

## Claims Procedures

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### 1. *Introduction*

1.1. The Claims Procedures should be read in conjunction with New IPF's "Coverage Policy". The coverage by New IPF of losses suffered by customers of insolvent member of New SRO accepted for membership in New IPF ("**New SRO Members**") is at the discretion of New IPF. The Coverage Policy states that New IPF reserves the right to authorize or withhold payments in a manner other than as prescribed in the Coverage Policy. In the case of any question or dispute as to the interpretation or application of the policy (including the eligibility of a customer, the amount of loss incurred by a customer for purposes of payment of a claim and the maximum amounts to be paid to a customer), New IPF's interpretation of the Coverage Policy shall be final and conclusive.

1.2. The orders issued by members of the Canadian Securities Administrators approving New IPF as a compensation fund each require New IPF to develop fair and reasonable procedures for assessing claims and to pay eligible claims pursuant to these procedures. It has also undertaken to establish a fair and reasonable internal claim review process whereby customer claims that are not accepted for coverage by New IPF shall be reconsidered by the Appeal Committee (as described in section 3.2.1.5.2 of these Claims Procedures), if requested by the customer. This document describes the general process for the administration of claims.

### 2. *New IPF Establishes Date of Insolvency*

2.1. The date at which the financial loss of a customer is determined by New IPF is the date on which New IPF determines, in its discretion, the New SRO Member became insolvent.

2.2. For purposes of New IPF coverage, a New SRO Member will generally be considered to be insolvent on or about the date a trustee is appointed, or if a trustee<sup>1</sup> is not appointed, the date customers cease to have unrestricted access to their accounts, for example, because the New SRO Member has been suspended by New SRO.

### 3. *Claims Administration*

#### 3.1. **Where Trustee Appointed**

3.1.1. Where New IPF has information that there are eligible customers of an insolvent New SRO Member that may require New IPF coverage, New IPF may ask the Court to appoint a trustee, and will participate in the trustee's claims process so that all customers are advised how to submit claims to the estate of the insolvent New SRO Member.

3.1.2. Claims to the trustee are considered claims to New IPF to the extent consistent with New IPF's Coverage Policy.

3.1.3. New IPF will work with the trustee to ensure that proved claims of eligible New SRO customers that have demonstrated that they will suffer undue hardship if

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<sup>1</sup> For the purposes of these Claims Procedures and New IPF coverage for customers of an insolvent New SRO Member, a trustee in bankruptcy, receiver, liquidator or similar insolvency official is generally referred to as a trustee, unless the context provides otherwise.

their claim is not dealt with immediately are dealt with on a priority basis.

3.1.4. When the trustee determines the estate does not have sufficient resources to satisfy customer claims, New IPF may settle the losses of eligible New SRO customers by providing the trustee with additional resources, up to the limit of New IPF's coverage, and subject to availability of sufficient New IPF resources. The time of payment may be affected by a number of factors, including the amount of assets immediately available in the Fund (as defined in the Coverage Policy) maintained and designated by New IPF for the benefit of customers of the insolvent New SRO Member (the "Designated Fund"), such that payment may be delayed until such time as the assets of such Fund are sufficient to make the necessary payment. Certain operational considerations may also delay the time of payment in the case of "customer name" property in the custody or control of the insolvent New SRO Member.<sup>2</sup>

3.1.5. Payments made to customers may be made by New IPF or by the trustee depending on the individual circumstances of the insolvency.

3.1.6. Where any amount of a customer's claim has been disallowed by the trustee, an eligible New SRO customer can make a request within 60 days of the date of the disallowance to the Appeal Committee (see Appeal Procedures) to review the disallowance. Customers should also be aware of the availability of any court review under applicable legislation or court procedures, which must be filed within prescribed time limits including, in some cases, within 30 days of the notice of disallowance.

### **3.2.Trustee Not Appointed**

3.2.1. Where a trustee has not been appointed, claims can be made directly to New IPF.

#### **3.2.1.1. Identification of Claims Against the Estate**

- New IPF will take appropriate steps so that all customers that have a cash balance and/or security position on or around the date of insolvency are advised on how to submit a claim to New IPF. This may be by a notice on the final customer account statement, a letter from New IPF, notices in the media, or any other means deemed appropriate by New IPF given the circumstances of the insolvency. New IPF may also rely on the New SRO Member's primary regulator to notify customers on New IPF's behalf.
- Customers requesting compensation from New IPF must submit a proof of claim to New IPF along with all documents and information to support the claim within 180 days of the date of insolvency.

#### **3.2.1.2. Claim Information**

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<sup>2</sup> Property that is not held by the New SRO Member, or not recorded in a customer's account as being held by a New SRO Member, such as securities that are registered directly in the name of the customer with the issuer or deposits with financial institutions (commonly referred to as "client name" property) is not eligible for New IPF coverage unless it is in the custody or control of the New SRO Member. Where client name property is in the custody or control of the New SRO Member, payment to customers may, by reason of administrative processes, take longer than payments made in respect of property held, or recorded as being held, by a New SRO Member.

- The information required to make a claim, including a proof of claim form, will be available from the New IPF website or upon request. Customers should refer to the Coverage Policy to determine if their claim is eligible for payment by New IPF before submitting a claim.
- New IPF will endeavour to post other relevant information to its website on the New SRO Member's insolvency and the claims process, as it becomes available.
- Documents and information to support a customer's claim should include, but not be limited to, account statements, correspondence and other documentation provided by the New SRO Member to the customer.

#### **3.2.1.3. Priority of Claim Handling**

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

#### **3.2.1.4. Claims Handling**

- New IPF will acknowledge all claims in writing, as received.
- The burden is on a customer of an insolvent New SRO Member to establish eligibility and the amount of a claim, but New IPF will use its reasonable efforts to collect the available information required to assess the eligibility of the claim for New IPF coverage.
- New IPF may require the customer to provide additional information that was not requested in the proof of claim form, or was requested but not supplied. The customer will usually be given 30 days to comply with any such requests. If the customer does not comply within the required time, New IPF may assess the claim based on the information in its possession.
- Prior to deciding on a claim, New IPF may require the customer to confirm the accuracy and completeness of the information it will use to assess the eligibility of the claim. In this situation, New IPF will prepare a summary of the claim and provide it to the customer for confirmation that the information is accurate and complete, and if not, to amend it accordingly.

#### **3.2.1.5. Claims Decisions**

##### **3.2.1.5.1 Claims Eligible for Payment**

- New IPF will advise the customer in writing of its decision on the claim eligibility for payment including the reasons.
- Where a claim is determined to be eligible for payment, New IPF requires a signed agreement in prescribed form by which the claimant subrogates the claim to New IPF before payment is made by New IPF to the claimant.
- A customer can request changes to the form of subrogation agreement, but any such requests must be approved by New IPF and the customer will be obligated to

reimburse New IPF for any additional expenses incurred in relation to the requested change.

- The time of payment of the claim may be affected by a number of factors, including the amount of assets immediately available in the designated Fund maintained by New IPF for the benefit of customers of the insolvent New SRO Member, such that payment may be delayed until such time as the assets of such Fund are sufficient to make the payment of the claim. Certain operational considerations may also delay the time of payment in the case of “client name” property in the custody or control of the insolvent New SRO Member. However, New IPF will endeavour to pay claims that are determined to be eligible for coverage within 30 days after the subrogation is received from the customer.

### **3.2.1.5.2 Claims Not Eligible for Payment**

- New IPF will advise the customer in writing of its decision on the claim eligibility for payment including the reasons.
- If New IPF determines that the claim is not eligible for coverage, it will advise the customer that New IPF’s decision is eligible for reconsideration by the Appeal Committee. The Appeal Committee will be established by the Board of Directors, and will be comprised of one or more adjudicators that may or may not be New IPF Directors.
- Appeal requests must be made in writing within 60 days of the date the decision letter is sent and must specify the format of appeal hearing requested, namely, an appeal conducted by written submissions, an appeal conducted by teleconference hearing or an appeal conducted by an in-person hearing.

**3.3. Discretion of New IPF.** Notwithstanding the provisions of these Claims Procedures and their application, whether or not a trustee has been appointed, New IPF reserves the right in its sole discretion to administer claims in any other manner consistent with its Coverage Policy from time to time.

## **4. Appeal Procedures**

### **4.1. Appeal Handling**

4.1.1. New IPF will acknowledge all appeals, and the format of appeal elected, in writing as received.

4.1.2 New IPF will endeavour to conduct all appeals within six months of receiving the customer’s appeal request and submissions, or as soon as reasonably possible thereafter given the number of appeal requests received at any particular time. The customer will be notified, in writing, of the date and, where relevant, the time and place the appeal is to be conducted. The Appeal Committee may impose specific time limits for a hearing and submissions, if any, as appropriate in the circumstances. If a customer has not specified an appeal format within 30 days of the date of their appeal request, the customer will be deemed to have elected an appeal by written submissions.

4.1.3 Regardless of the appeal format elected by the customer, the Appeal Committee may, in its discretion:

- request the customer and New IPF staff to appear before the Appeal Committee either in person or by teleconference; or
- direct that any part of an appeal will be in writing.

4.1.4 The customer and New IPF staff may have legal counsel or other advisers present at any in-person or teleconference hearing, but the presence of legal counsel or other advisers is optional.

4.1.5 Written submissions on appeal will include all information used by New IPF to make its eligibility determination, any other information the customer requests be considered by the Appeal Committee and a summary of any other evidence including oral evidence to be provided by either New IPF staff or the customer. New IPF staff will provide the customer with the information it has in its possession regarding the claim.

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

4.1.7 Any costs incurred by the customer relating to an appeal will be for the account of the customer, not New IPF.

## **4.2 Appeal Deliberations**

4.2.1 The Appeal Committee will conduct its deliberations and make its determination in the absence of New IPF staff, the customer, and the customer's legal counsel or other advisers.

4.2.2 If the Appeal Committee is comprised of two or more members, the decision of the Appeal Committee will be decided by simple majority but, in the case of an evenly split decision amongst members, the decision of the Chair of the Appeal Committee, as appointed by the Board of Directors, shall prevail.

4.2.3 Once a decision has been made, the customer and New IPF staff will be advised in writing of the Appeal Committee's decision and provided with its written reasons.

4.2.4 If the claim is eligible for coverage, prior to payment, the customer must provide New IPF with a signed agreement in prescribed form by which the claimant subrogates the claim to New IPF before payment is made by New IPF to the claimant.

4.2.5 A customer can request changes to the form of subrogation agreement, but any such requests must be approved by New IPF and the customer will be obligated to reimburse New IPF for any additional expenses incurred in relation to the requested change.

## **4.3 Payment Timing**

4.3.1 The time of payment may be affected by a number of factors including the amount of assets immediately available in the Designated Fund maintained by New IPF for the benefit of customers of the insolvent New SRO Member, such that payment may be delayed until such time as the assets of such Fund are sufficient to make the payment of the claim. Certain operational considerations may also delay the time of payment in the case of "customer name" property in the custody or control of the insolvent New SRO Member. However, New IPF will endeavour to pay claims that are determined to be eligible for coverage after an appeal within 30 days after the required subrogation is received from the customer.