

CDIC Annual Reporting Requirements

by: John Allen, CA

This is a reminder to all members with trust accounts that trust account information as at April 30th must be provided to your bank in May so that your account is insured. If the appropriate information is not provided to your financial institution by May 31st, the Law Society may require that you close the trust account which will be time consuming and expensive for the member/firm.

Each bank has their own form which must be completed, so please contact your bank to obtain this form. The branch of the bank you deal with may not be aware that they have a form, but they do, so please persevere.

A brief summary of annual reporting requirements is set out below.

1. The required information must be filed with your financial institution (other than Credit Unions) no later than May 31st each year or individual trust balances will not be insured by CDIC. This reporting requires a client trust listing as at April 30th of the current year be provided as part of the May report.
2. Client names must not be included as part of the report due to confidentiality, however, a client reference must be provided which will facilitate client identification, if required.
3. The onus is on the law firm to obtain the required form from the financial institution and provide the financial institution with the required information. The financial institution will not contact you and ask that the report be submitted.
4. The annual report is to be provided to the financial institution where the trust account is located, not to CDIC.
5. If the required information is not filed by May 31st each year, the Law Society may require that you **close the trust account**. This could be expensive and time consuming to the member/firm.
6. A record should be retained on file as confirmation that the document has been provided to the financial institution within the specified time. A copy of the document which has been date-stamped and signed by the financial institution is preferable.
7. Required information must be filed for all trust accounts, regardless of the level of activity, balance at April 30th or anticipated balance during the year. There are no exceptions – for every trust account, a report must be prepared and provided to the bank.

8. Trust accounts with Credit Unions are automatically covered, so no report is required to be filed for trust accounts with these institutions.
9. Separate interest-bearing accounts (SIBA) should also be included in the listing provided to financial institutions, but identified as such separately, as additional insurance coverage should apply.
10. SIBA accounts with a maturity date of greater than 5 years are not eligible for insurance coverage.
11. Care should be taken regarding U.S. dollar accounts to determine if they are eligible for coverage, and if so, ensure all requirements are met. If U.S. dollar accounts are not eligible, acknowledgment signed by the client that trust deposits are not insured must be retained on file.
12. Other foreign currency accounts are not covered by CDIC insurance and written acknowledgment that trust deposits are not insured signed by the client must be retained on file.

Information regarding CDIC reporting requirements is also available from your bank or in greater detail on the CDIC website. If you have any questions, please contact John Allen, CA at 569-8242.