

# International Deposit Insurance Survey

## Section 1: Background Information

### 1.1 Organization (deposit insurer) responsible for administering the deposit insurance system:

#### 1.1.1 Organization Name:

Autorité des marchés financiers

#### 1.1.2 Organization Address:

Place de la Cité, Tour Cominar, 2640, boulevard Laurier, bureau 400, Québec (Québec) G1V 5C1

#### 1.1.3 Organization Telephone No:

418 525-0337

#### 1.1.4 Organization Fax No:

418 525-9512

#### 1.1.5 Organization Internet Address:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

### 1.2 Contact Person(s):

#### 1.2.1 Contact Person(s) Name:

Julien Reid, Director, Standards and Business Intelligence

#### 1.2.2 Contact Person(s) Address:

Place de la Cité, Tour Cominar, 2640, boulevard Laurier, bureau 400, Québec (Québec) G1V 5C1

#### 1.2.3 Contact Person(s) Telephone:

418 525-0337 # 4611

#### 1.2.4 Contact Person(s) Fax:

418 643.4586

#### 1.2.5 Contact Person(s) E-mail address:

[julien.reid@lautorite.qc.ca](mailto:julien.reid@lautorite.qc.ca)

#### 1.2.6 Are there other deposit insurance systems operating in your country ? (i.e. applying to other types of non-bank or non-depository institutions e.g.. insurance, securities) Please state their name(s) and contact information:

Canadian Deposit Insurance Corporation (CDIC) at the federal level and some provincial credit union deposit insurance corporation (outside Québec). [www.cdic.ca](http://www.cdic.ca)

### 1.3 Please provide information on other participants in your financial system

**safety-net:**

**1.3.1 Name of Central Bank:**

Bank of Canada

**1.3.2 Central Bank Address:**

234, rue Wellington, Ottawa (Ontario) K1A 0G9

**1.3.3 Central Bank Telephone:**

613 782-8111

**1.3.4 Central Bank Fax:**

613 782-7713

**1.3.5 Central Bank Internet Address:**

[www.banqueducanada.ca](http://www.banqueducanada.ca)

**1.3.6 Central Bank Contact Person:**

**1.4 Financial Supervisor:**

**1.4.1 Financial Supervisor Name:**

Autorité des marchés financiers

**1.4.2 Financial Supervisor Address:**

Place de la Cité, Tour Cominar, 2640, boulevard Laurier, bureau 400, Québec(Québec) G1V 5C1

**1.4.3 Financial Supervisor Telephone:**

418 525-0337

**1.4.4 Financial Supervisor Fax:**

418 525-9512

**1.4.5 Financial Supervisor Internet Address and contact:**

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

**1.5 Other related entities:**

**1.5.1 Other Related Entities Name:**

Ministère des Finances ( M. Richard Boivin, Sous-ministre adjoint, Politiques relatives aux institutions financières et Bureau du commerce électronique,Ministère des Finances

**1.5.2 Other Related Entities Address:**

800, place D'Youville, 17 e étage, Québec (Québec) Canada G1R 4Y5

**1.5.3 Other Related Entities Telephone:**

418 646-7563

**1.5.4 Other Related Entities Fax:**

### **1.5.5 Other Related Entities Internet Address:**

www.finances.gouv.qc.ca

## **Section 2: Objectives, Mandates & Powers**

### **2.1.1 When and why was the DIS established (please provide details)?**

In the beginning of the sixties, disruptions within the financial institutions sector coincided with the setting of the financial institutions study committee. On a preliminary report, released on March 1967, this committee recommended to the Quebec government the creation of a deposits-insurance program.

### **2.1.2 What are the stated public policy objectives or mandate for your country's DIS? When was the last time they were reviewed and changed?**

The mandate of this study committee was on the structure analysis of the non banking financial institutions in Quebec. Following the recommendation of this committee in 1967, the objectives were the little saver's safety, the stabilization of some financial markets and the supervision of the Quebec constitutional interests.

### **2.1.3 What process was used to determine these objectives in your country?**

In 1969, this study committee produced the «Rapport du comité d'étude sur les institutions financières». Its president was Mr. Jacques Parizeau. On June 29 of 1967, the Québec legislative Assembly passed the Deposits- Insurance Act, establishing the «Régie de l'assurance-dépôts du Québec (RADQ). RADQ has been replaced by the « Autorité des marchés financiers » on February 1, 2004.

### **2.1.4 What is the legal basis under which the DIS was established? Please provide a copy.**

Legislation

·Deposit Insurance Act (DIA) Regulation Respecting the Application of the Deposit Insurance Act (RRDIA)

### **2.1.5 Is there a formal process for a periodic review of the policy objectives/mandates?**

No

### **2.1.6 What sort of system do you have?**

Government legislated & privately administered

The Autorité des marchés financiers (AMF) is the body mandated by the government of Québec. It is privately administered and financially self-sufficient. In the private sector, the Mouvement des caisses Desjardins has a security fund which carries on its objects as to avoid or reduce disbursement by the AMF in respect to institutions members of this security fund.

### **2.1.7 Who makes decisions to pay depositor claims?**

Other

The AMF makes payments in execution of its obligation under a guarantee within a reasonable time.

## **2.2 Which of the following powers has been provided to the DIS in order to carry out its mandate?**

### **2.3 Authority to**

#### **2.3.1 Enter into contracts**

Yes  
with the government approval

### **2.3.2 Set regulations or by-laws for conduct of its business**

Yes  
with the government approval

## **2.4 Authority over entry and exit of member deposit taking institutions**

### **2.4.1 Establish terms and conditions of membership**

Yes  
in addition to the regulatory powers assigned, to it by the DIA, the AMF may take regulations for determining the conditions that must be fulfilled and the information and documents that must be furnished by any institution applying for a permit: determining, among the conditions required for the issue of a permit, the conditions respecting the control of an institution by non-resident person and their associates, and prescribing a period within which any registered institution that is not in compliance with such conditions on the date coming into force shall comply therewith (section 27(2), 43(a) DIA, and section 10 RRADIA).

### **2.4.2 Authority to terminate the insured status of a member institution**

Yes  
Exit: the AMF may suspend or cancel the permit of an institution which: has committed an offence or which is in contravention of a regulation, by-law; no longer fulfills the permit's; is insolvent or about to become so; doesn't follow sound commercial and financial practices; in an unsatisfactory position...; has failed to repay a deposit...; no longer receive deposit from the public. (section 31, 31.1, 31.2, 31.3 DIA)

## **2.5 Depositor reimbursement**

### **2.5.1 Affect reimbursement of depositors claims**

Yes  
the AMF guarantees to every person who makes a deposit of money with a registered institution or a bank the payment, on the respective maturity dates, on the principal and interest of the deposit, up to 100,000 \$. The AMF maintains a deposit insurance fund of the execution of its obligation under guarantees.

### **2.5.2 Access to depositor information**

Yes  
The AMF shall have access at all times to all books, records, accounts and other files of any person other than a bank who solicits or accepts deposits of money from the public. (Section 17 DIA) Every registered institution, at the time determined by the regulations, shall furnish the AMF with a detailed return of its operations, audited financial statements, any statements, additional information or explanation or return determined by the AMF. (Section 41, 41.1 and 41.2 DIA)

### **2.5.3 Use various methods of reimbursing depositors claims**

Yes  
The AMF may make regulations for determining the form and tenor of claims and the cases in which a depositor who demands payment in execution of the guarantee provided under this act is not required to fill a claim form with the Authority (Section 43 DIA)

## **2.6 Funding**

### **2.6.1 How funding is provided**

Yes  
The AMF maintains a deposit insurance fund for the execution of its obligations. The premiums collected

by the AMF are paid into the deposit insurance fund together with any sums the Minister of Finance may, with the authorization of the government and on such conditions as the latter may determine, pay into it from time to time. (Sections 52, 52.1 DIA) The AMF, for a premium and on such conditions as are stipulated in a policy issued by it, may guarantee the payment, on the respective maturity date, of the principal and interest up to 100,000 \$ of any deposit of money made outside Quebec with a registered (Section 34 DIA)

### **2.6.2 Terms and conditions of premiums or levies**

Yes

For the purpose of the guarantee and for each accounting period of premiums, the AMF shall fix and collect from registered institution a premium to be paid by the latter. The amount of the premium is equal to the greater of the following amounts: a percentage (1/25 of 1 %), determined by regulation, of an amount equal to the total of such portion of each deposit guarantee or an amount (\$100 minimum). AMF may, annually, reduce by one-half the premium established for any registered institution which is a financial services cooperative which a member, which the meaning of the act respecting financial services cooperative, of a security. (Sections 40.2, 40.3, 40.3.1 DIA and Sections 19 to 22 RRDIA)

### **2.6.3 Borrowing authorities and limits**

Yes

The Minister of Finance, with the authorization of the Government and on such conditions as it determines, may make to the AMF, out of the consolidated revenue fund, the advances necessary for such purpose. The Minister of Finance, may guarantee the payment of any commitment of the AMF: The sum of the unpaid balance of the advances and of the commitments guaranteed shall not exceed \$700 000 000. (Sections 53, 54, 55 DIA)

## **2.7 Information Requirements**

### **2.7.1 Access to information directly from member deposit taking institutions or its auditors**

Yes

The AMF or any person authorized by it in writing shall have access at all times to all books, records, accounts and other files of any person other than a bank or solicits or accepts deposits of money from the public. (Section 17 DIA)

### **2.7.2 Access to information through supervisory authorities**

Yes

The report of the AMF (or other supervisory authority) of the examinations of the affairs of every institution. (Section 42 DIA)

## **2.8 Enforcement and intervention**

### **2.8.1 Authority to conduct examinations and/or reviews**

Yes

The Authority, at least once a year, on such conditions as it determines, examine or cause to be examined the affairs of every registered institution. However, the examination of the authority of the affairs of an institution pursuant to an Act acceptable to the instituton shall in lieu of the examination of the affairs of the institution. (Section 42 DIA)

### **2.8.2 Ability to set standards or guidelines for member institutions**

Yes

The AMF may issue guidelines for financial institutions operating in Quebec (and registered under the DIA).

### **2.8.3 Authority to take enforcement actions against members (i.e. such as the authority to require a change in institutional control and/or behaviour).**

No

#### **2.8.4 Authority to cancel deposit insurance of a member institution**

Yes

The AMF may suspend or cancel the permit of an institution which: had committed an offense or is in contravention of regulation, by-law; no longer fulfills the permit's; is insolvent or about to become so; doesn't follow sound commercial and financial practices; in an unsatisfactory position...; has failed to repay a deposit...; no longer receive deposit from the public. (section 31, 31.1, 31.2, 31.3 DIA)

#### **2.8.5 Authority to hold officers and directors of failed institutions legally liable for the failure of the institution**

No

### **2.9 Failure resolution**

#### **2.9.1 Authority to decide on appropriate form of failure resolution**

No

#### **2.9.2 Authority to provide financial assistance (e.g. in the form of a loan -- with or without security -- by purchasing assets from the institution or through some other process).**

Yes

For such matter, the AMF may make advances of money, with or without security, to a registered institution or any institution whose permit has been suspended or cancelled, and may acquire the assets of a registered institution or an institution whose permit has been suspended or cancelled; make a deposit or guarantee a deposit made with a registered institution. (Section 40 DIA)

#### **2.9.3 Authority to guarantee deposits with member institutions or guarantee loans to an institution by other parties**

Yes

### **2.10 Authority to:**

#### **2.10.1 Undertake formal liquidation**

Yes

The AMF may act as receiver as a registered institution or an institution whose permit has been suspended or cancelled. (Section 40 DIA)

#### **2.10.2 Purchase and assumption (sale and merger)**

Yes

#### **2.10.3 Open assistance (bridge bank)**

Yes

#### **2.10.4 Other forms of failure resolution**

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### **2.11 Optimizing recoveries**

### **2.11.1 Ability to act as a receiver**

Yes

The AMF may act a receiver of a registered institution or an institution whose permit has been suspended or cancelled. (Section 40 DIA)

### **2.11.2 Ability to act as a liquidator**

Yes

The AMF may act a liquidator of an institution whose permit has been cancelled. (Section 40 DIA)

## **Section 3: Governance Arrangements**

### **3.1.1 Is the DIS a legally separate organization from other public or private bodies? (e.g. central bank, supervisor, industry association)**

Yes

### **3.1.2 What is the form of governance used by the DIS organization?**

Advisory Board or Committee,Other

null|null|null|null|null

### **3.1.3 How is the governing body selected?**

The President and Chief Executive Officer is appointed by the government. The members of the Advisory Board are appointed by the Minister of Finance.

### **3.1.4 What is the composition of the governing body?**

The Advisory Board is composed of a maximum of seven members.

### **3.1.5 What are the duties and responsibilities of the governing body?**

The main functions of the Advisory Board are: Advising the AMF on the compatibility of its actions with its mission. Advising the AMF on its corporate governance, in particular as regards its budget estimates, staffing plan and activity plan. Making recommendations to the AMF President and CEO concerning the appointment of AMF executive directors. Reporting to the Minister on any matter submitted to it by the latter and making recommendations concerning the administration of the AMF and the efficient use of its resources.

### **3.1.6 Is there any direct or indirect representation in the management of the DIS by member insured institutions?**

No

### **3.1.7 Is there any direct or indirect representation in the management of the DIS by the central bank?**

No

### **3.1.8 Is there any direct or indirect representation in the management of the DIS by the regulator?**

Yes

### **3.1.9 Is there any direct or indirect representation in the management of the DIS by the supervisor?**

Yes

The AMF is the deposit insurer and the regulator

**3.1.10 Is there any direct or indirect representation in the management of the DIS by other?**

No

**3.1.11 Please provide a breakdown of the management structure of the DIS**

President and chief Executive officer Executive Director, client Services and compensation Compensation director

**3.1.12 Do you have an internal control and audit systems**

Yes

Internal Auditor

**3.1.13 Are directors and officers of the DIS and/or supervisors personally liable for their decisions in the normal course of their activities?**

No

**3.1.14 Is there an advisory committee to the DIS?**

No

**3.1.15 Has the DIS ever taken legal action against directors of failed member institutions? Or others? What position did the person(s) hold?**

No

**3.1.16 Please indicate which of the following tools are used as part of your accountability regime.**

Annual Reports,Audited Financial Statements

null|null|null|null|

## **Section 4: Human Resources & Infrastructure**

**4.1.1 What is the total number of employees at the DIS (e.g. full-time, part-time and contract) ?**

10

**4.1.2 Are the majority of DIS employees dedicated staff or do they come from other organizations (i.e. government, central bank, private sector)?**

Yes

**4.1.3 Does the DIS train and develop its own staff? If so, briefly describe programs which have been put in place for training and development?**

Yes

An experienced employee is designed to train a new employee. If necessary, specialized courses are followed.

**4.1.4 Is there shared training and development between the staff of the DIS and other authorities involved in financial sector supervision or regulation? (i.e. central**

**bank, supervisor, regulator, other)**

Yes

Occasionally, DIA employees may join staff of the supervision authority for formation

**4.1.5 Are compensation and incentives offered sufficient to attract and retain skilled staff? Please elaborate.**

1

Wages are comparable to the industry.

**4.1.6 Are confidentiality provisions for employees provided for?**

Yes

**4.1.7 Do employees of the DIS receive legal protection against lawsuits for their actions taken in good faith and acting in the best interests of the DIS?**

Yes

**4.1.8 What percentage of the budget is spent on training and development and information technology?**

1,5%

## **Section 5: Information Sharing & Interrelationship Among Safety-Net Players**

**5.1.1 Who performs examinations of DIS member institutions?**

Regulator

The AMF is the deposit insurer and the regulator

**5.1.2 Please describe the examination process that is used to evaluate member institution performance?**

The examination of affairs (inspections) means: Evaluate the financial policies and practices and the internal control systems, verify the accuracy of its financial statements and to ensure that it is complying with the Act under which this institution is constituted, , the regulations, the by-laws, the standards and the written instructions applicable to teach institution.

**5.1.3 What information is collected from member institutions for the DIS and other parties?**

Every institution registered shall furnish the AMF with: an annual statement of guaranteed deposits; a detailed return of its operations; certified financial statements.(Section 41 DIA) The AMF also require periodical monthly, quarterly and annually) disclosure from the institutions operating in Québec. It includes the financial position of the institution, and gathered information on the financial risks.

**5.1.4 What arrangements (i.e. formal or informal) are in place between organizations responsible for deposit insurance and other parties comprising the safety-net (e.g. central bank, supervisor, regulator) regarding the sharing of information concerning member institutions? Please provide details of these agreements.**

The AMF is the deposit insurer and the regulator.

**5.2 On a scale from 1 to 5, 1 being low and 5 being high, please rate both the**

**accessibility (i.e. access to all necessary information for the DIS to fulfill its mandate) and timeliness ( i.e. information is received when needed) of information that is shared amongst members of the safety net.**

**5.2.1 accessibility**

4

**5.2.2 timeliness**

4

**5.2.3 Is there a consistent definition/classification across authorities of problem institutions**

Yes

AMF is the deposit insurer and also the regulator.

**5.2.4 When policy regarding the DIS and financial sector is developed or amended, are other bodies consulted and/or advised (e.g. central bank, supervisor, regulator, government, industry associations) ? If you do consult and/or advise what bodies do you do it with?**

Consult, Advise

null|null|null|

**5.2.5 Is discussion with other bodies encouraged prior to the implementation of new policy?**

Yes

**5.2.6 How often do you contact other DIS?**

Regularly

**5.2.7 Is the DIS consulted when the regulator, supervisor or central bank enters into an agreement with a financial institution that is experiencing problems?**

Yes

## **Section 6: Membership**

**6.1.1 What types of institutions are covered in your DIS?**

No individual shall solicit deposits of money from the public. (Section 23) Notwithstanding any inconsistent provision of any general law or special act, no institution shall solicit or receive deposits of money from the public unless it is a registered institution: Financial services cooperatives (credit unions, federation, caisse centrale) Trust companies Savings companies Insurance company and a mutual insurance association holding a licence issued under the Act respecting insurance or any other institution qualified under the regulation. (Sections 23, 24 and 28 DIA and section 6 RRADIA)

**6.1.2 Is membership in the DIS mandatory for designated deposit taking institutions?**

Yes

**6.1.3 Do you have terms and conditions of membership? (i.e. laws, regulations or**

**agreements which member institutions have to abide by) If so, please explain the application process used and any conditions of membership imposed on institutions by the DIS.**

Yes (please explain)

Conditions of membership: The AMF shall issue a permit to any qualified institution that has filed an application for a permit, has provided all documents and information required and has had its affairs examined by an inspector duly certified by the AMF ; intends to solicit and receive deposits of money from the public;has complied with the Act, with the other laws and with the rules and regulations; is in a position to discharge when due, any obligation resulting from the receipt of a deposit of money ; uses sound commercial and financial practices ; holds an insurance policy covering misappropriation and theft ; is not insolvent or about to become insolvent; and is in a satisfactory financial position. (Section 10 RRADIA)

**6.1.4 Is the membership of foreign institutions (i.e. foreign bank branches and/or subsidiaries) covered in the same way as domestic institutions? If not, please describe the difference.**

Other

Since membership is mandatory, banks and foreigner banks do not register at the provincial level.

**6.1.5 If more than one safety-net organization is responsible for the application process for membership, how is the application process coordinated between the parties responsible?**

The AMF is the only one responsible.

**6.1.6 Are deposit-taking institutions required to re-apply for membership after a certain period of time?**

No

**6.1.7 How many member institutions do you have?**

At May 2008 = 537

**6.1.8 What is the total level of assets, deposits and insurable deposits of all DIS member institutions?**

At April 2007, total deposits at CA\$ 104,9 billion (in Québec unless banks) Total guaranteed deposits at CA\$ 72.3 billion

## **Section 7: Coverage**

**7.1.1 Is there a formal definition of a deposit and or insured deposit used by your DIS? If so what is it?**

Yes (please explain)

The AMF uses the term « deposit of money » in the DIA. Deposits whose reimbursement is guaranteed include the unpaid balance, including interest thereon, of funds received by a registered institution in the normal course of receiving cash deposits from the public for investment purposes, where the obligation of that institution to repay is evidenced by a credit to the depositor

**7.1.2 What types of deposits are eligible for coverage in your DIS?**

Savings account,Chequing account,Certificates of deposit,Guaranteed investment certificate,Money orders,Certified drafts of cheques,Other

null|null|null|null|null|null|null|null|null|null

**7.1.3 Is coverage**

per depositor per institution

The guarantee applies to the combined total of all guaranteed deposits (including the accrued interest on those deposits) in the name of the same person in the same registered institution. The word " person " means a natural person or a legal person.

#### **7.1.4 What is the coverage limit per depositor?**

The basic guarantee of the AMF applies to deposits up to 100,000\$ per person, per registered institution. Some deposits are protected by distinct guarantee, also established at 100,000\$ by person, by institution. That is the case of the joint deposits, the trust deposits placed in one or more registered retirement savings plan (RRSP) and the deposits placed in one or more registered retirement incomes fund (RRIF). Some titles that can also be obtained in the rooms of a registered institution are not guaranteed by the AMF. This is, notably, the case of: stocks and shares like and hypothec titles; obligations and debentures issued by the governments, the towns and the corporations; treasury bills etc.

#### **7.1.5 How was this figures arrived at?**

At the beginning of the deposit insurance, guarantee for every deposits was only up to 20,000\$. From January 1983, the guarantee of the AMF applies to deposits up to 60,000\$. From mars 2005, the guarantee of the AMF applies to deposits up to 100,000\$.

#### **7.1.6 For eligible financial instruments with maturity dates, what is the longest contract term covered by the DIS?**

Five years terms, unless deposit is redeemable on demand on the expiry of that periode

#### **7.1.7 What types of depositors are not eligible for coverage in your DIS?**

Foreign (non-residents), Officers and directors of member institutions, Corporations (domestic), Corporations (foreign), Other

null|null|null|null|null|

#### **7.1.8 Is the coverage amount indexed?**

No

#### **7.1.9 What is it indexed to?**

#### **7.1.10 Does your DIS use coinsurance? If coinsurance is used please describe the approach used.**

No

#### **7.1.11 Is the public widely aware of the presence of coinsurance?**

other

N/A

#### **7.1.12 Are coverage levels affected by resolution methods? If so, please explain.**

No

#### **7.1.13 To what extent, is there a public expectation that the DIS coverage limit would be extended to 100% coverage in the event of a banking crisis or the failure of a very large institution? Please provide recent examples, if applicable.**

No

most of expectations expressed by the public doesn't conduct to a full blanket.

#### **7.1.14 How is a decision made on the insurance eligibility of new financial products?**

New products are analysed in accordance with the features and the definition of deposit. Legal advises are

requested.

### **7.1.15 When member institutions merge how are insured deposits treated?**

The information supplied here, are applicable to the merging of two or several registered institutions, as it is the case where a registered institution or a bank acquires assets and takes care of the liabilities of another registered institution or a bank. Following the merging of registered institutions, the AMF continue to guarantee separately, until their expiration, the guaranteed deposits made in each institutions before the merging, always up to 100, 000 CA\$ by person, by registered institution. After the merging, the new deposits contracted to the registered institution stemmed from the merging will also be guaranteed by the AMF, in the case that all the guaranteed deposits contracted by the same person in registered institutions that are grouped with those contracted in the registered institutions stem from the merging, are not more than 100,000 CA\$.

## **7.2 Does your country offer the following?**

### **7.2.1 Islamic banking**

No

### **7.2.2 Islamic deposit insurance**

No

## **Section 8: Funding & Fund Management**

### **8.1.1 What type of funding is used by the DIS?**

Ex-ante (defined as the accumulation of a reserve or fund to cover deposit insurance claims in anticipation of the failure of a member institution).

The AMF has a ex-ante funding. Our registered institutions contribute to build and maintain a fund (a reserve.)

### **8.1.2 Is the DIS funded by levying insurance premium assessments against member institutions or, by some other means such as general tax revenues?**

Premium assessment

The AMF is funded by levying insurance premium assessments.

### **8.1.3 If insurance premiums are assessed, are they assessed as a flat rate or are they differential in some way, please explain? (e.g. risk based)**

Since 1983, our premiums have always been on a flat-rate basis.

### **8.1.4 What is the current premium rate? If there have been changes to this rate, details would be appreciated.**

The amount of the premium is a percentage (1/25 of 1 %) of the guaranteed deposits There is one particularity for our registered institutions which are financial services cooperatives member of a security fund: Their premium can be reduce by one-half at 1/50 of 1% of the guaranteed deposits if, in the opinion of the AMF, the security fund is able to fulfill and carry on its objects as to avoid or reduce disbursements by the AMF.

### **8.1.5 How often is the premium assessed?**

Annually, on April 30th.

### **8.1.6 Is the premium assessed on total deposits, insured deposits or something else?**

Insured Deposits

**8.1.7 Are premiums paid by member institutions tax deductible as a business expense?**

Yes

**8.1.8 For premiums that are differentiated please explain the risk assessment system that is used to ascertain a premium assessment.**

N/A

**8.1.9 Does the DIS have a target with respect to the optimal size of the DIS fund? (Yes is chosen go to question 8.10 otherwise Skip the next 2 questions)**

No (Skip the next question)

**8.1.10 How is the optimum level (i.e. target) of the fund determined?**

This an important issue periodically considered by the AMF in conducting its strategic research works.,This an important issue periodically considered by the AMF in conducting its strategic research works.

**8.1.11 What investment policies (i.e. safeguards against abuse) exist concerning the use of the fund?**

Sums which the AMF does not expect to be immediately needed are deposited immediately with the Caisse de dépôt et placement du Québec. We use it to manage our investments in a very prudential and conservative instructions with prime concern to the liquidity and capital protection.

**8.1.12 If a fund is not maintained, is an assessment levied on institutions after the failure of a financial institution has occurred? If so, please explain how the levies are determined and losses distributed among institutions.**

Other

N/A

**8.1.13 Which of the following sources of additional funding, for emergency or liquidity purposes, does the DIS have access to?**

Government funding

null|null|null|

**8.1.14 Are member institutions required by law to issue, on a regular basis, subordinated debt?**

No

## **Section 9: Reimbursing Depositors**

**9.1.1 Please describe the procedure for reimbursing depositors used by your DIS?**

At the beginning of the reimbursement process, a claim must be completed by depositors. Most of the time, an agreement can be reached between the AMF and the liquidator (receiver) for this purpose. This process involve that AMF prepare a effective planning before the date of liquidation of an institution. Others steps are: notifying potential claimants , reviewing and resolving claims, and finally reimbursing the depositors as soon as possible.

**9.1.2 Are depositors required to file a claim when a member institution fails? If so, what is the process?**

Yes

Any depositor requiring a payment in execution of guarantee provided for in the Deposit Insurnce Act shall

file a claim in the form (see Schedule IX, Regulation respecting the application of the DIA). Instruments and other documents supporting his application must be attached to this form. The AMF can determine the form and tenor of claims and the cases in which a depositor who demands payment in execution of guarantee provided under this Act is not required to file a claim form with the AMF. In the case of Registered Retirement Saving Plan (RRSP), because of tax constraints, the deposits shall be transferred to another institution.

### **9.1.3 When is the DIS obligated to reimburse insured depositors?**

This obligation is executory when, owing to a court order, a member institution is unable to make a payment guaranteed by the AMF; or when the member institution is dissolved; or when it is insolvent or bankrupted and unable to make any payments contemplated in the guarantee on its maturity date. (Section 34.1 DIA)

### **9.1.4 Is there an established legal basis upon which to base the reimbursement process? Please explain.**

Yes

DIA: section 34.1 (Obligation for the AMF under the guarantee)- see question 3, section 34.2: resolution ordering the winding-up for specific institutions, section 34.3: payment delay and execution, section 35: subrogation against the depository, interest on the claim, section 42q) proof of deposit and r) from and tenor of the claim Regulation regarding the DIA: section 40 (Claim to the ANF, payment in executions in situations where the institution is under wind-up order or bankruptcy and when an agreement is reached with AMF)m.

### **9.1.5 Is the DIS subject to explicit standards for prompt reimbursement? If so what are they?**

Yes

We have no explicit standard. The AMF shall make payments in execution of its obligation under a guarantee within a reasonable time. (Section 34.3, DIA). When an agreement is reached between the AMF and the liquidator (receiver) for this purpose; it shall define the methods and delay of payment. From lessons learned, reimbursements, payments were within a month delay.

### **9.1.6 What methods of payment can be used and under what circumstances are they used?**

Checking for payment. Placing a deposit in any other registered institution or in any bank at the disposal of the depositor. Our previous experiences implicated the use of a receiver. When the liquidation is settled, we make advance to the liquidator, who is responsible for the redistribution to the insured depositors in the name of the AMF.

### **9.1.7 Are the rules regarding clearing, set-off, trust accounts, and related issues well defined (through the legal system or formal agreement)? Please explain.**

Yes

For legal: the Civil code of Québec, the CPA Rules and Standards etc. Definition of deposit and other application: Regulation regarding the DIA: section 1 to 5.

### **9.1.8 What are financial institutions obligated to hold with respect to deposit records?**

### **9.1.9 When is the DIS given access to an institutions financial and depositor records?**

The AMF or any person authorized by it in writing shall have access at all times to all books, records, accounts and other files. (Section 17, DIA). The AMF or any person authorized by it in writing shall have access at all times to all books, records, accounts and other files. (Section 17, DIA).

### **9.1.10 Does the DIS have the option of making advance payments to depositors in situations of dire need (i.e. in an emergency)?**

No

**9.1.11 Does the DIS make interest payments to depositors during the time taken for reimbursement? Please explain.**

Other

The AMF reimburse the depositor fully, principal and interest (up to the 100,000 CA\$ limit) at the resolution of the liquidation. If some depositions would have paid interest between the moment of the failure and the moment of the resolution, these payments are delayed to the resolution of the liquidation and do not bear interest.

**9.1.12 What information is communicated to depositors regarding the reimbursement process?**

The first statement from the AMF is the notification, by a press release, to the depositors of the failure of a member institution. The purpose of that release is to prevent panic, restate to the depositors the type and terms of the guarantee the AMF provides. In the week following, we send a letter to all depositors. The information on their respective deposits are included and we explain them the process of liquidation and reimbursement and the actions they must pose for the process to work simply.

**9.1.13 What process does the DIS use to ensure that depositor secrecy and confidentiality is maintained during the reimbursement process?**

In Québec, the Act respecting personal information is applicable to that process.

**9.1.14 What steps are taken to verify, reconcile and settle insured deposit accounts?**

Analysis and verification of the claim, instruments and other documents supporting the claim. Analyse and reconciliation of deposit accounts. Verification of the ownership of the deposit and determination of the amount to be paid.

**9.1.15 What steps are taken to ensure that an institutions depositor records are accurate, up to date and accessible?**

The AMF or any person authorized by it in writing shall have access at all times. The affairs of the registered institutions are examined annually. (Particularly to evaluate the practices and internal control, to verify the accuracy of the financial statements). In such case of a reimbursement, the AMF shall as soon as possible, examine, make copies of records and conducts examinations to evaluate the quality of the record.

**9.1.16 Does the DIS document its experiences with respect to each reimbursement action (i.e. lessons learned) in order to allow for continuous improvement?**

Yes

We always intend to use our previous experiences to improve our processes.

**9.1.17 What technologies does the DIS use to facilitate the reimbursement process?**

We shall use mailing checks and electronically transfers if possible.

## **Section 10: Public Information & Awareness**

**10.1.1 What obligations are there to inform the public?**

Registered institutions are under the following obligations: Every registered institution shall display the official logo supplied to it by the AMF in a conspicuous place at the entrance to and inside any establishment at which it carries on its activities. (Section 42 DIA) A registered institution wishing to inform the public that deposits made with it are guaranteed by the AMF may use only the phrase "Registered under the Deposit Insurance Act with the Autorité des marchés financiers", in its advertising. (Section 42 DIA). Every instrument issued by a registered institution and evidencing the receipt of deposit shall contain the following statement : « This is a deposit within the meaning of the Deposit Insurance Act. ». (Section 45 DIA)

**10.1.2 Who is responsible for communicating information about the DIS to the general public?**

DIS

null|null|null|null|null|null

**10.1.3 Are these explicitly stated in policy or law?**

Yes

In the law , reference : question 10.1 In addition , the AMF may make regulations for determining the only signs, marks, advertisements or other means of publicity that a registered institution may use in order to make known that the deposits of money made therewith are guaranteed under this Act ; (section 43 DIA)

**10.1.4 Are the terms and conditions of DIS explained in a manner that the general public can understand fully?**

Yes

All these information (nature of the guarantee, coverage, registered institution) regarding the DIS are presented in our public pamphlet and in our Internet Web Site. We also have a public service for all information needed by the public.

**10.1.5 If so, what methods are utilized?**

Brochures,Use of Official Sign to display insured status,Telephone call center,Website,Other

null|null|null|null|null

**10.1.6 At what point is information disclosed to the public about an institution that is having problems and how is information disclosed?**

It is a question of judgment to maintain confidence of the depositors. The AMF shall, in the manner and through the communications media it thinks advisable, give public notice of the suspension or cancellation of the permit of an institution if it considers publication of the notice required in the public interest. (Section 32.1 DIA)

**10.1.7 Has a survey of public awareness about the DIS been conducted? If so/ what were the results? If not why not? Please include supporting documentation.**

Yes

In collaboration, the AMF with CDIC, for television advertisement campaigns, CDIC conducts advertisement and awareness surveys for the Quebec. Result: most of the people are not fully aware of deposit insurance including which financial products are covered.

**10.1.8 Has the DIS ever embarked on a public awareness campaign to increase awareness and knowledge? If yes, how many times has this been done and when was the last time?**

Yes

We collaborate with CDIC in some television advertisement annual campaigns.

**10.1.9 Please describe the approach used; objectives, target audience, communication strategy, and timing results.**

Approach used: encouraging depositors (by contacting their institution, by calling AMF toll-free number and by consulting AMF Web Site) to verify what is included in the guarantee coverage. Target audience: adults 25-54 y/o Covered Period : one period (5 to 6 weeks) beginning in October and another period (5 to 6 weeks) beginning in January. Results were good: increase of inquiries on our toll-free number and visits on AMF Web site and increase.

## **Section 11: Risk Assessment & Intervention**

### **11.1.1 Does the DIS have a risk monitoring function to analyze and assess the risk of member financial institutions?**

Yes

This function is a component of the approach used by the AMF for the examination of the affairs of a registered institution.

### **11.1.2 Does the DIS perform examinations of its member institutions? If not, who does?**

Yes

The AMF examine or cause to be examined the affairs of every registered institution established pursuant to an Act of Québec except for financial services cooperatives members of a federation. In such case, the inspection service is established and maintained by a federation for the examination of the affairs of those registered institution. For the federal-chartered institutions, the CDIC is in charge of the inspections. The AMF may make regulations for determining the form of the inspection reports made for the AMF and the information which they must contain.

### **11.1.3 Does the DIS receive information/data/statistics directly from its member institutions or from a third party, such as a regulator or supervisor? If so what information is received and how often?**

Yes

Every registered institution shall annually furnish the AMF with a detailed return of its operations, the audited financial statements and any other statement or return determined by us. We may require any additional information or explanation. There are periodical (monthly, quarterly and annually) financial disclosure of information that registered institutions shall furnish to the AMF, the supervisor for the Québec-chartered financial institutions.

### **11.1.4 What is the risk assessment approach used by the DIS to monitor financial institutions? Please describe. Please be sure to include the criteria used to determine member institution risk.**

This approach is used by the AMF. Briefly, the approach is a set of works for the assessment of all the inherent risks in the activities of the registered institutions and for the assessment of the quality of management. The criteria used for the assessments are summarized in a matrix of risks.

### **11.1.5 Please list and describe the actions taken by the DIS in situations where member institutions are causing concern. Please indicate when coordination occurs with other supervisory/regulatory authorities and the mechanisms used.**

The AMF may, in particular, on the conditions it determines, for the purpose of reducing a risk to the AMF or averting or reducing a threatened loss to the AMF, - make advances of money, with or without security, to a registered institution or an institution whose permit has been suspended or cancelled, or guarantee payment of the debts of such an institution; - acquire the assets of a registered institution or an institution whose permit has been suspended or cancelled; - make a deposit or guarantee a deposit made with a registered institution; - guarantee a registered institution against any loss it may incur following an amalgamation with a registered institution or with an institution whose permit has been suspended or cancelled, or following the acquisition of the assets together with the take-over of the liabilities of such an institution; - with the authorization of the Minister, enter, with any body or agency which, in the opinion of the AMF, administers an equivalent scheme, into an agreement concerning an institution whose deposits are guaranteed or insured partly by the AMF and partly by such body or agency. The AMF may, in addition, act as liquidator of an institution whose permit has been cancelled or act as receiver of a registered institution or an institution whose permit has been suspended or cancelled. (Section 40 DIA) Usually, the supervisory activities headed by the AMF on the registered institutions are the focal point determining that the financial position of an institution is not satisfactory. The AMF shall ensure that appropriate measures are considered to remedy the situation. (For the financial services cooperatives, a federation assume also this responsibility and shall notify the AMF.)

## **Section 12: Failure Resolution**

### **12.1.1 Is your DIS involved in the failure resolution of member institutions?**

Yes

For further details on our past involvements in the failure resolution of member institutions, see question 12.8.

### **12.1.2 Who determines whether a member institution has failed or is insolvent?**

AMF for the insolvency of a financial institution or the Court for a failure.

### **12.1.3 Under what conditions can the DIS cancel/terminate the deposit insurance of a member institution?**

An institution which: has committed an offence or which is in contravention of an Act, any regulation.; no longer, fulfils the conditions required for obtaining a permit ; is insolvent or about to become so ; does not follow sound commercial and financial practices ; is in an unsatisfactory financial position which cannot be improved ; has failed to repay a deposit of money at maturity or to pay interest on a deposit when due ; no longer receives deposits of money from the public. (Section 31, DIA)The AMF may cancel the permit of an institution at the latter's request. In addition, it may cancel the permit of an institution which has amalgamated. (Section 31.1, DIA) "The permit of an institution is cancelled of right upon: the institution's dissolution; resolution ordering the winding-up of the institution; the institution's coming under a winding-up order for any reason other than bankruptcy or insolvency ; a winding-up order by virtue of the Winding-up Act; a receiving order by virtue of the Bankruptcy and Insolvency Act (Section 31.3, DIA)

### **12.1.4 How is the failure/non viability of a member institution determined?**

Adoption or approval by its shareholders or members of a resolution ordering the winding-up of the institution; a winding-up order for any reason other than bankruptcy or insolvency ; a winding-up order by virtue of the Winding-up Act (Revised Statutes of Canada, 1985, chapter W-11) ; a receiving order by virtue of the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3) or, within of the said Act, assigning its property.

### **12.1.5 How many member institutions have failed in your country in the last 20 years?**

We had no failure of registered institutions in the last twenty years. Our last failure resolution was in 1985. Since then, we got involved in 1994 with financial assistance to prevent the failure of a trust and three times (in 1992, 1994 and 1996) in agreements with the Canadian Deposit Insurance Corporation, each relating to troubled trusts.

### **12.1.6 Do banks go through the regular corporate bankruptcy process? If no, what is the process used?**

Yes

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### **12.1.7 Is the receiver of failed institutions also the one that disposes of the institutions? If not, who does?**

Yes

In our legislation, the receiver is also the liquidator.

## **12.2 Which methods of failure resolution are used in your country to deal with failures. Also, please indicate the frequency of use of the various methods in the last 20 years.**

### **12.2.1 Formal liquidation**

Yes

### **12.2.2 Purchase and assumption (sale and merger)**

Yes

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### **12.2.3 Open bank assistance (e.g. recapitalization)**

Yes

This method was used 2 times since 1988.

### **12.2.4 Bridge banks and other interim solutions**

Other

Guarantee the payment of the debts of the institution (against loss): last used twice in 1994). We guaranteed debts for up to \$124 million and sustained a total loss of \$77.7 million, all occurring in the 1994 arrangement. More options can be used : see section 40 DIA (Special powers).

### **12.2.5 What criteria are used to determine the method of failure resolution?**

The authorities of the AMF has to take into consideration some legal constraints ( various acts regarding different options possible). They also have to reach a fair solution among the minimization of the cost, the delay of the reimbursement, maximization of the recoveries of the assets and negative effects on the financial sector.

### **12.2.6 Is the deposit insurer required to resolve failed or failing insured depository institutions in a manner that is least costly to the DIS?**

Yes

Our internal policy require to minimize cost for the AMF.

### **12.2.7 Please indicate what kind of private companies, if any, are included in the failure resolution process?**

As we mentioned earlier, we used the services of a liquidator to resolve previous liquidation cases. It is less costly use.

## **Section 13: Claims, Recoveries & Estate Management**

### **13.1.1 Does the DIS play a role in the claims and recoveries process? If yes please describe this role**

Yes

Usually, claims shall be under control of the receiver/liquidator for liquidation and settlement. In both situations, the AMF is subrogated to all the rights of the depositors up to the amount paid.

### **13.1.2 What is the primary objective of the DIS when dealing with claims and recoveries (i.e.. maximization of nominal and present value recoveries, financial system stability, system discipline)?**

Our objective is the maximization of the recoveries. Our internal policy require us to minimize cost for the AMF. We shall make payments in execution of its obligation under a guarantee within a reasonable time and we still keep in mind the goal of preserving the confidence in our institutions , the financial system stability and discipline.

### **13.1.3 What role does the private sector play in the claims, recovery process?**

See question 13.1

**13.1.4 What approaches and strategies are adopted by the deposit insurer to accomplish the objectives of claims and recovery activities?**

A representative of the AMF may act as an “es qualité” of inspector to the liquidation. Mainly, he shall ensure the efficiency of the recovery process, the compliance of the priority payment with the right of the creditors, the investigation against complaints and the fair settlement of lawsuits against the liquidator or the AMF.

**13.1.5 By what standard is the DIS judged with respect to performing its function in claims and recoveries (e.g.x. Comparative private sector or DIS benchmarks, internal assessments, past experience)?**

We have no standard for that.

**13.1.6 What assets have you found to be the hardest to recover? Why? What types of strategies have been used to recover different assets?**

Those assets were loans. Total loss was non significant. We mandated another financial institution (1 time) and a private firm in (1 time) to recover those loans for us and to distribute funds to the AMF. This strategy minimized our involvement and carrying less cost.

**13.1.7 Does the DIS have rights of subrogation (i.e. the subrogation of insurance entity to the rights of insured depositors) or an equivalent arrangement?**

Yes

The AMF, when it pays a deposit of money in the place and stead of the depositary, shall be subrogated pleno jure in all the rights of the depositor against the depositary, up to the amount so paid. The AMF

**13.1.8 Is there depositor priority when banks fail? (i.e. Do depositor claims rank in priority above other unsecured creditors in the liquidation of a bank?)**

Yes

**13.1.9 Are rights of set-off available or imposed in your countrys legal system? Please describe the various forms set-off can take.**

## **Section 14: Other Issues**

**14.1.1 What is your view on recent trends and emerging issues in the financial sector in your country and the potential impact they might have on the DIS?**

Following the expanding deposit activities for insurers.....

**14.1.2 Are there any issues related to deposit insurance which you would like to see more research in?**

Interventions : The AMF should review effective exit strategies for failing or failed registered institution. (Policy, handbook, contingency plans etc.) Funding : the AMF needs to have access to sufficient funds in order to reimburse depositors promptly. The AMF should review the establishment and the size of its deposit insurance fund.