of the Committee's decision.

6.3 If the customer is not eligible for coverage, the customer will be so advised and reasons will be provided.

6.4 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.

6.5 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.