

# Top Facts

## AT-A-GLANCE

**CIPF** contributes to the security and confidence of customers of CIPF member firms. We want advisors and investors to understand how they are protected by CIPF and where to go for information.

## CIPF COVERAGE

### WHAT WE COVER AND WHAT WE DON'T

CIPF covers missing property\* held by a member firm on behalf of a client that is not returned to the client following the firm's insolvency.

\*Property can include cash and securities

**CIPF DOES NOT  
COVER LOSSES  
RESULTING FROM**

- *The drop in the value of investments*
- *Unsuitable investments*
- *Misleading information*
- *The insolvency or default of the company or organization that issued the security*

INVESTORS WITH MEMBER FIRMS  
ARE AUTOMATICALLY ELIGIBLE FOR  
COVERAGE AT  
**NO COST**

ARE THERE  
**FEE**  
FOR CIPF?



### 3 HOW CIPF'S \$1 MILLION COVERAGE LIMIT WORKS

Clients are covered UP TO \$1 million for all **General Accounts** *combined* and UP TO \$1 million for each type of **Separate Account** *combined*.

General Account is any account NOT considered a Separate Account.

#### EXAMPLE OF GENERAL ACCOUNTS

Cash + TFSA + Margin Accounts

COMBINED UP TO  
\$1 MILLION LIMIT

#### EXAMPLE OF A TYPE OF SEPARATE ACCOUNT: REGISTERED RETIREMENT PLANS

RRSP + RRIF + LIF

COMBINED UP TO  
\$1 MILLION LIMIT

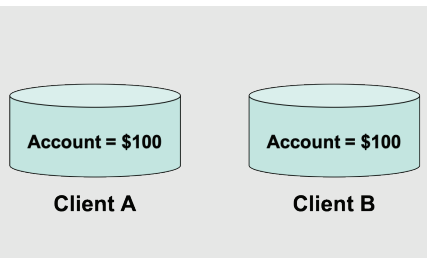
#### EXAMPLE OF A TYPE OF SEPARATE ACCOUNT: REGISTERED EDUCATION SAVINGS PLANS

RESP

COMBINED UP TO  
\$1 MILLION LIMIT

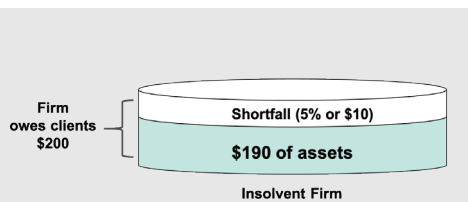
## HOW CIPF COVERAGE WORKS IN INSOLVENCY

Below is an example that shows how CIPF coverage works when a member firm becomes insolvent and a Trustee in bankruptcy is appointed by the court.



LET'S SAY THERE ARE ONLY TWO CLIENTS AT AN INSOLVENT FIRM: CLIENT A AND CLIENT B.

Client A and Client B each have \$100 of cash in their general accounts at the date of the member firm's insolvency.



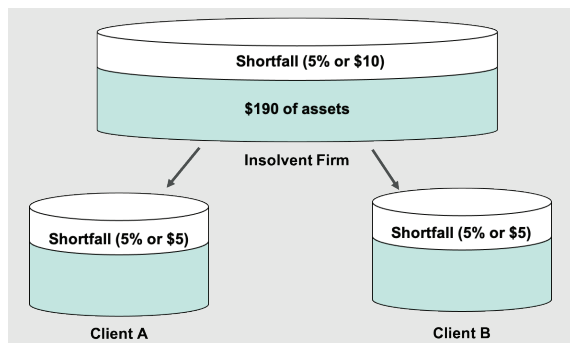
There is a shortfall of \$10, 5% of \$200.

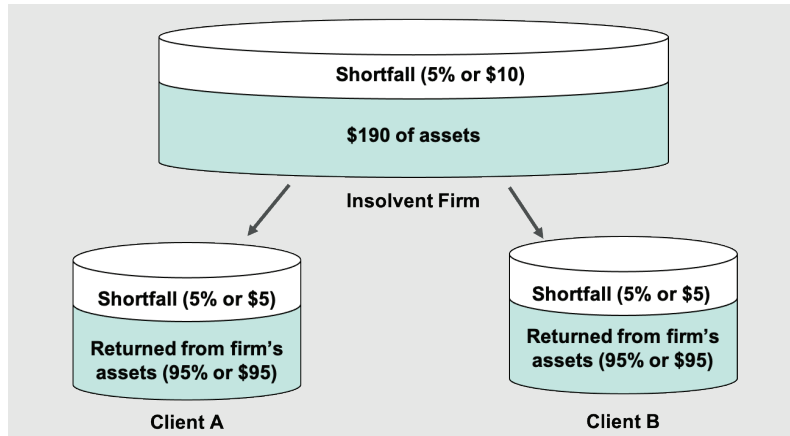
THE TRUSTEE DETERMINES THE AMOUNT OF ASSETS AVAILABLE FOR DISTRIBUTION TO THE CLIENTS, AS REQUIRED UNDER BANKRUPTCY LEGISLATION.

Let's assume the Trustee has determined the firm has \$190 in assets, but it owes \$200 to its clients.

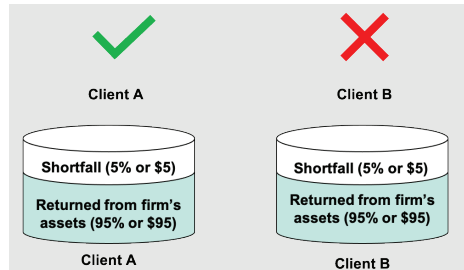
THE SHORTFALL OF \$10 WILL BE SHARED BY CLIENT A AND CLIENT B ON A PRO RATA BASIS.

This means Client A and B will be sharing the \$10 loss and will each have a loss of \$5 (or 5% of their account).





Client A and B will receive the other \$95 (or 95%) from the firm's assets.



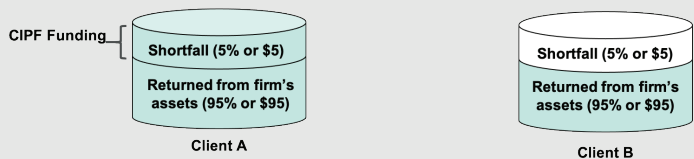
In this example, let's say Client A is eligible for CIPF protection but Client B is not.

## CIPF'S ROLE IS TO FUND THE SHORTFALL FOR ELIGIBLE CUSTOMERS.

The next step is to determine whether Client A and B are eligible for CIPF coverage.

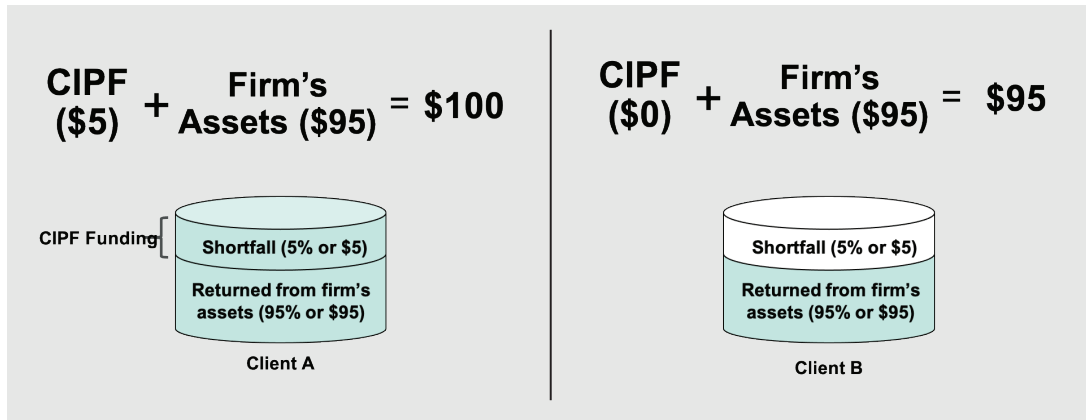
*In this example, Client B is a Director of the firm, so is not eligible for coverage.*

$$\text{CIPF } (\$5) + \text{Firm's Assets } (\$95) = \$100$$



CLIENT A WILL RECEIVE THEIR LOSS OF \$5 (OR 5%) FROM CIPF.

With the \$95 Client A received from the firm's assets, Client A will get back the entire \$100 that was in their account.



On the other hand, because Client B was not eligible for CIPF protection, they will only receive \$95 from the firm's assets and continue to have a shortfall of \$5.

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**CIPF is committed to communicating with advisors and investors to increase awareness about our role and to foster confidence in dealing with the industry.**

- ROZANNE RESZEL

PRESIDENT AND CEO, CIPF

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This document is for informational purposes only and is not intended to constitute legal or investment advice.