

[Home](#) [How government works](#) [Treaties, laws and regulations](#) [Canada Gazette Publications](#)  
Part II: Vol. 153 (2019) July 10, 2019

# Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, 2019: SOR/2019-240

Canada Gazette, Part II, Volume 153, Number 14

Registration

SOR/2019-240 June 25, 2019

PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT

P.C. 2019-903 June 22, 2019

Her Excellency the Governor General in Council, on the recommendation of the Minister of Finance, pursuant to subsection 73(1) <sup>a</sup> and paragraphs 73.1(1)(a) to (c) <sup>b</sup> of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* <sup>c</sup>, makes the annexed *Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, 2019*.

## Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, 2019

### Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations

1 (1) The definitions *accountant*, *accounting firm*, *British Columbia notary corporation*, *CICA Handbook*, *credit union central*, *dealer in precious metals and stones*, *electronic funds transfer*, *financial entity*, *financial services cooperative*, *life insurance broker or agent*, *real estate broker or sales representative*, *real estate developer*, *SWIFT* and *trust company* in subsection 1(2) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations* <sup>1</sup> are repealed.

(2) The definition *funds* in subsection 1(2) of the Regulations is replaced by the following:

*funds* means

(a) cash and other fiat currencies, and securities, negotiable instruments or other financial instruments that indicate a title or right to or interest in them; or

(b) a private key of a cryptographic system that enables a person or entity to have access to a fiat currency other than cash.

For greater certainty, it does not include virtual currency. (*fonds*)

(3) The definition *cash* in subsection 1(2) of the English version of the Regulations is replaced by the following:

**cash** means coins referred to in section 7 of the *Currency Act*, notes issued by the Bank of Canada under the *Bank of Canada Act* that are intended for circulation in Canada or coins or bank notes of countries other than Canada. (*espèces*)

**(4) Subsection 1(2) of the Regulations is amended by adding the following in alphabetical order:**

**fiat currency** means a currency that is issued by a country and is designated as legal tender in that country. (*monnaie fiduciaire*)

**virtual currency** means

(a) a digital representation of value that can be used for payment or investment purposes that is not a fiat currency and that can be readily exchanged for funds or for another virtual currency that can be readily exchanged for funds; or

(b) a private key of a cryptographic system that enables a person or entity to have access to a digital representation of value referred to in paragraph (a). (*monnaie virtuelle*)

**2 Sections 1.2 to 8 of the Regulations are replaced by the following:**

## Report Under Section 7 of the Act

**3 (1) Subsection 9(1) of the English version of the Regulations is replaced by the following:**

**9 (1)** Subject to section 11, a report made under section 7 of the Act concerning a financial transaction or attempted financial transaction in respect of which there are reasonable grounds to suspect that the transaction or attempted transaction is related to the commission of a money laundering offence or terrorist activity financing offence shall contain the information set out in Schedule 1.

**(2) Subsection 9(2) of the Regulations is replaced by the following:**

**(2)** The person or entity shall send the report to the Centre as soon as practicable after they have taken measures that enable them to establish that there are reasonable grounds to suspect that the transaction or attempted transaction is related to the commission of a money laundering offence or a terrorist activity financing offence.

**4 The heading before section 10 and sections 10 to 12.3 of the Regulations are replaced by the following:**

## Report Under Section 7.1 of the Act

**10 (1)** Subject to section 11, a report made under section 7.1 of the Act shall contain the information set out in Schedule 2.

**(2)** The person or entity shall send the report to the Centre immediately.

## Reports

**11 (1)** The requirement to report information set out in Schedule 1 or 2 does not apply in respect of information set out in an item of that Schedule that is not marked with an asterisk if, after taking reasonable measures to do so, the person or entity is unable to obtain the information.

**(2)** In the case of an attempted transaction, the requirement to report information set out in Schedule 1 does not apply in respect of information set out in an item of that Schedule that is marked with an asterisk if, after taking reasonable measures to do so, the person or entity is unable to obtain the information.

**(3)** The requirement to report information set out in Schedule 1 or 2 does not apply if the person or entity believes that taking the reasonable measures to obtain the information would inform a person or entity that conducts or attempts or proposes to conduct a transaction with them that the transaction and

related information will be reported under section 7 or 7.1 of the Act.

**(4)** For greater certainty, although items in Schedules 1 and 2 are described in the singular, a person or entity shall report all known information that falls within an item.

**(5)** For greater certainty, a person or entity is not required to report information set out in any item of Schedule 1 or 2 that is not applicable in the circumstances.

**12** A report shall be sent electronically in accordance with guidelines that are prepared by the Centre, if the sender has the technical capabilities to do so. If the sender does not have the technical capabilities to send the report electronically, the report shall be sent in paper format in accordance with guidelines that are prepared by the Centre.

**12.1 (1)** A person or entity that sends a report to the Centre shall keep a copy of the report for a period of at least five years after the day on which the report is sent.

**(2)** The copy of the report may be kept in a machine-readable or electronic form if a paper copy can be readily produced from it.

**(3)** For greater certainty, if the copy is the property of a person's employer or of a person or entity with which the person is in a contractual relationship, the person is not required to keep it after the end of their employment or the contractual relationship.

**5** The heading before section 13 of the English version of the Regulations is replaced by the following:

## Designated Information

**6 (1)** The portion of section 13 of the English version of the Regulations before paragraph (a) is replaced by the following:

**13** The information that is prescribed as designated information for the purposes of paragraphs 55(7)(f), 55.1(3)(f) and 56.1(5)(f) of the Act is

**(2)** The portion of paragraph 13(a) of the Regulations before subparagraph (vii) is replaced by the following:

**(a)** the following information concerning the person or entity that is involved in the transaction, attempted transaction, importation or exportation or a person or entity acting on their behalf:

**(i)** their address, telephone number and email address,

**(ii)** in the case of a person, their alias, date of birth and citizenship,

**(iii)** in the case of a person, the number of an identification document issued to them by the federal government or a provincial government or by a foreign government that is not a municipal government, other than a document that contains their social insurance number, the issuing authority and, if available, the jurisdiction and country of issue and expiry date of the identification document,

**(iv)** in the case of an entity that is involved in the transaction, attempted transaction, importation or exportation, the date of its registration or incorporation, its registration or incorporation number and the jurisdiction and country of issue of that number,

**(3)** Paragraph 13(a) of the Regulations is amended by adding "and" at the end of subparagraph (vii), by striking out "and" at the end of subparagraph (viii) and by repealing subparagraph (ix).

**(4)** The portion of paragraph 13(b) of the English version of the Regulations before subparagraph (i) is replaced by the following:

**(b)** in the case of a financial transaction or attempted financial transaction, the following information:

**(5) Subparagraphs 13(b)(i) to (iii) of the Regulations are replaced by the following:**

- (i) every account number and transit number that is involved,
- (ii) the name of each account holder,
- (iii) the number of the transaction or attempted transaction and every other reference number that is connected to the transaction or attempted transaction,

**(6) Subparagraphs 13(b)(iv) to (vi) of the English version of the Regulations are replaced by the following:**

- (iv) the time of the transaction or attempted transaction,
- (v) the type of transaction or attempted transaction,
- (vi) the names of the parties to the transaction or attempted transaction,

**(7) Subparagraphs 13(b)(viii) and (ix) of the Regulations are replaced by the following:**

- (viii) the name and address of each person who is authorized to act in respect of the account, and
- (ix) the type of report, as listed in paragraph 54(1)(a) of the Act, from which the information disclosed is compiled; and

**(8) Paragraph 13(c) of the Regulations is replaced by the following:**

- (c) in the case of an importation or exportation of fiat currency or monetary instruments, the country from which they are being imported or the country to which they are being exported.

**7 Schedule 1 to the Regulations is amended by replacing the references after the heading "SCHEDULE 1" with the following:**

(Subsection 9(1) and section 11)

**8 Part A of Schedule 1 to the Regulations is replaced by the following:****PART A****Information with Respect to Reporting Person or Entity and Place of Business Where Transaction Is Conducted or Attempted**

1\* Person's or entity's name

2\* Type of person or entity, as described in any of paragraphs 5(a) to (h.1), (k) and (m) of the Act, or, if person or entity is referred to in paragraph 5(i), (j) or (l) of the Act, type of prescribed business, profession or activity referred to in that paragraph

3\* Identification number assigned to person or entity by Centre

4\* Number that identifies place of business

5\* Address of place of business

6\* Contact person's name

7 Contact person's email address

8\* Contact person's telephone number

**9 The heading of Part B of Schedule 1 to the Regulations is replaced by the following:****Information with Respect to Transaction or Attempted Transaction**

**10 Items 3 to 9 of Part B of Schedule 1 to the Regulations are replaced by the following:**

3 Posting date, if different from date of transaction or attempted transaction

4\* Type and amount of funds or other assets involved, other than virtual currency

5\* Type and amount of each fiat currency or virtual currency involved

6\* Method by which transaction or attempted transaction conducted

7\* Exchange rates used

8\* In the case of transaction or attempted transaction involving virtual currency, transaction identifiers, including sending and receiving addresses

9\* Indication of whether transaction completed

10\* If transaction not completed, reason why not completed

11 Purpose of transaction or attempted transaction

12 Source of funds or virtual currency involved

13 Name of every person or entity that is source of funds or virtual currency involved and their account number or policy number or, if no account number or policy number, identifying number

14\* Following details of remittance of, or in exchange for, funds or virtual currency received:

(a) method of remittance

(b) if remittance is in funds, type and amount of each type of funds involved

(c) if remittance is in virtual currency, type and amount of each virtual currency involved

(d) if remittance is not in funds or virtual currency, type of remittance and its value, if different from amount of funds or virtual currency received

(e) name of every person or entity involved and their account number or policy number or, if no account number or policy number, identifying number

**11 Parts C to F of Schedule 1 to the Regulations are replaced by the following:****PART C****Account and Reference Number Information**

1\* Every account number and other equivalent reference number connected to transaction or attempted transaction

2\* Type of account

3\* Branch number, institution number and similar numbers connected to account or reference number

4\* Name of each account holder

5\* Type of fiat currency or virtual currency of account

6 Date account opened

7 Date account closed

8\* Status of account

**PART D**

## Information with Respect to Person or Entity That Conducts or Attempts To Conduct Transaction

- 1 Person's or entity's name
- 2 Person's or entity's address
- 3 Person's or entity's email address
- 4 Person's or entity's telephone number
- 5 Person's or entity's URL
- 6 Nature of person's or entity's principal business or their occupation
- 7\* Identification number assigned to person or entity by reporting person or entity
- 8 Type of document or other information used to identify person or entity, or to verify their identity under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*, and number of document or number associated with information
- 9 Jurisdiction and country of issue of document or other information
- 10 Type of device used by person or entity that conducts or attempts to conduct transaction online
- 11 Number that identifies device
- 12 Internet Protocol address used by device
- 13 Person's or entity's user name
- 14 Date and time of person's or entity's online session in which transaction conducted or attempted
- 15 In the case of a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (d) their citizenship
  - (e) their employer's name
  - (f) their employer's business address
  - (g) their employer's business telephone number
- 16 In the case of an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number
  - (c) information respecting ownership, control and structure of entity
  - (d) name of each person who directly or indirectly owns or controls 25% or more of entity
  - (e) if entity is a corporation,
    - (i) name of each director
    - (ii) address of each director
    - (iii) telephone number of each director
    - (iv) name of each person who directly or indirectly owns or controls 25% or more of shares of corporation
  - (f) if entity is a trust

- (i) name of each trustee
- (ii) address of each trustee
- (iii) telephone number of each trustee
- (iv) name of each settlor of trust
- (v) address of each settlor of trust
- (vi) telephone number of each settlor of trust
- (vii) name of each beneficiary of trust, other than widely held or publicly traded trust
- (viii) address of each beneficiary of trust, other than widely held or publicly traded trust
- (ix) telephone number of each beneficiary of trust, other than widely held or publicly traded trust
- (x) name of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust
- (xi) address of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust
- (xii) telephone number of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

## **PART E**

### **Information with Respect to Person or Entity on Whose Behalf Transaction Is Conducted or Attempted**

- 1 Person's or entity's name
- 2 Person's or entity's address
- 3 Person's or entity's email address
- 4 Person's or entity's telephone number
- 5 Person's or entity's URL
- 6 Nature of person's or entity's principal business or their occupation
- 7 Identification number assigned to person or entity by reporting person or entity
- 8 Type of document or other information used to identify person or entity, or to verify their identity under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*, and number of document or number associated with information
- 9 Jurisdiction and country of issue of document or other information
- 10 Relationship of person or entity to person or entity conducting or attempting to conduct transaction
- 11 In the case of a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (d) their citizenship
  - (e) their employer's name
  - (f) their employer's business address

(g) their employer's business telephone number

12 In the case of an entity,

(a) name of each person — up to three — who is authorized to bind entity or to act with respect to account

(b) its registration or incorporation number and jurisdiction and country of issue of that number

(c) information respecting ownership, control and structure of entity

(d) name of each person who directly or indirectly owns or controls 25% or more of entity

(e) if entity is a corporation,

(i) name of each director

(ii) address of each director

(iii) telephone number of each director

(iv) name of each person who directly or indirectly owns or controls 25% of more of shares of corporation

(f) if entity is a trust

(i) name of each trustee

(ii) address of each trustee

(iii) telephone number of each trustee

(iv) name of each settlor of trust

(v) address of each settlor of trust

(vi) telephone number of each settlor of trust

(vii) name of each beneficiary of trust, other than widely held or publicly traded trust

(viii) address of each beneficiary of trust, other than widely held or publicly traded trust

(ix) telephone number of each beneficiary of trust, other than widely held or publicly traded trust

(x) name of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

(xi) address of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

(xii) telephone number of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

## **PART F**

### **Information with Respect to Beneficiary**

1\* Beneficiary's name

2 Beneficiary's address

3 Beneficiary's email address

4 Beneficiary's telephone number

5 Nature of beneficiary's principal business or their occupation

6 Identification number assigned to beneficiary by reporting person or entity

7 Type of document or other information used to identify beneficiary, or to verify their identity, and number of document or number associated with information

8 Jurisdiction and country of issue of document or other information

9 User name of beneficiary that receives payment online

10 If beneficiary is a person,

(a) their alias

(b) their date of birth

(c) their country of residence

(d) their employer's name

11 If beneficiary is an entity,

(a) name of each person — up to three — who is authorized to bind entity or to act with respect to account

(b) its registration or incorporation number and jurisdiction and country of issue of that number

**12 Item 1 of Part G of Schedule 1 to the Regulations is replaced by the following:**

1\* Detailed description of grounds to suspect that transaction or attempted transaction is related to commission or attempted commission of money laundering offence or terrorist activity financing offence

**13 The heading of Part H to Schedule 1 to the Regulations is replaced by the following:**

## Action Taken

**14 Schedule 2 to the Regulations is amended by replacing the references after the heading "SCHEDULE 2" with the following:**

(Subsections 10(1) and 11(1) and (3) to (5))

**15 Part A of Schedule 2 to the Regulations is replaced by the following:**

## PART A

### Information With Respect to Reporting Person or Entity and Place of Business Where Transaction Is Conducted or Proposed To Be Conducted

1\* Person's or entity's name

2\* Type of person or entity, as described in any of paragraphs 5(a) to (h.1) and (k) of the Act, or, if person or entity is referred to in paragraph 5(i), (j) or (l) of the Act, type of prescribed business, profession or activity referred to in that paragraph

3 Identification number assigned to person or entity by Centre

4\* Number that identifies place of business

5\* Address of place of business

6\* Contact person's name

7 Contact person's email address

8\* Contact person's telephone number

**16 The heading of Part B of Schedule 2 to the English version of the Regulations is replaced by the following:**

## Reason for Filing Report

**17 Item 1 of Part B of Schedule 2 to the English version of the Regulations is replaced by the following:**

1\* Reason for filing report

**18 Items 2 to 8 of Part B of Schedule 2 to the Regulations are replaced by the following:**

2\* Indication of how reporting person or entity came to know that property in question owned or controlled by or on behalf of terrorist group or listed person

3\* Indication of how reporting person or entity identified terrorist group or listed person

4\* Name of terrorist group or listed person

5 Address of terrorist group or listed person

6 Telephone number of terrorist group or listed person

7\* Name of person or entity that owns or controls the property on behalf of terrorist group or listed person

8\* Person's or entity's address

9 Person's or entity's email address

10 Person's or entity's telephone number

11 Person's or entity's URL

**19 The heading of Part C of Schedule 2 to the Regulations is replaced by the following:**

## Information with Respect to Property

**20 Items 2 and 3 of Part C of Schedule 2 to the Regulations are replaced by the following:**

2\* Means used to identify property and every number of, or associated with, that property

**21 Parts D to H of Schedule 2 to the Regulations are replaced by the following:**

## PART D

### Information with Respect to Transaction or Proposed Transaction

1\* Date of transaction or proposed transaction or night deposit indicator

2\* Time of transaction or proposed transaction

3 Posting date, if different from date of transaction or proposed transaction

4\* Type and amount or value of funds or other assets involved, other than virtual currency

5\* Type and amount of each fiat currency or virtual currency involved

6\* Method by which transaction conducted or proposed to be conducted

7 Exchange rates used

8\* In the case of a transaction or proposed transaction involving virtual currency, transaction identifiers, including sending and receiving addresses

9 Purpose of transaction or proposed transaction

10 Source of funds or virtual currency involved

11\* Name of every person or entity that is source of funds or virtual currency involved and their account number or policy number or, if no account number or policy number, identifying number

12\* Following details of remittance of, or in exchange for, funds, virtual currency or other assets received:

(a) method of remittance

(b) if remittance is in funds, type and amount of each type of funds involved

(c) if remittance is in virtual currency, type and amount of each virtual currency involved

(d) if remittance is not in funds or virtual currency, type of remittance and its value, if different from amount of funds, virtual currency or other assets received

(e) name of every person or entity involved and their account number or policy number or, if no account number or policy number, identifying number

## **PART E**

### **Account and Reference Number Information**

1\* Every account number or other equivalent reference number connected to transaction or proposed transaction

2\* Type of account

3\* Branch number, institution number and similar numbers connected to account or reference number

4\* Name of each account holder

5\* Type of fiat currency or virtual currency of account

6 Date account opened

7 Date account closed

8\* Status of account

## **PART F**

### **Information with Respect to Person or Entity That Conducts or Proposes To Conduct Transaction**

1 Person's or entity's name

2 Person's or entity's address

3 Person's or entity's email address

4 Person's or entity's telephone number

5 Person's or entity's URL

6 Nature of person's or entity's principal business or their occupation

7 Identification number assigned to person or entity by reporting person or entity

8 Type of document or other information used to identify person or entity, or to verify their identity under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*, and number of document or number associated with information

9 Jurisdiction and country of issue of document or other information

- 10 Type of device used by person or entity that conducts transaction online
- 11 Number that identifies device
- 12 Internet Protocol address used by device
- 13 Person's or entity's user name
- 14 Date and time of person's or entity's online session in which transaction is conducted
- 15 In the case of a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (d) their citizenship
  - (e) their employer's name
  - (f) their employer's business address
  - (g) their employer's business telephone number
- 16 In the case of an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number
  - (c) information respecting ownership, control and structure of entity
  - (d) name of each person who directly or indirectly owns or controls 25% or more of entity
  - (e) if entity is a corporation,
    - (i) name of each director
    - (ii) address of each director
    - (iii) telephone number of each director
    - (iv) name of each person who directly or indirectly owns or controls 25% of more of shares of corporation
  - (f) if entity is a trust
    - (i) name of each trustee
    - (ii) address of each trustee
    - (iii) telephone number of each trustee
    - (iv) name of each settlor of trust
    - (v) address of each settlor of trust
    - (vi) telephone number of each settlor of trust
    - (vii) name of each beneficiary of trust, other than widely held or publicly traded trust
    - (viii) address of each beneficiary of trust, other than widely held or publicly traded trust
    - (ix) telephone number of each beneficiary of trust, other than widely held or publicly traded trust
    - (x) name of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

(xi) address of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

(xii) telephone number of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

## **PART G**

### **Information with Respect to Person or Entity on Whose Behalf Transaction Is Conducted or Proposed To Be Conducted**

- 1 Person's or entity's name
- 2 Person's or entity's address
- 3 Person's or entity's email address
- 4 Person's or entity's telephone number
- 5 Person's or entity's URL
- 6 Nature of person's or entity's principal business or their occupation
- 7 Identification number assigned to person or entity by reporting person or entity
- 8 Type of document or other information used to identify person or entity, or to verify their identity under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*, and number of document or number associated with information
- 9 Jurisdiction and country of issue of document or other information
- 10 Relationship of person or entity to person or entity conducting or proposing to conduct transaction
- 11 In the case of a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (d) their citizenship
  - (e) their employer's name
  - (f) their employer's business address
  - (g) their employer's business telephone number
- 12 In the case of an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number
  - (c) information respecting ownership, control and structure of entity
  - (d) name of each person who directly or indirectly owns or controls 25% or more of entity
  - (e) if entity is a corporation,
    - (i) name of each director
    - (ii) address of each director
    - (iii) telephone number of each director

(iv) name of each person who directly or indirectly owns or controls 25% of more of shares of corporation

(f) if entity is a trust,

(i) name of each trustee

(ii) address of each trustee

(iii) telephone number of each trustee

(iv) name of each settlor of trust

(v) address of each settlor of trust

(vi) telephone number of each settlor of trust

(vii) name of each beneficiary of trust, other than widely held or publicly traded trust

(viii) address of each beneficiary of trust, other than widely held or publicly traded trust

(ix) telephone number of each beneficiary of trust, other than widely held or publicly traded trust

(x) name of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

(xi) address of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

(xii) telephone number of each person who directly or indirectly owns or controls 25% of more of units of widely held or publicly traded trust

## Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations

**22 (1) Subsection 1(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* <sup>2</sup> is replaced by the following:**

**1 (1)** In the Act and in these Regulations, ***shell bank*** means a foreign financial institution that

(a) does not have a place of business that

(i) is located at a fixed address — where it employs one or more persons on a full-time basis and maintains operating records related to its banking activities — in a country in which it is authorized to conduct banking activities, and

(ii) is subject to inspection by the regulatory authority that licensed it to conduct banking activities; and

(b) is not controlled by, or under common control with, a depository institution, credit union or foreign financial institution that maintains a place of business referred to in paragraph (a) in Canada or in a foreign country.

**(2) The definitions *CICA Handbook, client information record, physical presence and transaction ticket* in subsection 1(2) of the Regulations are repealed.**

**(3) The definitions *accountant, British Columbia notary corporation, dealer in precious metals and stones, deposit slip, electronic funds transfer, financial entity, funds, large cash transaction record, life insurance broker or agent, real estate broker or sales representative, receipt of funds record and trust company* in subsection 1(2) of the Regulations are replaced by the following:**

***accountant*** means a chartered accountant, a certified general accountant, a certified management accountant or, if applicable, a chartered professional accountant. (*comptable*)

***British Columbia notary corporation*** means an entity that carries on the business of providing notary services to the public in British Columbia in accordance with the *Notaries Act*, R.S.B.C. 1996, c. 334.

(*société de notaires de la Colombie-Britannique*)

**dealer in precious metals and precious stones** means a person or entity that, in the course of their business activities, buys or sells precious metals, precious stones or jewellery. It includes a department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province when the department or the agent or mandatary carries out the activity, referred to in subsection 65(1), of selling precious metals to the public. (*négociant en métaux précieux et pierres précieuses*)

**deposit slip** means a record that sets out

- (a) the date of the deposit;
- (b) the name of the person or entity that makes the deposit;
- (c) the amount of the deposit and of any part of it that is made in cash;
- (d) the method by which the deposit is made; and
- (e) the number of the account into which the deposit is made and the name of each account holder. (*relevé de dépôt*)

**electronic funds transfer** means the transmission — by any electronic, magnetic or optical means — of instructions for the transfer of funds, including a transmission of instructions that is initiated and finally received by the same person or entity. In the case of SWIFT messages, only SWIFT MT-103 messages and their equivalent are included. It does not include a transmission of instructions for the transfer of funds

- (a) that is carried out by means of a credit or debit card or a prepaid payment product if the beneficiary has an agreement with the payment service provider that permits payment by that means for the provision of goods and services;
- (b) that involves the beneficiary withdrawing cash from their account;
- (c) that is carried out by means of a direct deposit or a pre-authorized debit;
- (d) that is carried out by cheque imaging and presentment;
- (e) that is both initiated and finally received by persons or entities that are acting to clear or settle payment obligations between themselves; or
- (f) that is initiated or finally received by a person or entity referred to in paragraphs 5(a) to (h.1) of the Act for the purpose of internal treasury management, including the management of their financial assets and liabilities, if one of the parties to the transaction is a subsidiary of the other or if they are subsidiaries of the same corporation. (*télévirement*)

**financial entity** means

- (a) an entity that is referred to in any of paragraphs 5(a), (b) and (d) to (f) of the Act;
- (b) a financial services cooperative;
- (c) a life insurance company, or an entity that is a life insurance broker or agent, in respect of loans or prepaid payment products that it offers to the public and accounts that it maintains with respect to those loans or prepaid payment products, other than
  - (i) loans that are made by the insurer to a policy holder if the insured person has a terminal illness that significantly reduces their life expectancy and the loan is secured by the value of an insurance policy;
  - (ii) loans that are made by the insurer to the policy holder for the sole purpose of funding the life insurance policy; and
  - (iii) advance payments to which the policy holder is entitled that are made to them by the insurer;

**(d)** a credit union central when it offers financial services to a person, or to an entity that is not a member of that credit union central; and

**(e)** a department, or an entity that is an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province, when it carries out an activity referred to in section 76. (*entité financière*)

**funds** means

**(a)** cash and other fiat currencies, and securities, negotiable instruments or other financial instruments that indicate a title or right to or interest in them; or

**(b)** a private key of a cryptographic system that enables a person or entity to have access to a fiat currency other than cash.

For greater certainty, it does not include virtual currency. (*fonds*)

**large cash transaction record** means a record that indicates the receipt of an amount of \$10,000 or more in cash in a single transaction and that contains the following information:

**(a)** the date of the receipt;

**(b)** if the amount is received for deposit into an account, the number of the account, the name of each account holder and the time of the deposit or an indication that the deposit is made in a night deposit box outside the recipient's normal business hours;

**(c)** the name and address of every other person or entity that is involved in the transaction, the nature of their principal business or their occupation and, in the case of a person, their date of birth;

**(d)** the type and amount of each fiat currency involved in the receipt;

**(e)** the method by which the cash is received;

**(f)** if applicable, the exchange rates used and their source;

**(g)** the number of every other account that is affected by the transaction, the type of account and the name of each account holder;

**(h)** every reference number that is connected to the transaction and has a function equivalent to that of an account number;

**(i)** the purpose of the transaction;

**(j)** the following details of the remittance of, or in exchange for, the cash received:

**(i)** the method of remittance,

**(ii)** if the remittance is in funds, the type and amount of each type of funds involved,

**(iii)** if the remittance is not in funds, the type of remittance and its value, if different from the amount of cash received, and

**(iv)** the name of every person or entity involved in the remittance and their account number or policy number or, if they have no account number or policy number, their identifying number; and

**(k)** if the amount is received by a dealer in precious metals and precious stones for the sale of precious metals, precious stones or jewellery,

**(i)** the type of precious metals, precious stones or jewellery,

**(ii)** the value of the precious metals, precious stones or jewellery, if different from the amount of cash received, and

**(iii)** the wholesale value of the precious metals, precious stones or jewellery. (*relevé d'opération importante en espèces*)

**life insurance broker or agent** means a person or entity that is authorized under provincial legislation to carry on the business of arranging contracts of life insurance. (*représentant d'assurance-vie*)

**real estate broker or sales representative** means a person or entity that is authorized under provincial legislation to act as an agent or mandatary for purchasers or vendors in respect of the purchase or sale of real property or immovables. (*courtier ou agent immobilier*)

**receipt of funds record** means a record that indicates the receipt of an amount of funds and that contains the following information:

- (a) the date of the receipt;
- (b) if the amount is received from a person, their name, address and date of birth and the nature of their principal business or their occupation;
- (c) if the amount is received from or on behalf of an entity, the entity's name and address and the nature of its principal business;
- (d) the amount of the funds received and of any part of the funds that is received in cash;
- (e) the method by which the amount is received;
- (f) the type and amount of each fiat currency involved in the receipt;
- (g) if applicable, the exchange rates used and their source;
- (h) the number of every account that is affected by the transaction in which the receipt occurs, the type of account and the name of each account holder;
- (i) the name and address of every other person or entity that is involved in the transaction, the nature of their principal business or their occupation and, in the case of a person, their date of birth;
- (j) every reference number that is connected to the transaction and has a function equivalent to that of an account number; and
- (k) the purpose of the transaction. (*relevé de réception de fonds*)

**trust company** means a company that is referred to in any of paragraphs 5(d) to (e.1) of the Act. (*société de fiducie*)

**(4) The definition *cabinet d'expertise comptable* in subsection 1(2) of the French version of the Regulations is replaced by the following:**

***cabinet d'expertise comptable*** Entité qui exploite une entreprise qui fournit des services d'expertise comptable au public et qui compte au moins un comptable parmi ses associés, ses employés ou ses gestionnaires. (*accounting firm*)

**(5) The definition *cash* in subsection 1(2) of the English version of the Regulations is replaced by the following:**

***cash*** means coins referred to in section 7 of the *Currency Act*, notes issued by the Bank of Canada under the *Bank of Canada Act* that are intended for circulation in Canada or coins or bank notes of countries other than Canada. (*espèces*)

**(6) The definitions *fiche-signature* and *signature* in subsection 1(2) of the French version of the Regulations are replaced by the following:**

***fiche-signature*** S'entend, à l'égard d'un compte, du document signé par une personne habilitée à donner des instructions à l'égard du compte ou des données électroniques constituant la signature d'une telle personne. (*signature card*)

***signature*** S'entend notamment d'une signature électronique ou de tout autre renseignement électronique créé ou adopté par le client d'une personne ou entité visée à l'article 5 de la Loi et que cette personne ou entité reconnaît comme étant propre à ce client. (*signature*)

**(7) The portion of the definition *business relationship* in subsection 1(2) of the Regulations before paragraph (a) is replaced by the following:**

***business relationship*** means a relationship that is established with a client by a person or entity to which section 5 of the Act applies and that involves financial transactions or the provision of services related to those transactions and

**(8) The portion of the definition *business relationship* in subsection 1(2) of the Regulations after paragraph (a) is replaced by the following:**

(b) if the client does not hold an account, only those transactions and activities in respect of which that person or entity is required to verify the client's identity under these Regulations.

It does not include anything referred to in any of paragraphs 154(1)(a) and (c) and (2)(a) to (p) and subsection 154(3). (*relation d'affaires*)

**(9) The portion of the definition *ongoing monitoring* in subsection 1(2) of the Regulations before paragraph (a) is replaced by following:**

***ongoing monitoring*** means monitoring on a periodic basis, based on an assessment of the risk referred to in subsection 9.6(2) of the Act that is undertaken in accordance with paragraph 156(1)(c), by a person or entity of their business relationship with a client for the purpose of

**(10) Paragraph (b) of the definition *ongoing monitoring* in subsection 1(2) of the Regulations is replaced by the following:**

(b) keeping client identification information and the information referred to in sections 138 and 145 up to date;

**(11) Paragraph (a) of the definition *public body* in subsection 1(2) of the Regulations is replaced by the following:**

(a) a department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province;

**(12) The portion of the definition *real estate developer* in subsection 1(2) of the Regulations before paragraph (a) is replaced by the following:**

***real estate developer*** means a person or entity that, in any calendar year after 2007, has sold to the public, other than in the capacity of a real estate broker or sales representative,

**(13) The portion of the definition *senior officer* in subsection 1(2) of the Regulations before paragraph (a) is replaced by the following:**

***senior officer***, in respect of an entity, means

**(14) Paragraphs (a) and (b) of the definition *cadre dirigeant* in subsection 1(2) of the French version of the Regulations are replaced by the following:**

a) de l'administrateur de cette entité qui en est l'employé à temps plein;

b) du premier dirigeant, du directeur de l'exploitation, du président, du secrétaire, du trésorier, du contrôleur, du directeur financier, du comptable en chef, du vérificateur en chef ou de l'actuaire en chef, ou de la personne exerçant l'une ou l'autre de ces fonctions;

**(15) Paragraph (d) of the definition *contrôle continu* in subsection 1(2) of the French version of the Regulations is replaced by the following:**

d) vérifier si les opérations ou les activités concordent avec les renseignements obtenus à l'égard du client, y compris avec l'évaluation des risques réalisée à l'égard de celui-ci. (*ongoing monitoring*)

**(16) The portion of the definition *organisme public* in subsection 1(2) of the French version of the Regulations before paragraph (a) is replaced by the following:**

***organisme public*** S'entend :

**(17) Paragraphs (b) and (c) of the definition *organisme public* in subsection 1(2) of the French version of the Regulations are replaced by the following:**

b) d'une administration métropolitaine, d'une ville, d'un village, d'un canton, d'un district, d'un comté ou d'une municipalité rurale constitué en personne morale ou d'un autre organisme municipal au Canada ainsi constitué, ou d'un mandataire de ceux-ci au Canada;

c) d'une institution qui exploite un hôpital public et qui est désignée comme administration hospitalière par le ministre du Revenu national aux termes de la *Loi sur la taxe d'accise*, ou de tout mandataire de celle-ci. (*public body*)

**(18) Paragraph (a) of the definition *relation d'affaires* in subsection 1(2) of the French version of the Regulations is replaced by the following:**

a) si le client détient un ou plusieurs comptes avec la personne ou entité, toutes les opérations et activités liées à ces comptes;

**(19) Subsection 1(2) of the Regulations is amended by adding the following in alphabetical order:**

***authorized user*** means a person who is authorized by a holder of a prepaid payment product account to have electronic access to funds or virtual currency available in the account by means of a prepaid payment product that is connected to it. (*utilisateur autorisé*)

***casino*** means a government, organization, board or operator that is referred to in any of paragraphs 5(k) to (k.3) of the Act. (*casino*)

***fiat currency*** means a currency that is issued by a country and is designated as legal tender in that country. (*monnaie fiduciaire*)

***final receipt***, in respect of an electronic funds transfer, means the receipt of the instructions by the person or entity that is to make the remittance to a beneficiary. (*destinataire*)

***foreign currency*** means a fiat currency that is issued by a country other than Canada. (*devise*)

***foreign currency exchange transaction*** means an exchange, at the request of another person or entity, of one fiat currency for another. (*opération de change en devise*)

***foreign currency exchange transaction ticket*** means a record respecting a foreign currency exchange transaction — including an entry in a transaction register — that sets out

(a) the date of the transaction;

(b) in the case of a transaction of \$3,000 or more, the name and address of the person or entity that requests the exchange, the nature of their principal business or their occupation and, in the case of a person, their date of birth;

(c) the type and amount of each of the fiat currencies involved in the payment made and received by the person or entity that requests the exchange;

(d) the method by which the payment is made and received;

(e) the exchange rates used and their source;

(f) the number of every account that is affected by the transaction, the type of account and the name of each account holder; and

(g) every reference number that is connected to the transaction and has a function equivalent to that of an account number; (*fiche d'opération de change en devise*)

***foreign money services business*** means a person or entity referred to in paragraph 5(h.1) of the Act. (*entreprise de services monétaires étrangère*)

***information record*** means a record that sets out the name and address of a person or entity and

(a) in the case of a person, their date of birth and the nature of their principal business or their occupation; and

(b) in the case of an entity, the nature of its principal business. (*dossier de renseignements*)

**initiation**, in respect of an electronic funds transfer, means the first transmission of the instructions for the transfer of funds. (*amorcer*)

**international electronic funds transfer** means an electronic funds transfer other than for the transfer of funds within Canada. (*télévirement international*)

**large virtual currency transaction record** means a record that indicates the receipt of an amount of \$10,000 or more in virtual currency in a single transaction and that contains the following information:

- (a) the date of the receipt;
- (b) if the amount is received for deposit into an account, the name of each account holder;
- (c) the name and address of every other person or entity that is involved in the transaction, the nature of their principal business or their occupation and, in the case of a person, their date of birth;
- (d) the type and amount of each virtual currency involved in the receipt;
- (e) the exchange rates used and their source;
- (f) the number of every other account that is affected by the transaction, the type of account and the name of each account holder;
- (g) every reference number that is connected to the transaction and has a function equivalent to that of an account number;
- (h) every transaction identifier, including the sending and receiving addresses; and
- (i) if the amount is received by a dealer in precious metals and precious stones for the sale of precious metals, precious stones or jewellery,
  - (i) the type of precious metals, precious stones or jewellery,
  - (ii) the value of the precious metals, precious stones or jewellery, if different from the amount of virtual currency received, and
  - (iii) the wholesale value of the precious metals, precious stones or jewellery. (*relevé d'opération importante en monnaie virtuelle*)

**prepaid payment product** means a product that is issued by a financial entity and that enables a person or entity to engage in a transaction by giving them electronic access to funds or virtual currency paid to a prepaid payment product account held with the financial entity in advance of the transaction. It excludes a product that

- (a) enables a person or entity to access a credit or debit account or one that is issued for use only with particular merchants; or
- (b) is issued for single use for the purposes of a retail rebate program. (*produit de paiement prépayé*)

**prepaid payment product account** means an account — other than an account to which only a public body or, if doing so for the purposes of humanitarian aid, a *registered charity* as defined in subsection 248(1) of the *Income Tax Act*, can add funds or virtual currency — that is connected to a prepaid payment product and that permits

- (a) funds or virtual currency that total \$1,000 or more to be added to the account within a 24-hour period; or
- (b) a balance of funds or virtual currency of \$1,000 or more to be maintained. (*compte de produit de paiement prépayé*)

**virtual currency** means

- (a) a digital representation of value that can be used for payment or investment purposes, that is not a fiat currency and that can be readily exchanged for funds or for another virtual currency that can

be readily exchanged for funds; or

(b) a private key of a cryptographic system that enables a person or entity to have access to a digital representation of value referred to in paragraph (a). (*monnaie virtuelle*)

**virtual currency exchange transaction** means an exchange, at the request of another person or entity, of virtual currency for funds, funds for virtual currency or one virtual currency for another. (*opération de change en monnaie virtuelle*)

**virtual currency exchange transaction ticket** means a record respecting a virtual currency exchange transaction — including an entry in a transaction register — that sets out

(a) the date of the transaction;

(b) in the case of a transaction of \$1,000 or more, the name and address of the person or entity that requests the exchange, the nature of their principal business or their occupation and, in the case of a person, their date of birth;

(c) the type and amount of each type of funds and each of the virtual currencies involved in the payment made and received by the person or entity that requests the exchange;

(d) the method by which the payment is made and received;

(e) the exchange rates used and their source;

(f) the number of every account that is affected by the transaction, the type of account and the name of each account holder;

(g) every reference number that is connected to the transaction and has a function equivalent to that of an account number; and

(h) every transaction identifier, including the sending and receiving addresses. (*fiche d'opération de change en monnaie virtuelle*)

### **23 Sections 1.1 to 8 of the Regulations are replaced by the following:**

**2 (1)** For the purposes of subsection 9.3(1) of the Act, a prescribed family member of a politically exposed foreign person, a politically exposed domestic person or a head of an international organization is

(a) their spouse or common-law partner;

(b) their child;

(c) their mother or father;

(d) the mother or father of their spouse or common-law partner; or

(e) a child of their mother or father.

**(2)** For the purposes of the definitions *head of an international organization* and *politically exposed domestic person* in subsection 9.3(3) of the Act, the prescribed period is five years.

**3** For the purposes of paragraph 5(l) of the Act, the prescribed precious metals are those defined as *precious metals* in subsection 1(2).

**4** For the purposes of these Regulations, an entity is affiliated with another entity if one of them is wholly owned by the other, if both are wholly owned by the same entity or if their financial statements are consolidated.

## **PART 1**

### **Requirements To Report Transactions and To Keep Records**

## Application of Parts 5 and 6

**5** The provisions of this Part are subject to the provisions of Parts 5 and 6.

## Financial Entities

**6 (1)** A financial services cooperative is engaged in a business or profession for the purposes of paragraph 5(i) of the Act.

**(2)** A credit union central is engaged in a business or profession for the purposes of paragraph 5(j) of the Act when it offers financial services to a person, or to an entity that is not a member of that credit union central.

**7 (1)** A financial entity shall report the following transactions and information to the Centre:

**(a)** the receipt from a person or entity of an amount of \$10,000 or more in cash in a single transaction, together with the information set out in Schedule 1;

**(b)** the initiation, at the request of a person or entity, of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 2;

**(c)** the final receipt of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 3; and

**(d)** the receipt from a person or entity of an amount of \$10,000 or more in virtual currency in a single transaction, together with the information set out in Schedule 4.

**(2)** A financial entity is not required to report the transaction and information under paragraph (1)(a), if the amount is received from another financial entity or a public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**8 (1)** A financial entity is not required to report the transaction and information under paragraph 7(1)(a) if the following conditions are met:

**(a)** the entity from which or on whose behalf the financial entity receives the amount is a corporation that carries on business as an establishment described in sector 22, 44 (excluding codes 4411, 4412 and 44831) or 45 (excluding code 45392), or code 481, 482, 485 (excluding code 4853), 51711, 51751, 61121 or 61131 of the *North American Industry Classification System* as that sector or code read on January 31, 2003;

**(b)** the amount received is deposited into an account held by the corporation with the financial entity in respect of that business;

**(c)** the corporation has had

**(i)** for the entire preceding 24-month period, an account in respect of that business with the financial entity, or

**(ii)** an account in respect of that business with another financial entity for a continuous period of 24 months ending immediately before the corporation opened an account with the financial entity;

**(d)** the financial entity has records that indicate that the corporation has deposited an amount of \$10,000 or more in cash into that account on an average of at least twice a week during the preceding 12 months;

**(e)** the cash deposits made by the corporation are consistent with the corporation's usual practice in respect of the business;

**(f)** the financial entity has taken reasonable measures to determine the source of the cash for those deposits; and

**(g)** the financial entity provides to the Centre the information set out in Schedule 5.

**(2)** A corporation referred to in paragraph (1)(a) does not include one that carries on a business related to pawnbroking or whose principal business is the sale of vehicles, vessels, farm machinery, aircraft, mobile homes, jewellery, precious stones, precious metals, antiquities or art.

**(3)** A financial entity that, in accordance with subsection (1), does not report a transaction and information

**(a)** shall report to the Centre a change to the corporation's name or address, the nature of the corporation's business or the corporation's incorporation number within 15 days after the day on which the change is made; and

**(b)** shall, at least once every 12 months,

**(i)** verify that the conditions referred to in subsection (1) continue to be met,

**(ii)** ensure that a senior officer of the financial entity confirms that those conditions continue to be met, and

**(iii)** send a report to the Centre setting out the corporation's name and address and the name of the senior officer who gave the confirmation.

#### **24 (1) Subsections 9(1) to (5) of the Regulations are replaced by the following:**

**9 (1)** A person or entity that is required under these Regulations to keep a signature card or an account operating agreement shall, when they open the account, take reasonable measures to determine whether the account will be used by or on behalf of a third party.

**(2)** If the person or entity determines that the account will be used by or on behalf of a third party, the person or entity shall take reasonable measures to obtain the following information and shall keep a record of the information obtained:

**(a)** if the third party is a person, their name, address, telephone number and date of birth and the nature of their principal business or their occupation;

**(b)** if the third party is an entity, its name, address and telephone number, the nature of its principal business, its registration or incorporation number and the jurisdiction and country of issue of that number; and

**(c)** the relationship between the third party and each account holder.

**(3)** If the person or entity is not able to determine whether the account will be used by or on behalf of a third party but there are reasonable grounds to suspect that it will, the person or entity shall keep a record that

**(a)** indicates whether, according to a person who is authorized to act in respect of the account, the account will only be used by or on behalf of an account holder; and

**(b)** describes the reasonable grounds to suspect that the account will be used by or on behalf of a third party.

**(4)** Subsection (1) does not apply if every account holder is a financial entity or a securities dealer that is engaged in the business of dealing in securities in Canada.

**(5)** Subsection (2) does not apply if a securities dealer is required to keep an account operating agreement in respect of an account of a person or entity that is engaged in the business of dealing in securities only outside Canada and

**(a)** the account is in a country that is a member of the Financial Action Task Force;

**(b)** the account is in a country that is not a member of the Financial Action Task Force but has implemented the Financial Action Task Force's recommendations relating to client identification and, when the account is opened, the securities dealer has obtained written assurance from the account holder that the country has implemented those recommendations; or

(c) the account is in a country that is not a member of the Financial Action Task Force and has not implemented the Financial Action Task Force's recommendations relating to client identification but, when the account is opened, the securities dealer has verified the identity of all third parties in accordance with subsection 105(1), 109(1) or 112(1).

**(2) Section 9 of the Regulations is renumbered as section 135 and is repositioned accordingly.**

**25 Sections 10 and 11 of the Regulations are replaced by the following:**

**9** A financial entity that maintains a list of clients for the purposes of subsection 9(3) of the Act shall

(a) include the name and address of each client in the list; and

(b) maintain the list in paper form, or in a machine-readable or electronic form if a paper copy can readily be produced from it.

**10** A financial entity shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that it receives from a person or entity in a single transaction, unless the amount is received from another financial entity or a public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**11** A financial entity shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that it receives from a person or entity in a single transaction, unless the amount is received from another financial entity or a public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**12** A financial entity shall keep the following records in respect of every account that it opens and of every transaction that is conducted with it, other than those referred to in section 13 or 14:

(a) every signature card;

(b) a record for each account holder and every other person — up to three, in the case of a business account — who is authorized to give instructions in respect of the account, containing their name and address, the nature of their principal business or their occupation and, in the case of a person, their date of birth;

(c) if an account holder is a corporation, a copy of the part of its official corporate records that contains any provision relating to the power to bind the corporation in respect of the account or transaction;

(d) a record that sets out the intended use of the account;

(e) a record of every application in respect of the account;

(f) every account operating agreement that it creates or receives in respect of the account;

(g) a deposit slip in respect of every deposit that is made into the account;

(h) every debit and credit memo that it creates or receives in respect of the account, except debit memos that relate to another account at the same branch of the financial entity that created the debit memo;

(i) a copy of every account statement that it sends to an account holder;

(j) every cleared cheque that is drawn on, and a copy of every cleared cheque that is deposited into, the account, unless

(i) the account on which the cheque is drawn and the account into which the cheque is deposited are at the same branch of the financial entity, or

(ii) the following conditions are met:

(A) an image of the cheque has been recorded on microfilm or on an electronic medium,

(B) an image of the cheque can be readily reproduced from the microfilm or electronic medium,

(C) it is possible to readily ascertain where the image of the cheque is recorded, and

(D) the microfilm or electronic medium is kept for a period of at least five years after the day on which the image of the cheque is recorded;

(k) in respect of every credit arrangement that it enters into with a client, a record of the client's financial capacity, the terms of the credit arrangement, the nature of the client's principal business or their occupation and, if the client is a person, the name and address of their business or place of work;

- (l)** a foreign currency exchange transaction ticket in respect of every foreign currency exchange transaction;
- (m)** if it receives an amount of \$3,000 or more as consideration for the issuance of traveller's cheques, money orders or similar negotiable instruments from a person or entity other than another financial entity or a person who is acting on behalf of a client that is a financial entity, a record
- (i)** of the date of the receipt,
  - (ii)** of the person's or entity's name and address, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iii)** of the amount received,
  - (iv)** indicating whether the amount received is in funds or virtual currency and the type and amount of each type of funds and each of the virtual currencies involved,
  - (v)** of the number of every account that is affected by the transaction, the type of account and the name of each account holder,
  - (vi)** of every reference number that is connected to the transaction and has a function equivalent to that of an account number, and
  - (vii)** if the amount received is in virtual currency, of every transaction identifier, including the sending and receiving addresses;
- (n)** if it redeems one or more money orders that total \$3,000 or more at the request of a person or entity, a record of
- (i)** the date of the redemption,
  - (ii)** the person's or entity's name and address, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iii)** the total amount of the money order or orders,
  - (iv)** the name of the issuer of each money order,
  - (v)** the number of every account that is affected by the redemption, the type of account and the name of each account holder,
  - (vi)** every reference number that is connected to the redemption and has a function equivalent to that of an account number, and
  - (vii)** if the redemption involves virtual currency, every transaction identifier, including the sending and receiving addresses;
- (o)** if it initiates an international electronic funds transfer — or any other electronic funds transfer that is a SWIFT MT-103 message or its equivalent — of \$1,000 or more at the request of a person or entity, a record of
- (i)** the date on which the electronic funds transfer is initiated,
  - (ii)** the type and amount of each type of funds that is involved in the initiation,
  - (iii)** the person's or entity's name, address and telephone number, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv)** the exchange rates used and their source,
  - (v)** the name, and address of each beneficiary,
  - (vi)** the number of every account that is affected by the initiation, the type of account and the name of each account holder,
  - (vii)** every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number, and
  - (viii)** the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (vi);
- (p)** if it sends an international electronic funds transfer of \$1,000 or more that was initiated by another person or entity, a record of
- (i)** the date on which the electronic funds transfer is sent,
  - (ii)** if it exchanges fiat currencies in the course of sending the electronic funds transfer, the type and amount of each fiat currency that is involved in the exchange,
  - (iii)** the exchange rates used and their source,
  - (iv)** the number of every account that is affected by the electronic funds transfer, the type of account and the name of each account holder,
  - (v)** every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number;
  - (vi)** the name and address of the person or entity that requested the initiation of the electronic funds transfer, unless that information was not, despite the taking of reasonable measures,

- included with the transfer and is not otherwise known,
- (vii)** the name and address of each beneficiary, unless that information was not, despite the taking of reasonable measures, included with the transfer and is not otherwise known;
- (q)** if it is the final recipient of an international electronic funds transfer of \$1,000 or more, a record of
- (i)** the date on which the electronic funds transfer is finally received,
  - (ii)** the type and amount of each type of funds that is involved in the final receipt,
  - (iii)** the name and address of each beneficiary, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv)** the date of the remittance,
  - (v)** the exchange rates used for the remittance and their source,
  - (vi)** if the remittance is in funds, the type and amount of each type of funds involved in the remittance,
  - (vii)** if the remittance is not in funds, the type of remittance and its value, if different from the amount of funds finally received,
  - (viii)** the number of every account that is affected by the final receipt or the remittance, the type of account and the name of each account holder,
  - (ix)** every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number,
  - (x)** the name and address of the person or entity that requested the initiation of the electronic funds transfer, unless that information was not, despite the taking of reasonable measures, included with the transfer and is not otherwise known,
  - (xi)** the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (viii), and
- (r)** if it transfers an amount of \$1,000 or more in virtual currency at the request of a person or entity, a record of
- (i)** the date of the transfer,
  - (ii)** the type and amount of each virtual currency that is involved in the transfer,
  - (iii)** the person's or entity's name, address, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv)** the name and address of each beneficiary,
  - (v)** the number of every account that is affected by the transaction, the type of account and the name of each account holder,
  - (vi)** every reference number that is connected to the transaction and has a function equivalent to that of an account number,
  - (vii)** every transaction identifier, including the sending and receiving addresses, and
  - (viii)** the exchange rates used and their source,
- (s)** if it receives an amount of \$1,000 or more in virtual currency for remittance to a beneficiary, a record of
- (i)** the date of the receipt,
  - (ii)** the type and amount of each virtual currency that is received,
  - (iii)** the name and address of each beneficiary, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv)** the date of the remittance,
  - (v)** the exchange rates used for the remittance and their source,
  - (vi)** if the remittance is in virtual currency, the type and amount of each virtual currency involved in the remittance,
  - (vii)** if the remittance is not in virtual currency, the type of remittance and its value, if different from the amount of virtual currency received,
  - (viii)** the number of every account that is affected by the transaction, the type of account and the name of each account holder,
  - (ix)** every reference number that is connected to the transaction and has a function equivalent to that of an account number,
  - (x)** every transaction identifier, including the sending and receiving addresses, and
  - (xi)** the name and address of the person or entity that requested the transfer, if obtained in the ordinary course of business;

(t) a virtual currency exchange transaction ticket in respect of every virtual currency exchange transaction.

**26 The heading before section 11.1 of the Regulations is replaced by the following:**

**Information with Respect to Directors of a Corporation or Other Entity, Persons Who Own or Control 25% or More of a Corporation or Other Entity and Beneficiaries and Settlers of a Trust**

**27 (1) Subsection 11.1(1) of the Regulations is amended by replacing “confirm the existence of an entity” and “electronic funds transfer” with “verify an entity’s identity” and “international electronic funds transfer”, respectively.**

**(2) Subsection 11.1(1) of the English version of the Regulations is amended by replacing “the existence of the entity is confirmed” with “the entity’s identity is verified”.**

**(3) Subsection 11.1(1) of the French version of the Regulations is amended by replacing “opérations de change” with “opérations de change en devise”.**

**(4) Paragraph 11.1(1)(a) of the English version of the Regulations is replaced by the following:**

(a) in the case of a corporation, the names of all directors of the corporation and the names and addresses of all persons who own or control, directly or indirectly, 25% or more of the shares of the corporation;

**(5) Subsection 11.1(1) of the Regulations is amended by adding the following after paragraph (a):**

(a.1) in the case of a widely held or publicly traded trust, the names of all trustees of the trust and the names and addresses of all persons who own or control, directly or indirectly, 25% or more of the units of the trust;

**(6) Paragraph 11.1(1)(c) of the English version of the Regulations is replaced by the following:**

(c) in the case of an entity other than a corporation or trust, the names and addresses of all persons who own or control, directly or indirectly, 25% or more of the entity; and

**(7) Subsections 11.1(2) to (4) of the Regulations are replaced by the following:**

**(1.1) Subsection (1) also applies to**

(a) a money services business that is required to verify an entity’s identity in accordance with these Regulations when they enter into a service agreement with that entity to exchange virtual currency for funds, funds for virtual currency or one virtual currency for another, to transfer virtual currency or to receive virtual currency for remittance; and

(b) a foreign money services business that is required to verify an entity’s identity in accordance with these Regulations when they enter into

(i) an ongoing international electronic funds transfer, fund remittance or foreign exchange service agreement with that entity, or

(ii) a service agreement with that entity to issue or redeem money orders, traveller’s cheques or similar negotiable instruments, to exchange virtual currency for funds, funds for virtual currency or one virtual currency for another, to transfer virtual currency or to receive virtual currency for remittance.

**(2) Every person and entity that is subject to subsection (1) shall take reasonable measures to confirm the accuracy of the information when it is first obtained under that subsection and in the course of ongoing monitoring.**

**(3) The person or entity shall keep a record that sets out the information and the measures taken to confirm the accuracy of the information.**

**(4) If the person or entity is not able to obtain the information, to keep it up to date in the course of ongoing monitoring or to confirm its accuracy, they shall take**

(a) reasonable measures to verify the identity of the entity’s chief executive officer or the person who performs that function; and

**(b)** the special measures referred to in section 157.

**(8) The portion of subsection 11.1(5) of the Regulations before paragraph (a) is replaced by the following:**

**(5)** If the entity whose identity is being verified under subsection (1) is a not-for-profit organization, the person or entity shall determine and keep a record that sets out whether that entity is

**(9) Section 11.1 of the Regulations is renumbered as section 138 and that section 138 and the heading before it are repositioned accordingly.**

**28 The headings before section 11.2 and sections 11.2 to 33.2 of the Regulations are replaced by the following:**

**13** A financial entity shall keep the following records in respect of every credit card account that it opens and of every transaction that is connected to that account:

**(a)** a record for each account holder and every other person — up to three, in the case of a business account — who is authorized to give instructions in respect of the account, containing their name and address, the nature of their principal business or their occupation and, in the case of a person, their date of birth;

**(b)** if an account holder is a corporation, a copy of the part of its official corporate records that contains any provision relating to the power to bind the corporation in respect of the account or transaction;

**(c)** a record of every application in respect of the account;

**(d)** a copy of every credit card statement that it sends to an account holder;

**(e)** a foreign currency exchange transaction ticket in respect of every foreign currency exchange transaction that is connected to the account;

**(f)** if it initiates an international electronic funds transfer of \$1,000 or more at the request of a person or entity and the funds are transferred from the account, a record of

**(i)** the date on which the electronic funds transfer is initiated,

**(ii)** the type and amount of each type of funds that is involved in the initiation,

**(iii)** the person's or entity's name, address and telephone number, the nature of their principal business or their occupation and, in the case of a person, their date of birth,

**(iv)** the exchange rates used and their source,

**(v)** the name and address of each beneficiary,

**(vi)** the number of every account that is affected by the initiation, the type of account and the name of each account holder,

**(vii)** every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number, and

**(viii)** the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (vi); and

**(g)** if it is the final recipient of an international electronic funds transfer of \$1,000 or more and the remittance to the beneficiary is by payment to the account, a record of

**(i)** the date on which the electronic funds transfer is finally received,

**(ii)** the type and amount of each type of funds that is involved in the final receipt,

**(iii)** the name and address of each beneficiary, the nature of their principal business or their occupation and, in the case of a person, their date of birth,

**(iv)** the date of the remittance,

**(v)** the exchange rates used for the remittance and their source,

**(vi)** the type and amount of each type of funds involved in the remittance,

**(vii)** the number of every account that is affected by the final receipt or the remittance, the type of account and the name of each account holder,

**(viii)** every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number,

**(ix)** the name and address of the person or entity that requested the initiation of the electronic funds transfer, unless that information was not, despite the taking of reasonable measures, included with the transfer and is not otherwise known, and

- (x)** the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (vii); and
- (h)** a virtual currency exchange transaction ticket in respect of every virtual currency exchange transaction that is connected to the account.

**14 (1)** A financial entity shall keep the following records in respect of every prepaid payment product account that it opens and of every transaction that is made by means of a prepaid payment product that is connected to that account:

- (a)** a record of the name and address of each holder of a prepaid payment product account and each authorized user, the nature of their principal business or their occupation and, in the case of a person, their date of birth;
- (b)** if an account holder is a corporation, a copy of the part of its official corporate records that contains any provision relating to the power to bind the corporation in respect of the prepaid payment product account or the transaction;
- (c)** a record of every application in respect of the prepaid payment product account;
- (d)** a prepaid payment product slip in respect of every payment that is made to the prepaid payment product account;
- (e)** every debit and credit memo that it creates or receives in respect of the prepaid payment product account;
- (f)** a copy of every account statement that it sends to a holder of the prepaid payment product account;
- (g)** a foreign currency exchange transaction ticket in respect of every foreign currency exchange transaction that is connected to the prepaid payment product account;
- (h)** if it initiates an international electronic funds transfer of \$1,000 or more at the request of a person or entity and the funds are transferred from the prepaid payment product account, a record of
  - (i)** the date on which the electronic funds transfer is initiated,
  - (ii)** the type and amount of each type of funds that is involved in the initiation,
  - (iii)** the person's or entity's name, address and telephone number, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv)** the exchange rates used and their source,
  - (v)** the name and address of each beneficiary,
  - (vi)** the number of every account that is affected by the initiation, the type of account and the name of each account holder,
  - (vii)** every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number, and
  - (viii)** the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (vi);
- (i)** if it is the final recipient of an international electronic funds transfer of \$1,000 or more and the remittance to the beneficiary is by payment to the prepaid payment product account, a record of
  - (i)** the date on which the electronic funds transfer is finally received,
  - (ii)** the type and amount of each type of funds that is involved in the final receipt,
  - (iii)** the name and address of each beneficiary, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv)** the date of the remittance,
  - (v)** the exchange rates used for the remittance and their source,
  - (vi)** if the remittance is in funds, the type and amount of each type of funds involved,
  - (vii)** if the remittance is not in funds, the type of remittance and its value, if different from the amount of funds finally received,
  - (viii)** the number of every account that is affected by the final receipt or the remittance, the type of account and the name of each account holder,
  - (ix)** every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number, and
  - (x)** the name and address of the person or entity that requested the initiation of the electronic funds transfer, unless that information was not, despite the taking of reasonable measures, included with the transfer and is not otherwise known,

- (xi) the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (viii);
- (j) if it transfers from a prepaid payment product account an amount of \$1,000 or more in virtual currency at the request of a person or entity, a record of
  - (i) the date of the transfer,
  - (ii) the type and amount of each virtual currency that is involved in the transfer,
  - (iii) the person's or entity's name and address, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv) the name and address of each beneficiary,
  - (v) the number of every account that is affected by the transaction, the type of account and the name of each account holder,
  - (vi) every reference number that is connected to the transaction and has a function equivalent to that of an account number,
  - (vii) every transaction identifier, including the sending and receiving addresses, and
  - (viii) the exchange rates used and their source;
- (k) if it receives an amount of \$1,000 or more in virtual currency for remittance to a beneficiary by payment to the prepaid payment product account, a record of
  - (i) the date of the receipt,
  - (ii) the type and amount of each virtual currency that is received,
  - (iii) the name and address of each beneficiary, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv) the date of the remittance,
  - (v) the exchange rates used for the remittance and their source,
  - (vi) if the remittance is in virtual currency, the type and amount of each virtual currency involved,
  - (vii) if the remittance is not in virtual currency, the type of remittance and its value, if different from the amount of virtual currency received,
  - (viii) the number of every account that is affected by the transaction, the type of account and the name of each account holder,
  - (ix) every reference number that is connected to the transaction and has a function equivalent to that of an account number,
  - (x) every transaction identifier, including the sending and receiving addresses, and
  - (xi) the name and address of the person or entity that requested the transfer, if obtained in the ordinary course of business; and
- (l) a virtual currency exchange transaction ticket in respect of every virtual currency exchange transaction that is connected to the prepaid payment product account.

(2) In this section, ***prepaid payment product slip*** means a record that sets out

- (a) the date of a payment to a prepaid payment product account;
- (b) the name of the person or entity that makes the payment;
- (c) the type and amount of each type of funds or each of the virtual currencies involved in the payment;
- (d) the method by which the payment is made;
- (e) the name of each holder of the prepaid payment product account; and
- (f) the account number and, if different, the number that identifies the prepaid payment product that is connected to the account.

**15 (1)** A trust company shall also keep the following records in respect of a trust for which it is trustee:

- (a) a copy of the trust deed;
- (b) a record of the settlor's name and address and
  - (i) if the settlor is a person, their date of birth and the nature of their principal business or their occupation, and
  - (ii) if the settlor is an entity, the nature of its principal business; and
- (c) if the trust is an institutional trust and the settlor is a corporation, a copy of the part of the official corporate records that contains any provision relating to the power to bind the corporation in respect of the trust.

**(2)** In this section, ***institutional trust*** means a trust that is established by a corporation or other entity for a particular business purpose and includes a pension plan trust, a pension master trust, a supplemental pension plan trust, a mutual fund trust, a pooled fund trust, a registered retirement savings plan trust, a registered retirement income fund trust, a registered education savings plan trust, a group registered retirement savings plan trust, a deferred profit sharing plan trust, an employee profit sharing plan trust, a retirement compensation arrangement trust, an employee savings plan trust, a health and welfare trust, an unemployment benefit plan trust, a foreign insurance company trust, a foreign reinsurance trust, a reinsurance trust, a real estate investment trust, an environmental trust and a trust established in respect of an endowment, a foundation or a registered charity.

**16 (1)** For the purposes of subsections 9.4(1) and (3) of the Act,

**(a)** a prescribed entity is

**(i)** an entity referred to in paragraph 5(e.1) or (f) of the Act,

**(ii)** a financial services cooperative,

**(iii)** a life insurance company, or an entity that is a life insurance broker or agent, in respect of loans or prepaid payment products that it offers to the public or accounts that it maintains with respect to those loans or prepaid payment products, other than

**(A)** loans that are made by the insurer to a policy holder if the insured person has a terminal illness that significantly reduces their life expectancy and the loan is secured by the value of an insurance policy,

**(B)** loans that are made by the insurer to the policy holder for the sole purpose of funding the life insurance policy, and

**(C)** advance payments to which the policy holder is entitled that are made to them by the insurer,

**(iv)** a credit union central when it offers financial services to a person, or to an entity that is not a member of that credit union central, and

**(v)** a department, or an entity that is an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province, when it accepts deposit liabilities in the course of providing financial services to the public; and

**(b)** a prescribed foreign entity is a foreign financial institution.

**(2)** A financial entity shall, when it enters into a correspondent banking relationship, keep the following records:

**(a)** a record of the foreign financial institution's name and address, its primary business line and the names of its directors;

**(b)** a copy of the foreign financial institution's most recent annual report or audited financial statement;

**(c)** a copy of the foreign financial institution's banking licence, banking charter, authorization or certification to operate issued by the competent authority under the legislation of the jurisdiction in which the foreign financial institution was incorporated, of its certificate of incorporation or of a similar document;

**(d)** a copy of the correspondent banking agreement or arrangement, or product agreements, defining the respective responsibilities of the financial entity and the foreign financial institution;

**(e)** a record of the anticipated correspondent banking account activity of the foreign financial institution, including the products or services to be used;

**(f)** a written statement from the foreign financial institution that it does not have, directly or indirectly, a correspondent banking relationship with a shell bank;

**(g)** a written statement from the foreign financial institution that it is in compliance with anti-money laundering and anti-terrorist financing legislation in every jurisdiction in which it operates; and

**(h)** a record of the measures taken to ascertain whether any civil or criminal penalties have been imposed on the foreign financial institution in respect of anti-money laundering or anti-terrorist financing requirements and the results of those measures.

**(3)** The financial entity shall take reasonable measures to ascertain whether the foreign financial institution has in place anti-money laundering and anti-terrorist financing policies and procedures, including procedures for approval for the opening of new accounts and, if the reasonable measures are

unsuccessful or the policies and procedures are not in place, shall, for the purpose of detecting any transactions that are required to be reported to the Centre under section 7 of the Act, take reasonable measures to monitor all transactions conducted in the context of the correspondent banking relationship.

**(4)** For greater certainty, section 12 does not apply in respect of an account that is opened for a foreign financial institution in the context of a correspondent banking relationship.

### **Life Insurance Companies and Life Insurance Brokers or Agents**

**17 (1)** A life insurance broker or agent is engaged in a business or profession for the purposes of paragraph 5(i) of the Act.

**(2)** Subsection (1) does not apply to a life insurance broker or agent when they are acting as a managing general agent.

**18** A life insurance company or life insurance broker or agent that receives an amount of \$10,000 or more in cash from a person or entity in a single transaction shall report the transaction to the Centre, together with the information set out in Schedule 1, unless

**(a)** the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body; or

**(b)** the transaction

**(i)** involves the sale of an immediate or deferred annuity that is paid for entirely with funds that are directly transferred from a registered pension plan or from a pension plan that is required to be registered under the *Pension Benefits Standards Act, 1985*, or similar provincial legislation,

**(ii)** involves the sale of a registered annuity policy or a registered retirement income fund,

**(iii)** involves the sale of an immediate or deferred annuity that is paid for entirely with the proceeds of a group life insurance policy, or

**(iv)** is part of a reverse mortgage or structured settlement.

**19** A life insurance company or life insurance broker or agent that receives an amount of \$10,000 or more in virtual currency from a person or entity in a single transaction shall report the transaction to the Centre, together with the information set out in Schedule 4.

**20** A life insurance company or life insurance broker or agent shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive from a person or entity in a single transaction, unless

**(a)** the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body; or

**(b)** the transaction

**(i)** involves the sale of an immediate or deferred annuity that is paid for entirely with funds that are directly transferred from a registered pension plan or from a pension plan that is required to be registered under the *Pension Benefits Standards Act, 1985*, or similar provincial legislation,

**(ii)** involves the sale of a registered annuity policy or a registered retirement income fund,

**(iii)** involves the sale of an immediate or deferred annuity that is paid for entirely with the proceeds of a group life insurance policy, or

**(iv)** is part of a reverse mortgage or structured settlement.

**21** A life insurance company or life insurance broker or agent shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive from a person or entity in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**22 (1)** A life insurance company or life insurance broker or agent shall, regardless of the means of payment, keep an information record in connection with the sale of an immediate or deferred annuity or a life insurance policy

**(a)** for which they are to receive an amount of \$10,000 or more over the duration of the annuity or policy; or

**(b)** under which they are to remit an amount of \$10,000 or more to a beneficiary over the duration of the annuity or policy.

**(2) The information record**

- (a)** in connection with the sale referred to in paragraph (1)(a) shall be created when the life insurance company or life insurance broker or agent establishes the annuity or policy and shall be kept, subject to subsection (3), in respect of the annuitant or policy holder; and
- (b)** in connection with the sale referred to in paragraph (1)(b) shall be created before the life insurance company or life insurance broker or agent first remits funds or virtual currency to the beneficiary under the annuity or policy and shall be kept in respect of the beneficiary.

**(3)** In the case of a life insurance policy that is a group life insurance policy or in the case of a group annuity, the information record shall be kept in respect of the applicant for the policy or annuity.

**(4)** Paragraph (2)(b) does not apply if the life insurance company or life insurance broker or agent, due to facts or circumstances beyond its control, is unable to create the information record within the time period in which they are required, under federal or provincial legislation, to first remit funds or virtual currency to the beneficiary.

**23** A life insurance company or life insurance broker or agent that keeps an information record under section 22 in respect of a corporation shall also keep a copy of the part of the official corporate records that contains any provision relating to the power to bind the corporation in respect of transactions with the life insurance company or life insurance broker or agent.

**24** Sections 18 to 23 do not apply to a life insurance company or life insurance broker or agent when they are dealing in reinsurance.

**Securities Dealers**

**25** A securities dealer that receives an amount of \$10,000 or more in cash from a person or entity in a single transaction shall report the transaction to the Centre, together with the information set out in Schedule 1, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**26** A securities dealer that receives an amount of \$10,000 or more in virtual currency from a person or entity in a single transaction shall report the transaction to the Centre, together with the information set out in Schedule 4.

**27** A securities dealer shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive from a person or entity in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**28** A securities dealer shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive from a person or entity in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**29** A securities dealer shall keep the following records in respect of every account that they open:

- (a)** every signature card;
- (b)** a record of the name and address of each account holder and of every other person who is authorized to give instructions in respect of the account, the nature of their principal business or their occupation and, in the case of a person, their date of birth;
- (c)** if an account holder is a corporation, a copy of the part of its official corporate records that contains any provision relating to the power to bind the corporation in respect of the account;
- (d)** a record that sets out the intended use of the account;
- (e)** a record of every application in respect of the account;
- (f)** every account operating agreement that they create or receive in respect of the account;
- (g)** every confirmation of purchase or sale, guarantee, trade authorization, power of attorney and joint account agreement and all correspondence that pertains to the operation of the account; and
- (h)** a copy of every account statement that they send to an account holder.

**Money Services Businesses and Foreign Money Services Businesses**

**30 (1)** A money services business shall report the following transactions and information to the Centre:

- (a) the receipt from a person or entity of an amount of \$10,000 or more in cash in a single transaction, together with the information set out in Schedule 1;
- (b) the initiation, at the request of a person or entity, of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 2;
- (c) the final receipt of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 3;
- (d) the initiation, at the request of a person or entity, of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 2, if the money services business also finally receives or is to finally receive the electronic funds transfer;
- (e) the final receipt of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 3, if the money services business also initiated the electronic funds transfer; and
- (f) the receipt from a person or entity of an amount of \$10,000 or more in virtual currency in a single transaction, together with the information set out in Schedule 4.

**(2)** A money services business is not required to report the transaction and information under paragraph (1)(a) if the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**31** A money services business shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive from a person or entity in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**32** A money services business shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive from a person or entity in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**33 (1)** A foreign money services business shall report the following transactions and information to the Centre:

- (a) the receipt from a person or entity in Canada of an amount of \$10,000 or more in cash in a single transaction, together with the information set out in Schedule 1;
- (b) the initiation, at the request of a person or entity in Canada, of an electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 2, if the electronic funds transfer is sent or is to be sent from one country to another;
- (c) the final receipt of an electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 3, if the electronic funds transfer was sent from one country to another and the beneficiary is in Canada;
- (d) the initiation, at the request of a person or entity in Canada, of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 2, if the foreign money services business also finally receives or is to finally receive the electronic funds transfer;
- (e) the final receipt of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 3, if the foreign money services business also initiated the electronic funds transfer and the beneficiary is in Canada; and
- (f) the receipt from a person or entity in Canada of an amount of \$10,000 or more in virtual currency in a single transaction, together with the information set out in Schedule 4.

**(2)** A foreign money services business is not required to report the transaction and information under paragraph (1)(a) if the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**34** A foreign money services business shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive from a person or entity in Canada in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**35** A foreign money services business shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive from a person or entity in Canada in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**36** A money services business shall keep the following records in connection with a service referred to in any of subparagraphs 5(h)(i) to (v) of the Act that they provide, and a foreign money services business shall keep the following records in connection with a service referred to in any of subparagraphs 5(h.1)(i) to (v) of the Act that they provide to persons or entities in Canada:

- (a) every internal memorandum that they create or receive that concerns the service;
- (b) if they receive an amount of \$3,000 or more from a person or entity — other than a financial entity or a person who is acting on behalf of a client that is a financial entity — as consideration for the issuance of traveller's cheques, money orders or similar negotiable instruments, a record
  - (i) of the date of the receipt,
  - (ii) of the person's or entity's name and address, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iii) of the amount received,
  - (iv) indicating whether the amount received is in funds or virtual currency and the type and amount of each type of funds and each of the virtual currencies involved,
  - (v) of the number of every account that is affected by the transaction, the type of account and the name of each account holder,
  - (vi) of every reference number that is connected to the transaction and has a function equivalent to that of an account number, and
  - (vii) if the amount received is in virtual currency, of every transaction identifier, including the sending and receiving addresses;
- (c) if they redeem one or more money orders that total \$3,000 or more at the request of a person or entity, a record of
  - (i) the date of the redemption,
  - (ii) the person's or entity's name and address, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iii) the total amount of the money order or orders,
  - (iv) the name of the issuer of each money order,
  - (v) the number of every account that is affected by the redemption, the type of account and the name of each account holder,
  - (vi) every reference number that is connected to the redemption and has a function equivalent to that of an account number, and
  - (vii) if the redemption involves virtual currency, every transaction identifier, including the sending and receiving addresses;
- (d) if they initiate an electronic funds transfer of \$1,000 or more at the request of a person or entity, a record of
  - (i) the date on which the electronic funds transfer is initiated,
  - (ii) the type and amount of each type of funds that is involved in the initiation,
  - (iii) the person's or entity's name, address and telephone number, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv) the exchange rates used and their source,
  - (v) the name and address of each beneficiary,
  - (vi) the number of every account that is affected by the initiation, the type of account and the name of each account holder,
  - (vii) every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number, and
  - (viii) the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (vi);
- (e) if they send an international electronic funds transfer of \$1,000 or more that was initiated by another person or entity, a record of
  - (i) the date on which the electronic funds transfer is sent,
  - (ii) if they exchange fiat currencies in the course of sending the electronic funds transfer, the type and amount of each fiat currency that is involved in the exchange,



- (ix) every reference number that is connected to the transaction and has a function equivalent to that of an account number,
- (x) every transaction identifier, including the sending and receiving addresses, and
- (xi) the name and address of the person or entity that requested the transfer, if obtained in the ordinary course of business;
- (i) a foreign currency exchange transaction ticket in respect of every foreign currency exchange transaction; and
- (j) a virtual currency exchange transaction ticket in respect of every virtual currency exchange transaction.

**37** A money services business that enters into an agreement with an entity to provide a service referred to in any of subparagraphs 5(h)(i) to (v) of the Act to that entity — and a foreign money services business that enters into an agreement with an entity in Canada to provide a service referred to in any of subparagraphs 5(h.1)(i) to (v) of the Act to that entity — shall keep

- (a) a record of the name, address and date of birth of every person who signs the agreement on behalf of the entity and the nature of the person's principal business or their occupation;
- (b) an information record in respect of the entity;
- (c) if the entity is a corporation, a copy of the part of its official corporate records that contains any provision relating to the power to bind the corporation in respect of transactions with the money services business or foreign money services business; and
- (d) a list containing the name, address and date of birth of every employee of the entity who is authorized to order a transaction under the agreement.

### **British Columbia Notaries Public and British Columbia Notary Corporations**

**38 (1)** A British Columbia notary public or British Columbia notary corporation is engaged in a business or profession for the purposes of paragraph 5(j) of the Act when, on behalf of a person or entity, they

- (a) receive or pay funds or virtual currency, other than in respect of professional fees, disbursements, expenses or bail;
- (b) purchase or sell securities, real property or immovables or business assets or entities;
- (c) transfer funds, virtual currency or securities by any means; or
- (d) give instructions in connection with an activity referred to in any of paragraphs (a) to (c).

**(2)** Subsection (1) does not apply to a British Columbia notary public who is acting in the capacity of an employee.

**39** A British Columbia notary public or British Columbia notary corporation that receives an amount of \$10,000 or more in cash in a single transaction in connection with an activity referred to in section 38 shall report the transaction to the Centre, together with the information set out in Schedule 1, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**40** A British Columbia notary public or British Columbia notary corporation that receives an amount of \$10,000 or more in virtual currency in a single transaction in connection with an activity referred to in section 38 shall report the transaction to the Centre, together with the information set out in Schedule 4.

**41** A British Columbia notary public or British Columbia notary corporation shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive in a single transaction in connection with an activity referred to in section 38, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**42** A British Columbia notary public or British Columbia notary corporation shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive in a single transaction in connection with an activity referred to in section 38, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**29 Section 33.3 of the Regulations is renumbered as section 44 and that section 44 and the heading before it are repositioned accordingly.**

**30 Sections 33.4 and 33.5 of the Regulations are renumbered as sections 45 and 46, respectively, and are repositioned accordingly.**

**31 Section 34 of the Regulations and the heading before it are replaced by the following:**

**43** A British Columbia notary public or British Columbia notary corporation shall keep the following records in connection with an activity referred to in section 38:

- (a) a receipt of funds record in respect of every amount of \$3,000 or more that they receive, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body; and
- (b) if the receipt of funds record is in respect of a corporation, a copy of the part of official corporate records that contains any provision relating to the power to bind the corporation in respect of transactions with the British Columbia notary public or British Columbia notary corporation.

**32 Section 35 of the Regulations, as enacted by SOR/2002-184, is repealed.**

**33 (1)** The portion of subsection 36(1) of the Regulations before paragraph (a), as enacted by section 15 of the *Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (2007-2)*, SOR/2007-293, is repealed.

**(2)** Paragraphs 36(1)(a) and (b) of the Regulations, as enacted by section 40 of the *Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (2007-1)*, SOR/2007-122, are repealed.

**(3)** Subsections 36(2) and (3) of the Regulations, as enacted by section 40 of the *Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (2007-1)*, SOR/2007-122, are repealed.

**34** The heading before section 37 of the Regulations, as enacted by SOR/2002-184, is repealed.

**35** Section 37 of the Regulations, as enacted by section 41 of the *Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (2007-1)*, SOR/2007-122, is repealed.

**36 Sections 38 to 59.32 of the Regulations are replaced by the following:**

#### **Accountants and Accounting Firms**

**47 (1)** An accountant or accounting firm is engaged in a business or profession for the purposes of paragraph 5(j) of the Act when, on behalf of a person or entity, they

- (a) receive or pay funds or virtual currency;
- (b) purchase or sell securities, real property or immovables or business assets or entities;
- (c) transfer funds, virtual currency or securities by any means; or
- (d) give instructions in connection with an activity referred to in any of paragraphs (a) to (c).

**(2)** For greater certainty, the activities in subsection (1) do not include activities that are carried out in the course of an audit, a review or a compilation engagement within the meaning of the *CPA Canada Handbook* prepared and published by the Chartered Professional Accountants of Canada, as amended from time to time.

**(3)** Subsection (1) does not apply to an accountant who is acting in the capacity of an employee or of a person who either is authorized by law to carry on the business of — or to monitor the business or financial affairs of — an insolvent or bankrupt person or entity or is authorized to act under a security agreement.

**48** An accountant or accounting firm that receives an amount of \$10,000 or more in cash in a single transaction in connection with an activity referred to in section 47 shall report the transaction to the Centre, together with the information set out in Schedule 1, unless the amount is received from a

financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**49** An accountant or accounting firm that receives an amount of \$10,000 or more in virtual currency in a single transaction in connection with an activity referred to in section 47 shall report the transaction to the Centre, together with the information set out in Schedule 4.

**50** An accountant or accounting firm shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive in a single transaction in connection with an activity referred to in section 47, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**51** An accountant or accounting firm shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive in a single transaction in connection with an activity referred to in section 47, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**52** An accountant or accounting firm shall keep the following records in connection with an activity referred to in section 47:

- (a) a receipt of funds record in respect of every amount of \$3,000 or more that they receive, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body; and
- (b) if the receipt of funds record is in respect of a corporation, a copy of the part of official corporate records that contains any provision relating to the power to bind the corporation in respect of transactions with the accountant or accounting firm.

### **Real Estate Brokers or Sales Representatives**

**53** A real estate broker or sales representative is engaged in a business or profession for the purposes of paragraph 5(j) of the Act when they act as an agent or mandatary for a purchaser or vendor in respect of the purchase or sale of real property or immovables.

**54** A real estate broker or sales representative that receives an amount of \$10,000 or more in cash in a single transaction in connection with an activity referred to in section 53 shall report the transaction to the Centre, together with the information set out in Schedule 1, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**55** A real estate broker or sales representative that receives an amount of \$10,000 or more in virtual currency in a single transaction in connection with an activity referred to in section 53 shall report the transaction to the Centre, together with the information set out in Schedule 4.

**56** A real estate broker or sales representative shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive in a single transaction in connection with an activity referred to in section 53, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**57** A real estate broker or sales representative shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive in a single transaction in connection with an activity referred to in section 53, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**58 (1)** A real estate broker or sales representative shall keep the following records in connection with an activity referred to in section 53:

- (a) a receipt of funds record in respect of every amount that they receive, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body;
- (b) an information record in respect of every person or entity for which they act as an agent or mandatary in respect of the purchase or sale of real property or immovables; and

**(c)** if the receipt of funds record or information record is in respect of a corporation, a copy of the part of official corporate records that contains any provision relating to the power to bind the corporation in respect of transactions with the real estate broker or sales representative.

**(2)** If two or more of the parties to a transaction are represented by a real estate broker or sales representative and one of those real estate brokers or sales representatives receives funds in respect of the transaction from a party that is represented by another real estate broker or sales representative, the real estate broker or sales representative that represents the party from which the funds are received is responsible for keeping the receipt of funds record referred to in paragraph (1)(a) and, if applicable, the copy referred to in paragraph (1)(c).

**(3)** A real estate broker or sales representative that is responsible under subsection (2) for keeping a receipt of funds record is not required to include in that record any of the following information if, after taking reasonable measures to do so, they are unable to obtain it:

- (a)** the number and type of an account that is affected by the transaction referred to in subsection (2);
- (b)** the name of a holder of the account;
- (c)** a reference number that is connected to the transaction.

**(4)** A real estate broker or sales representative that is responsible under subsection (2) for keeping a receipt of funds record and that determines that the transaction affects a trust account held by another real estate broker or sales representative shall include that information in the record but is not required to include

- (a)** the number of the trust account; or
- (b)** the name of the holder or holders of the trust account.

## **Real Estate Developers**

**59** A real estate developer is engaged in a business or profession for the purposes of paragraph 5(j) of the Act when they sell a new house, new condominium unit, new commercial or industrial building or new multi-unit residential building to the public, including, if they are a corporation, when they do so on behalf of a subsidiary or affiliate.

**60** A real estate developer that receives an amount of \$10,000 or more in cash in a single transaction in connection with an activity referred to in section 59 shall report the transaction to the Centre, together with the information set out in Schedule 1, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**61** A real estate developer that receives an amount of \$10,000 or more in virtual currency in a single transaction in connection with an activity referred to in section 59 shall report the transaction to the Centre, together with the information set out in Schedule 4.

**62** A real estate developer shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive in a single transaction in connection with an activity referred to in section 59, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**63** A real estate developer shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive in a single transaction in connection with an activity referred to in section 59, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**64** A real estate developer shall keep the following records in connection with an activity referred to in section 59:

- (a)** a receipt of funds record in respect of every amount that they receive, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body;
- (b)** an information record in respect of every person or entity to which they sell a new house, new condominium unit, new commercial or industrial building or new multi-unit residential building; and

(c) if the receipt of funds record or information record is in respect of a corporation, a copy of the part of official corporate records that contains any provision relating to the power to bind the corporation in respect of transactions with the real estate developer.

### **Dealers in Precious Metals and Precious Stones**

**65 (1)** A dealer in precious metals and precious stones, other than a department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province, that buys or sells precious metals, precious stones or jewellery, for an amount of \$10,000 or more is engaged in an activity for the purposes of paragraph 5(i) of the Act. A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province carries out an activity for the purposes of paragraph 5(l) of the Act when they sell precious metals to the public for an amount of \$10,000 or more.

**(2)** The activities referred to in subsection (1) do not include a purchase or sale that is carried out in the course of or in connection with manufacturing a product that contains precious metals or precious stones, extracting precious metals or precious stones from a mine or polishing or cutting precious stones.

**(3)** For greater certainty, the activities referred to in subsection (1) include the sale of precious metals, precious stones or jewellery that are left on consignment with a dealer in precious metals and precious stones. Goods left with an auctioneer for sale at auction are not considered to be left on consignment.

**66** A dealer in precious metals and precious stones that receives an amount of \$10,000 or more in cash in a single transaction in connection with an activity referred to in section 65 shall report the transaction to the Centre, together with the information set out in Schedule 1, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**67** A dealer in precious metals and precious stones that receives an amount of \$10,000 or more in virtual currency in a single transaction in connection with an activity referred to in section 65 shall report the transaction to the Centre, together with the information set out in Schedule 4.

**68** A dealer in precious metals and precious stones shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive in a single transaction in connection with an activity referred to in section 65, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**69** A dealer in precious metals and precious stones shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive in a single transaction in connection with an activity referred to in section 65, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

### **Casinos**

**70 (1)** A casino shall report the following transactions and information to the Centre:

- (a) the receipt from a person or entity of an amount of \$10,000 or more in cash in a single transaction, together with the information set out in Schedule 1;
- (b) the initiation, at the request of a person or entity, of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 2;
- (c) the final receipt of an international electronic funds transfer of \$10,000 or more in a single transaction, together with the information set out in Schedule 3; and
- (d) the receipt from a person or entity of an amount of \$10,000 or more in virtual currency in a single transaction, together with the information set out in Schedule 4.

**(2)** A casino is not required to report the transaction and information under paragraph (1)(a) if the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**71** A casino shall report to the Centre the disbursement, in any of the following transactions, of \$10,000 or more in a single transaction, together with the information set out in Schedule 6:

- (a) the redemption of chips, tokens or plaques;
- (b) a front cash withdrawal;
- (c) a safekeeping withdrawal;
- (d) an advance on any form of credit, including an advance by a marker or a counter cheque;
- (e) a payment on a bet, including a slot jackpot;
- (f) a payment to a client of funds received for credit to that client or another client;
- (g) the cashing of a cheque or the redemption of another negotiable instrument; and
- (h) a reimbursement to a client of travel or entertainment expenses.

**72 (1)** A casino shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that the casino receives from a person or entity in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**(2)** For greater certainty, the transactions referred to in subsection (1) include the following:

- (a) the sale of chips, tokens or plaques;
- (b) a front cash deposit;
- (c) a safekeeping deposit;
- (d) the repayment of any form of credit, including repayment by a marker or a counter cheque;
- (e) a bet of fiat currency; and
- (f) a sale of the casino's cheques.

**73** A casino shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that the casino receives from a person or entity in a single transaction, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**74 (1)** A casino shall keep the following records in respect of every account that the casino opens:

- (a) every signature card;
- (b) a record of the name, address and telephone number of each account holder and of every other person who is authorized to give instructions in respect of the account, the nature of their principal business or their occupation and, in the case of a person, their date of birth;
- (c) if an account holder is a corporation, a copy of the part of official corporate records that contains any provision relating to the power to bind the corporation in respect of the transaction or account;
- (d) a record that sets out the intended use of the account;
- (e) a record of every application in respect of the account;
- (f) every account operating agreement that the casino creates or receives in respect of the account;
- (g) a deposit slip in respect of every deposit that is made into the account; and
- (h) every debit and credit memo that the casino creates or receives in respect of the account.

**(2)** A casino shall keep the following records in respect of every transaction that is conducted with it:

- (a) if the casino extends credit of \$3,000 or more to a person or entity, a record of
  - (i) the person's or entity's name and address, the nature of their principal business or their occupation and, in the case of a person, their date of birth, and
  - (ii) the terms of the extension of credit, the date on which credit was extended and the amount of credit extended;
- (b) a foreign currency exchange transaction ticket in respect of every foreign currency exchange transaction;
- (c) if the casino initiates an electronic funds transfer of \$1,000 or more at the request of a person or entity, a record of
  - (i) the date on which the electronic funds transfer is initiated,
  - (ii) the type and amount of each type of funds that is involved in the initiation,
  - (iii) the person's or entity's name, address and telephone number, the nature of their principal business or their occupation and, in the case of a person, their date of birth,

- (iv) the exchange rates used and their source,
  - (v) the name and address of each beneficiary,
  - (vi) the number of every account that is affected by the initiation, the type of account and the name of each account holder,
  - (vii) every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number, and
  - (viii) the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (vi);
- (d) if the casino sends an international electronic funds transfer of \$1,000 or more that was initiated by another person or entity, a record of
- (i) the date on which the electronic funds transfer is sent,
  - (ii) if the casino exchanges fiat currencies in the course of sending the electronic funds transfer, the type and amount of each fiat currency that is involved in the exchange,
  - (iii) the exchange rates used and their source,
  - (iv) the number of every account that is affected by the sending, the type of account and the name of each account holder, and
  - (v) every reference number that is connected to the sending and has a function equivalent to that of an account number,
  - (vi) the name, address and telephone number of the person or entity that requested the initiation of the electronic funds transfer, unless that information was not, despite the taking of reasonable measures, included with the transfer and is not otherwise known, and
  - (vii) the name and address of each beneficiary, unless that information was not, despite the taking of reasonable measures, included with the transfer and is not otherwise known,
- (e) if the casino is the final recipient of an international electronic funds transfer of \$1,000 or more, a record of
- (i) the date on which the electronic funds transfer is finally received,
  - (ii) the type and amount of each type of funds that is involved in the final receipt,
  - (iii) the name, address and telephone number of each beneficiary, the nature of their principal business or their occupation and, in the case of a person, their date of birth,
  - (iv) the date of the remittance,
  - (v) the exchange rates used for the remittance and their source,
  - (vi) if the remittance is in funds, the type and amount of each type of funds involved,
  - (vii) if the remittance is not in funds, the type of remittance and its value, if different from the amount of funds finally received,
  - (viii) the number of every account that is affected by the final receipt or the remittance, the type of account and the name of each account holder,
  - (ix) every reference number that is connected to the electronic funds transfer and has a function equivalent to that of an account number,
  - (x) the name and address of the person or entity that requested the initiation of the electronic funds transfer, unless that information was not, despite the taking of reasonable measures, included with the transfer and is not otherwise known, and
  - (xi) the number of every account that is affected by the electronic funds transfer, other than those referred to in subparagraph (viii).

**75** For the purposes of sections 70 to 74, if a *registered charity*, as defined in subsection 248(1) of the *Income Tax Act*, conducts and manages, in a permanent establishment of a casino, for a period of not more than two consecutive days at a time, a lottery scheme that includes games of roulette or card games and, in doing so, acts under the supervision of the government of a province that is referred to in paragraph 5(k) of the Act, or of an organization that is referred to in paragraph 5(k.2) of the Act, that conducts and manages such a lottery scheme in the same establishment, the lottery scheme that is conducted and managed by the registered charity is considered to be conducted and managed by the supervising government or organization.

### **Departments and Agents or Mandataries of Her Majesty in Right of Canada or of a Province**

**76** A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province carries out an activity for the purposes of paragraph 5(l) of the Act when they accept deposit liabilities in the course of providing financial services to the public.

**77** A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province carries out an activity for the purposes of paragraph 5(l) of the Act when they issue, sell or redeem money orders in the course of providing financial services to the public.

**37 Sections 59.4, 59.41 and 59.42 of the Regulations are renumbered as sections 97, 98 and 99, respectively, and the heading before section 97 and sections 97 to 99 are repositioned accordingly.**

**38 The heading before section 59.5 and sections 59.5 to 66.1 of the Regulations are replaced by the following:**

**78** A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province that receives an amount of \$10,000 or more in cash in a single transaction in connection with an activity referred to in section 77 shall report the transaction to the Centre, together with the information set out in Schedule 1, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**79** A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province that receives an amount of \$10,000 or more in virtual currency in a single transaction in connection with an activity referred to in section 77 shall report the transaction to the Centre, together with the information set out in Schedule 4.

**80** A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province shall keep a large cash transaction record in respect of every amount of \$10,000 or more in cash that they receive in a single transaction in connection with an activity referred to in section 77, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**81** A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province shall keep a large virtual currency transaction record in respect of every amount of \$10,000 or more in virtual currency that they receive in a single transaction in connection with an activity referred to in section 77, unless the amount is received from a financial entity or public body or from a person who is acting on behalf of a client that is a financial entity or public body.

**82** A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province shall keep the following records in connection with an activity referred to in section 77:

- (a) if they receive an amount of \$3,000 or more as consideration for the issuance or sale of one or more money orders from a person or entity other than either a financial entity or a person who is acting on behalf of a client that is a financial entity,
  - (i) a record of the date of the receipt,
  - (ii) in the case of a person, a record of their name, address, date of birth and the nature of their principal business or their occupation,
  - (iii) in the case of an entity, an information record,
  - (iv) a record of the amount received,
  - (v) a record indicating whether the amount received is in funds or virtual currency and the type and amount of each type of funds and each of the virtual currencies involved,
  - (vi) a record of the number of every account that is affected by the transaction, the type of account and the name of each account holder,
  - (vii) a record of every reference number that is connected to the transaction and has a function equivalent to that of an account number, and
  - (viii) if the amount received is in virtual currency, every transaction identifier, including the sending and receiving addresses;
- (b) if they redeem one or more money orders that total \$3,000 or more at the request of a person or entity,
  - (i) a record of the date of the redemption,
  - (ii) in the case of a person, a record of their name, address, date of birth and the nature of their principal business or their occupation,
  - (iii) in the case of an entity, an information record,

- (iv) a record of the total amount of the money order or orders,
  - (v) a record of the name of the issuer of each money order,
  - (vi) a record of the number of every account that is affected by the redemption, the type of account and the name of each account holder,
  - (vii) a record of every reference number that is connected to the redemption and has a function equivalent to that of an account number; and
  - (viii) if the redemption involves virtual currency, every transaction identifier, including the sending and receiving addresses; and
- (c) if the information record is in respect of a corporation, a copy of the part of official corporate records that contains any provision relating to the power to bind the corporation in respect of transactions with the department or the agent or mandatary.

## PART 2

### Requirement To Verify Identity

#### Application of Parts 5 and 6

**83** The provisions of this Part are subject to the provisions of Parts 5 and 6.

#### Persons and Entities Required To Keep Large Cash Transaction Record or Large Virtual Currency Transaction Record

**84** A person or entity shall verify, in accordance with section 105, 109 or 112, the identity of a person or entity from which they receive an amount

- (a) in respect of which they are required to keep a large cash transaction record under these Regulations, unless the amount is received as a deposit made into a business account or a deposit made by means of an automated banking machine; or
- (b) in respect of which they are required to keep a large virtual currency transaction record under these Regulations.

#### Suspicious Transactions

**85 (1)** A person or entity that is subject to these Regulations shall take reasonable measures to verify, in accordance with section 105, 109 or 112, the identity of a person or entity that conducts or attempts to conduct a transaction with them that is required to be reported to the Centre under section 7 of the Act.

**(2)** If the person or entity believes that taking the reasonable measures would inform the person or entity that conducts or attempts to conduct a transaction with them that the transaction and related information will be reported under section 7 of the Act, they are not required to comply with subsection (1).

#### Financial Entities

**86** A financial entity shall

- (a) in accordance with section 105, verify the identity of
  - (i) a person for whom it opens an account, other than a credit card account or a prepaid payment product account,
  - (ii) a person, other than an account holder, who is authorized to give instructions in respect of an account, and
  - (iii) any other person who
    - (A) requests that it issue or redeem money orders, traveller's cheques or similar negotiable instruments in an amount of \$3,000 or more,

**(B)** requests that it initiate an international electronic funds transfer — or any other electronic funds transfer that is a SWIFT MT-103 message or its equivalent — of \$1,000 or more,

**(C)** requests that it exchange an amount of \$3,000 or more in a foreign currency exchange transaction,

**(D)** requests that it transfer an amount of \$1,000 or more in virtual currency,

**(E)** requests that it exchange an amount of \$1,000 or more in a virtual currency exchange transaction, or

**(F)** is the beneficiary of an international electronic funds transfer of \$1,000 or more, or of a transfer of an amount of \$1,000 or more in virtual currency, to whom it makes the remittance;

**(b)** in accordance with section 109, verify the identity of a corporation for which it opens an account, other than a credit card account or a prepaid payment product account; and

**(c)** in accordance with section 112, verify the identity of an entity, other than a corporation, for which it opens an account, other than a credit card account or a prepaid payment product account.

**39 Subsection 64(1.4) of the Regulations is replaced by the following:**

**(1.4)** If a document is used to ascertain identity under subsection (1), it must be authentic, valid and current. Other information that is used for that purpose must be valid and current.

**40 The heading before section 67.1 and sections 67.1 to 76 of the Regulations are replaced by the following:**

**87** A financial entity shall

**(a)** in accordance with section 105, verify the identity of a person for whom it opens a credit card account;

**(b)** in accordance with section 109, verify the identity of a corporation for which it opens a credit card account; and

**(c)** in accordance with section 112, verify the identity of an entity, other than a corporation, for which it opens a credit card account.

**88** A financial entity shall

**(a)** in accordance with section 105, verify the identity of

**(i)** a person for whom it opens a prepaid payment product account,

**(ii)** an authorized user, and

**(iii)** any other person who makes a payment of \$1,000 or more to a prepaid payment product account;

**(b)** in accordance with section 109, verify the identity of

**(i)** a corporation for which it opens a prepaid payment product account, and

**(ii)** any other corporation that makes a payment of \$1,000 or more to a prepaid payment product account; and

**(c)** in accordance with section 112, verify the identity of

**(i)** an entity, other than a corporation, for which it opens a prepaid payment product account, and

**(ii)** any other entity, other than a corporation, that makes a payment of \$1,000 or more to a prepaid payment product account.

**89** A trust company shall also

(a) in accordance with section 105, verify the identity of a person who is the settlor of an *inter vivos* trust in respect of which it is required to keep a record under subsection 15(1);

(b) in accordance with section 109, verify the identity of a corporation that is the settlor of an institutional trust in respect of which it is required to keep a record under subsection 15(1);

(c) in accordance with section 112, verify the identity of an entity, other than a corporation, that is the settlor of an institutional trust in respect of which it is required to keep a record under subsection 15(1);

(d) in accordance with section 105, verify the identity of a person who is authorized to act as a co-trustee of a trust; and

(e) if an entity is authorized to act as a co-trustee of a trust,

(i) in accordance with section 105, verify the identity of all persons — up to three — who are authorized to give instructions with respect to the entity's activities as co-trustee, and

(ii) in accordance with section 109 or 112, verify the identity of the entity.

**90** A financial entity that enters into a correspondent banking relationship

(a) shall ascertain the name and address of the foreign financial institution by examining a copy of the foreign financial institution's banking licence, banking charter, authorization or certification to operate issued by the competent authority under the legislation of the jurisdiction in which the foreign financial institution was incorporated, of its certificate of incorporation or of a similar document; and

(b) shall take reasonable measures to ascertain, based on information that is accessible to the public, whether any civil or criminal penalties have been imposed on the foreign financial institution in respect of anti-money laundering or anti-terrorist financing requirements and, if such a penalty has been imposed, shall, for the purpose of detecting any transactions that are required to be reported to the Centre under section 7 of the Act, monitor all transactions conducted in the context of the correspondent banking relationship.

**91** If a client of a foreign financial institution has direct access to services provided by the financial entity under a correspondent banking relationship, the financial entity shall take reasonable measures to ascertain whether the foreign financial institution

(a) has, in respect of its clients that have direct access to the accounts of the financial entity, met requirements that are consistent with the requirements of section 86; and

(b) has agreed to provide relevant client identification information on request to the financial entity.

**Life Insurance Companies and Life Insurance Brokers or Agents**

**92** A life insurance company or life insurance broker or agent shall

(a) in accordance with section 105, verify the identity of a person in respect of whom they are required to keep an information record under section 22;

(b) in accordance with section 109, verify the identity of a corporation in respect of which they are required to keep an information record under section 22; and

(c) in accordance with section 112, verify the identity of an entity, other than a corporation, in respect of which they are required to keep an information record under section 22.

**93** Section 92 does not apply to a life insurance company or a life insurance broker or agent when they are dealing in reinsurance.

**Securities Dealers**

**94** A securities dealer shall

- (a) in accordance with section 105, verify the identity of a person for whom they open an account and every other person who is authorized to give instructions in respect of the account;
- (b) in accordance with section 109, verify the identity of a corporation for which they open an account; and
- (c) in accordance with section 112, verify the identity of an entity, other than a corporation, for which they open an account.

### **Money Services Businesses and Foreign Money Services Businesses**

**95 (1)** A money services business — or a foreign money services business in connection with services that they provide in Canada — shall, in accordance with section 105, verify the identity of a person who

- (a) requests that they issue or redeem money orders, traveller's cheques or similar negotiable instruments in an amount of \$3,000 or more;
- (b) requests that they initiate an electronic funds transfer of \$1,000 or more;
- (c) requests that they exchange an amount of \$3,000 or more in a foreign currency exchange transaction;
- (d) requests that they transfer an amount of \$1,000 or more in virtual currency;
- (e) requests that they exchange an amount of \$1,000 or more in a virtual currency exchange transaction; or
- (f) is a beneficiary of an international electronic funds transfer of \$1,000 or more, or of a transfer of an amount of \$1,000 or more in virtual currency, to whom they make the remittance.

(2) Paragraphs (1)(a) to (e) do not apply if an employee who is authorized to order transactions under an agreement referred to in section 37 conducts the transaction on behalf of their employer under the agreement.

(3) A money services business or foreign money services business shall, in accordance with section 109, verify the identity of a corporation in respect of which they are required to keep an information record under section 37.

(4) A money services business or foreign money services business shall, in accordance with section 112, verify the identity of an entity, other than a corporation, in respect of which they are required to keep an information record under section 37.

(5) Subsections (3) and (4) do not apply if the entity is

- (a) a public body;
- (b) a corporation or trust that has minimum net assets of \$75 million on its last audited balance sheet, whose shares or units are traded on a Canadian stock exchange or a stock exchange designated under subsection 262(1) of the *Income Tax Act* and that operates in a country that is a member of the Financial Action Task Force; or
- (c) a subsidiary of a public body referred to in paragraph (a) or a corporation or trust referred to in paragraph (b), whose financial statements are consolidated with the financial statements of the public body, corporation or trust.

### **British Columbia Notaries Public and British Columbia Notary Corporations**

**96** A British Columbia notary public or British Columbia notary corporation shall

- (a) in accordance with section 105, verify the identity of a person who conducts a transaction in respect of which they are required to keep a record under section 43;
- (b) in accordance with section 109, verify the identity of a corporation that conducts a transaction referred to in paragraph (a) or on whose behalf a person conducts such a transaction; and

(c) in accordance with section 112, verify the identity of an entity, other than a corporation, that conducts a transaction referred to in paragraph (a) or on whose behalf a person conducts such a transaction.

**41 Section 77 of the Regulations and the heading before it, as enacted by SOR/2002-184, are repealed.**

**42 The heading before section 78 of the Regulations, as enacted by SOR/2002-184, is repealed.**

**43 (1) Subsection 78(1) of the Regulations, as enacted by SOR/2002-184, is repealed.**

**(2) Subsection 78(2) of the Regulations, as enacted by section 1 of the *Regulations Amending the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*, SOR/2002-413, is repealed.**

**44 The Regulations are amended by adding the following after section 99:**

#### **Accountants and Accounting Firms**

**100** An accountant or accounting firm shall

(a) in accordance with section 105, verify the identity of a person who conducts a transaction in respect of which they are required to keep a record under section 52;

(b) in accordance with section 109, verify the identity of a corporation that conducts a transaction referred to in paragraph (a) or on whose behalf a person conducts such a transaction; and

(c) in accordance with section 112, verify the identity of an entity, other than a corporation, that conducts a transaction referred to in paragraph (a) or on whose behalf a person conducts such a transaction.

#### **Real Estate Brokers or Sales Representatives**

**101 (1)** A real estate broker or sales representative shall

(a) in accordance with section 105, verify the identity of a person who conducts a transaction in respect of which they are required to keep a record under subsection 58(1);

(b) in accordance with section 109, verify the identity of a corporation that conducts a transaction referred to in paragraph (a) or on whose behalf a person conducts such a transaction; and

(c) in accordance with section 112, verify the identity of an entity, other than a corporation, that conducts a transaction referred to in paragraph (a) or on whose behalf a person conducts such a transaction.

**(2)** If every party to a transaction is represented by a real estate broker or sales representative, each real estate broker or sales representative is required only to verify the identity of the party or parties that they represent.

**(3)** If one or more but not all of the parties to a transaction are represented by a real estate broker or sales representative, each real estate broker or sales representative shall take reasonable measures to verify the identity of the party or parties that are not represented.

**(4)** If a real estate broker or sales representative is unable to verify the identity of a party under subsection (3), they shall keep a record that sets out the measures taken, the date on which each measure was taken and the reasons why the measures were unsuccessful.

#### **Real Estate Developers**

**102** A real estate developer shall

(a) in accordance with section 105, verify the identity of a person who conducts a transaction in respect of which they are required to keep a record under section 64;

(b) in accordance with section 109, verify the identity of a corporation that conducts a transaction referred to in paragraph (a) or on whose behalf a person conducts such a transaction; and

(c) in accordance with section 112, verify the identity of an entity, other than a corporation, that conducts a transaction referred to in paragraph (a) or on whose behalf a person conducts such a transaction.

## **Casinos**

### **103** A casino shall

(a) in accordance with section 105, verify the identity of a person

(i) for whom the casino opens an account,

(ii) who is authorized to give instructions in respect of the account but who does not hold an account with the casino,

(iii) who receives a disbursement in respect of which the casino is required to make a report under section 71,

(iv) who conducts a transaction in respect of which the casino is required to keep a record under paragraph 74(2)(a),

(v) who requests that the casino exchange an amount of \$3,000 or more in a foreign currency exchange transaction,

(vi) who requests that the casino initiate an electronic funds transfer in respect of which the casino is required to keep a record under paragraph 74(2)(c), or

(vii) who is the beneficiary of an international electronic funds transfer in respect of which the casino is required to keep a record under paragraph 74(2)(e);

(b) in accordance with section 109, verify the identity of a corporation for which the casino opens an account; and

(c) in accordance with section 112, verify the identity of an entity, other than a corporation, for which the casino opens an account.

## **Departments and Agents or Mandataries of Her Majesty in Right of Canada or of a Province That Issue, Sell or Redeem Money Orders**

### **104** A department or an agent of Her Majesty in right of Canada or an agent or mandatary of Her Majesty in right of a province shall

(a) in accordance with section 105, verify the identity of a person in respect of whom they are required to keep a record under subparagraph 82(a)(ii) or (b)(ii);

(b) in accordance with section 109, verify the identity of a corporation in respect of which they are required to keep an information record under subparagraph 82(a)(iii) or (b)(iii); and

(c) in accordance with section 112, verify the identity of an entity, other than a corporation, in respect of which they are required to keep an information record under subparagraph 82(a)(iii) or (b)(iii).

## **PART 3**

### **Measures for Verifying Identity**

#### **105 (1)** A person or entity that is required to verify a person's identity shall do so

(a) by referring to an identification document that contains the person's name and photograph and that is issued by the federal government or a provincial government or by a foreign government that is not a municipal government, and by confirming that the name and photograph are those of the person;

**(b)** by referring to information concerning the person that the person or entity that is verifying their identity receives, on request, from a federal or provincial government body — or an agent or mandatary of that body — that is authorized in Canada to verify the identity of persons, and by confirming that either the name and address or the name and date of birth included in the information are those of the person;

**(c)** by referring to information that is in the person's credit file — if that file is located in Canada and has been in existence for at least three years and the information is derived from more than one source — and by confirming that the name, address and date of birth in the credit file are those of the person;

**(d)** by doing any two of the following:

**(i)** referring to information from a reliable source that includes the person's name and address, and confirming that the name and address are those of the person,

**(ii)** referring to information from a reliable source that includes the person's name and date of birth, and confirming that the name and date of birth are those of the person,

**(iii)** referring to information that includes the person's name and confirms that they hold a deposit account, a prepaid payment product account or a credit card or other loan account with a financial entity, and confirming that information; or

**(e)** by confirming that one of the following entities previously verified the person's identity in accordance with any of paragraphs (a) to (d) or previously ascertained the person's identity in accordance with these Regulations, as they read at the time, and that the name, address and date of birth in the entity's record are those of the person:

**(i)** an entity that is referred to in any of paragraphs 5(a) to (g) of the Act and that is affiliated with the entity that is verifying the person's identity,

**(ii)** an entity that carries out activities outside Canada that are similar to the activities of a person or entity referred to in any of paragraphs 5(a) to (g) of the Act and that is affiliated with the entity that is verifying the person's identity,

**(iii)** a financial entity that is subject to the Act and that is a member of the same financial services cooperative or credit union central as the entity that is verifying the person's identity.

**(2)** The identity of a person who is under 12 years of age shall be verified for the purposes of subsection (1) by verifying the identity of one of their parents or their guardian or tutor.

**(3)** The identity of a person who is at least 12 years of age but not more than 15 years of age may be verified by referring under subparagraph (1)(d)(i) to information that includes the name and address of one of the person's parents or their guardian or tutor, and by confirming that the address is that of the person.

**(4)** For the purposes of subparagraphs (1)(d)(i) to (iii), the information that is referred to must not be from, or derived from, the same source and neither the person whose identity is being verified nor the person or entity that is verifying their identity can be a source. If information in a credit file is referred to, the credit file must have been in existence for at least six months.

**(5)** A document that is used by a person or entity to verify identity under subsection (1) must be authentic, valid and current. Other information that is used for that purpose must be valid and current.

**(6)** In the case of a retail deposit account referred to in subsection 448.1(1) of the *Bank Act*, if a person or entity cannot verify a person's identity in accordance with one of paragraphs (1)(a) to (e) of this section, they are deemed to comply with subsection (1) if the person who requests that the account be opened meets the conditions set out in subsection 4(1) or (2) of the *Access to Basic Banking Services Regulations*.

**(7)** The identity shall be verified

**(a)** in the cases referred to in section 84, subparagraphs 86(a)(iii) and 88(a)(iii), paragraphs 95(1)(a) to (f), 96(a), 97(1)(a), 100(a), 101(1)(a) and 102(a), subparagraphs 103(a)(iii) to (vii) and

paragraph 104(a), at the time of the transaction;

**(b)** subject to paragraph (j), in the cases referred to in subparagraphs 86(a)(i) and (ii) and paragraph 94(a), before the first transaction, other than an initial deposit, is carried out on the account;

**(c)** in the case referred to in section 85, before the transaction or attempted transaction is reported under section 7 of the Act;

**(d)** in the case referred to in paragraph 87(a), before a credit card is issued on the account;

**(e)** in the case referred to in subparagraph 88(a)(i), before the prepaid payment product account is activated;

**(f)** in the case referred to in subparagraph 88(a)(ii), before the first transaction is carried out by the authorized user on the prepaid payment product account;

**(g)** in the cases referred to in paragraphs 89(a) and (d) and subparagraph 89(e)(i), within 15 days after the day on which the trust company becomes the trustee;

**(h)** subject to paragraph (j), in the case referred to in paragraph 92(a), within 30 days after the day on which the information record is created;

**(i)** in the cases referred to in subparagraphs 103(a)(i) and (ii), before any funds are disbursed; and

**(j)** in the case of a group plan account, at the time a contribution in respect of a member of the group plan is made to the plan.

**106 (1)** A person or entity that is required to verify a person's identity in accordance with subsection 105(1) may rely on an agent or mandatary to take the measures to do so.

**(2)** The person or entity may rely on measures that were previously taken by an agent or mandatary to verify the person's identity if the agent or mandatary was, at the time they took the measures,

**(a)** acting in their own capacity, whether or not they were required to take the measures under these Regulations; or

**(b)** acting as an agent or mandatary under a written agreement or arrangement that was entered into, with another person or entity that is required to verify a person's identity, for the purposes of verifying identity in accordance with subsection 105(1) or, if the measures were taken before the coming into force of this subsection, that was entered into, with another person or entity that was required to ascertain a person's identity, for the purposes of ascertaining identity in accordance with these Regulations as they read at the time the measures were taken.

**(3)** In order to rely, under subsection (1) or (2), on measures taken by an agent or mandatary, the person or entity shall

**(a)** have entered into a written agreement or arrangement with the agent or mandatary for the purposes of verifying a person's identity in accordance with subsection 105(1);

**(b)** as soon as feasible, obtain from the agent or mandatary the information that the agent or mandatary referred to in order to verify the person's identity and the information that the agent or mandatary confirmed as being that of the person; and

**(c)** be satisfied that the information that the agent or mandatary confirmed as being that of the person is valid and current and that the agent or mandatary verified the person's identity in the manner described in one of paragraphs 105(1)(a) to (d) or, if the measures were taken before the coming into force of this section, that the agent or mandatary ascertained the person's identity in accordance with these Regulations, as they read at the time the measures were taken.

**107 (1)** A person or entity that is required to verify a person's identity in accordance with subsection 105(1) may rely on measures that were previously taken by another person or entity if

**(a)** the other person or entity is referred to in section 5 of the Act; or

**(b)** the other entity is affiliated with the entity that is required to verify the person's identity or with another entity referred to in section 5 of the Act and carries out activities outside Canada that are similar to those of a person or entity that is referred to in any of paragraphs 5(a) to (g) of the Act.

**(2)** The person or entity that is required to verify a person's identity shall not rely on measures that were previously taken by an entity referred to in paragraph (1)(b) unless they are satisfied, after taking into account the risk of money laundering or terrorist activity financing offences in the foreign state in which that entity carries out the activities, that

**(a)** the entity applies policies that establish requirements similar to those in sections 6, 6.1 and 9.6 of the Act; and

**(b)** the entity's compliance with those policies is subject to the supervision of a competent authority under the legislation of that foreign state.

**(3)** In order to rely, under subsection (1), on measures taken by another person or entity, the person or entity that is required to verify a person's identity shall

**(a)** as soon as feasible, obtain from the other person or entity the information that was confirmed as being that of the person and be satisfied that the information is valid and current and that the other person or entity verified the person's identity in the manner described in one of paragraphs 105(1)(a) to (d) or, if the measures were taken before the coming into force of this section, that the other person or entity ascertained the person's identity in accordance with these Regulations, as they read at the time the measures were taken; and

**(b)** have a written agreement or arrangement with the other person or entity that requires the other person or entity to provide them on request, as soon as feasible, with all of the information that the other person or entity referred to in order to verify the person's identity.

**108** A person or entity that is required to verify a person's identity under these Regulations shall keep a record that sets out the person's name and the following information:

**(a)** if the person or entity verified the person's identity in accordance with paragraph 105(1)(a), the date on which they did so, the type of document referred to, its number, the jurisdiction and country of issue of the document and, if applicable, its expiry date;

**(b)** if the person or entity verified the person's identity in accordance with paragraph 105(1)(b), the date on which they did so, the source of the information, the type of information referred to and a number associated with the information;

**(c)** if the person or entity verified the person's identity in accordance with paragraph 105(1)(c), the date on which they did so, the source of the information and the number of the person's credit file;

**(d)** if the person or entity verified the person's identity in accordance with paragraph 105(1)(d), the date on which they did so, the source of the information, the type of information referred to and the account number included in it or, if there is no account number included in it, a number associated with the information;

**(e)** if the entity verified the person's identity in accordance with paragraph 105(1)(e), the date on which it did so, the name of the entity that had previously verified that person's identity, the manner in which the person's identity had previously been verified under one of paragraphs 105(1)(a) to (d) and the applicable information referred to in one of paragraphs (a) to (d) of this section that is associated with that manner of verifying identity;

**(f)** if the entity verified the person's identity in accordance with paragraph 105(1)(e) and the other entity had previously ascertained the person's identity before the coming into force of this section, the date on which the entity verified the person's identity in accordance with paragraph 105(1)(e), the name of the other entity, the manner in which the other entity had previously ascertained the person's identity in accordance with these Regulations, as they read at the time the other entity ascertained the person's identity, and the applicable information referred to in the record-keeping provision that is related to that manner, as it read at that time;

**(g)** if, under subsection 105(6), the person or entity is deemed to have complied with subsection 105(1), the reasons why the person's identity could not be verified in the manner set out in one of paragraphs 105(1)(a) to (e) and the date on which the conditions set out in subsection 4(1) or (2) of the *Access to Basic Banking Services Regulations* were met;

**(h)** if, in accordance with subsection 106(1) or (2), the person or entity relied on measures taken by an agent or mandatary, all of the information that they obtain under paragraph 106(3)(b); or

**(i)** if, in accordance with subsection 107(1), the person or entity relied on measures taken by another person or entity, all of the information that is provided to them under paragraph 107(3)(b).

**109 (1)** A person or entity that is required to verify a corporation's identity shall do so by referring to its certificate of incorporation, to a record that it is required to file annually under applicable provincial securities legislation or to the most recent version of any other record that confirms its existence as a corporation and contains its name and address and the names of its directors.

**(2)** A record that is used to verify identity under subsection (1) must be authentic, valid and current.

**(3)** The names of a corporation's directors do not need to be confirmed if the corporation is a securities dealer.

**(4)** The corporation's identity shall be verified

**(a)** in the cases referred to in section 84 and subparagraph 88(b)(ii), at the time of the transaction;

**(b)** in the case referred to in section 85, before the transaction or attempted transaction is reported under section 7 of the Act;

**(c)** in the cases referred to in paragraphs 86(b) and 103(b), before the first transaction, other than the initial deposit, is carried out on the account;

**(d)** in the case referred to in paragraph 87(b), before a credit card is issued on the account;

**(e)** in the case referred to in subparagraph 88(b)(i), before the prepaid payment product account is activated;

**(f)** in the cases referred to in paragraph 89(b) and subparagraph 89(e)(ii), within 15 days after the day on which the trust company becomes the trustee;

**(g)** in the cases referred to in paragraph 92(b), subsection 95(3) and paragraph 104(b), within 30 days after the day on which the information record is created;

**(h)** in the case referred to in paragraph 94(b), within 30 days after the day on which the account is opened; and

**(i)** in the cases referred to in paragraphs 96(b), 97(1)(b), 100(b), 101(1)(b) and 102(b), within 30 days after the day on which the transaction is conducted.

**(5)** If a person or entity that is required to verify a corporation's identity does so by referring to an electronic version of a record that is contained in a database that is accessible to the public, they shall keep a record that sets out the corporation's registration number, the type of record referred to and the source of the electronic version of the record. In any other case, they shall keep the record or a copy of it.

**110 (1)** A person or entity that is required to verify a corporation's identity in accordance with subsection 109(1) may rely on measures that were previously taken by another person or entity if

**(a)** the other person or entity is referred to in section 5 of the Act; or

**(b)** the other entity is affiliated with the one that is required to verify the corporation's identity or with another entity referred to in section 5 of the Act and carries out activities outside Canada that are similar to those of a person or entity that is referred to in any of paragraphs 5(a) to (g) of the Act.

**(2)** The person or entity that is required to verify a corporation's identity shall not rely on measures that were previously taken by an entity referred to in paragraph (1)(b) unless they are satisfied, after taking into account the risk of money laundering or terrorist activity financing offences in the foreign state in which that entity carries out the activities, that

**(a)** the entity applies policies that establish requirements similar to those in sections 6, 6.1 and 9.6 of the Act; and

**(b)** the entity's compliance with those policies is subject to the supervision of a competent authority under the legislation of that foreign state.

**(3)** In order to rely, under subsection (1), on measures taken by another person or entity, the person or entity that is required to verify a corporation's identity shall

**(a)** as soon as feasible, obtain from the other person or entity the information that was confirmed as being that of the corporation and be satisfied that the information is valid and current and that the other person or entity verified the corporation's identity in the manner described in subsection 109(1) or, if the measures were taken before the coming into force of this section, that the other person or entity confirmed the corporation's existence and ascertained its name and address and the names of its directors in accordance with these Regulations, as they read at the time the measures were taken; and

**(b)** have a written agreement or arrangement with the other person or entity that requires the other person or entity to provide them on request, as soon as feasible, with all of the information that the other person or entity referred to in order to verify the corporation's identity.

**111 (1)** If a person or entity that is referred to in any of paragraphs 5(a) to (g) of the Act and that is required to verify a corporation's identity in accordance with subsection 109(1) considers, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, that there is a low risk of a money laundering offence or terrorist activity financing offence, they are deemed to comply with subsection 109(1) if

**(a)** the corporation whose identity is to be verified

**(i)** is an entity that is referred to in any of those paragraphs 5(a) to (g),

**(ii)** is a foreign corporation that carries out activities that are similar to those of an entity that is referred to in any of those paragraphs,

**(iii)** administers a pension or investment fund that is regulated under the legislation of a foreign state and that either is created by a foreign government or is subject to the supervision of a competent authority under the legislation of that foreign state,

**(iv)** is one whose shares are traded on a Canadian stock exchange or a stock exchange designated under subsection 262(1) of the *Income Tax Act*,

**(v)** is a subsidiary of a corporation that is referred to in any of subparagraphs (i) to (iv) or of an entity that is referred to in any of subparagraphs 114(1)(a)(i) to (iv) and is one whose financial statements are consolidated with the financial statements of that corporation or entity,

**(vi)** is an institution or agency of, or is owned by, the government of a foreign state, or

**(vii)** is a *public service body*, as defined in subsection 123(1) of the *Excise Tax Act*;

**(b)** within the applicable time referred to in one of paragraphs 109(5)(a) to (i), they are satisfied that the corporation exists and that every person who deals with them on behalf of the corporation is authorized by it to do so; and

**(c)** they keep a record that sets out the grounds for considering that there is a low risk of a money laundering offence or terrorist activity financing offence and the information obtained about the corporation and the persons referred to in paragraph (b).

**(2)** If the person or entity subsequently considers, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, that the risk of a money laundering offence or terrorist activity financing offence has increased and is no longer low, they shall verify the corporation's identity in accordance with subsection 109(1) as soon as feasible.

**112 (1)** A person or entity that is required to verify the identity of an entity other than a corporation shall do so by referring to a partnership agreement, to articles of association or to the most recent version of any other record that confirms its existence and contains its name and address.

**(2)** A record that is used to verify identity under subsection (1) must be authentic, valid and current.

**(3)** The entity's identity shall be verified

**(a)** in the cases referred to in section 84 and subparagraph 88(c)(ii), at the time of the transaction;

**(b)** in the case referred to in section 85, before the transaction or attempted transaction is reported under section 7 of the Act;

**(c)** in the cases referred to in paragraphs 86(c) and 103(c), before the first transaction, other than the initial deposit, is carried out on the account;

**(d)** in the case referred to in paragraph 87(c), before a credit card is issued on the account;

**(e)** in the case referred to in subparagraph 88(c)(i), before the prepaid payment product account is activated;

**(f)** in the cases referred to in paragraph 89(c) and subparagraph 89(e)(ii), within 15 days after the day on which the trust company becomes the trustee;

**(g)** in the cases referred to in paragraph 92(c), subsection 95(4) and paragraph 104(c), within 30 days after the day on which the information record is created;

**(h)** in the case referred to in paragraph 94(c), within 30 days after the day on which the account is opened; and

**(i)** in the cases referred to in paragraphs 96(c), 97(1)(c), 100(c), 101(1)(c) and 102(c), within 30 days after the day on which the transaction is conducted.

**(4)** If the person or entity that is required to verify an entity's identity does so by referring to an electronic version of a record that is contained in a database that is accessible to the public, they shall keep a record that sets out the entity's registration number, the type of record referred to and the source of the electronic version of the record. In any other case, they shall keep the record or a copy of it.

**113 (1)** A person or entity that is required to verify an entity's identity in accordance with subsection 112(1) may rely on measures that were previously taken by another person or entity if

**(a)** the other person or entity is referred to in section 5 of the Act; or

**(b)** the other entity is affiliated with the one that is required to verify the entity's identity or with another entity referred to in section 5 of the Act and carries out activities outside Canada that are similar to those of a person or entity that is referred to in any of paragraphs 5(a) to (g) of the Act.

**(2)** The person or entity that is required to verify an entity's identity shall not rely on measures that were previously taken by an entity referred to in paragraph (1)(b) unless they are satisfied, after taking into account the risk of money laundering or terrorist activity financing offences in the foreign state in which that entity carries out the activities, that

**(a)** the entity applies policies that establish requirements similar to those in sections 6, 6.1 and 9.6 of the Act; and

**(b)** the entity's compliance with those policies is subject to the supervision of a competent authority under the legislation of that foreign state.

**(3)** In order to rely, under subsection (1), on measures taken by another person or entity, the person or entity that is required to verify an entity's identity shall

(a) as soon as feasible, obtain from the other person or entity the information that was confirmed as being that of the entity and be satisfied that the information is valid and current and that the other person or entity verified the entity's identity in the manner described in subsection 112(1) or, if the measures were taken before the coming into force of this section, that the other person or entity confirmed the entity's existence in accordance with these Regulations, as they read at the time the measures were taken; and

(b) have a written agreement or arrangement with the other person or entity that requires the other person or entity to provide them on request, as soon as feasible, with all of the information that the other person or entity referred to in order to verify the entity's identity.

**114 (1)** If a person or entity that is referred to in any of paragraphs 5(a) to (g) of the Act and that is required to verify an entity's identity in accordance with subsection 112(1) considers, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, that there is a low risk of a money laundering offence or terrorist activity financing offence, they are deemed to comply with subsection 112(1) if

(a) the entity whose identity is to be verified

(i) is an entity that is referred to in any of those paragraphs 5(a) to (g),

(ii) is a foreign entity that carries out activities that are similar to those of an entity that is referred to in any of those paragraphs,

(iii) administers a pension or investment fund that is regulated under the legislation of a foreign state and that either is created by a foreign government or is subject to the supervision of a competent authority under the legislation of that foreign state,

(iv) is one whose shares are traded on a Canadian stock exchange or a stock exchange designated under subsection 262(1) of the *Income Tax Act*,

(v) is a subsidiary of an entity that is referred to in any of subparagraphs (i) to (iv) or of a corporation that is referred to in any of subparagraphs 111(1)(a)(i) to (iv) and is one whose financial statements are consolidated with the financial statements of that entity or corporation,

(vi) is an institution or agency of the government of a foreign state, or

(vii) is a *public service body*, as defined in subsection 123(1) of the *Excise Tax Act*;

(b) within the applicable time referred to in one of paragraphs 112(3)(a) to (i), they are satisfied that the entity exists and that every person who deals with them on behalf of the entity is authorized by it to do so; and

(c) they keep a record that sets out the grounds for considering that there is a low risk of a money laundering offence or terrorist activity financing offence and the information obtained about the entity and the persons referred to in paragraph (b).

(2) If the person or entity subsequently considers, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, that the risk of a money laundering offence or terrorist activity financing offence has increased and is no longer low, they shall verify the entity's identity in accordance with subsection 112(1) as soon as feasible.

## PART 4

### Requirements with Respect to Persons Referred to in Subsection 9.3(1) of the Act

#### Application of Parts 5 and 6

**115** The provisions of this Part are subject to the provisions of Parts 5 and 6.

#### Financial Entities

**116 (1)** A financial entity shall take reasonable measures to determine whether

(a) either of the following persons is a politically exposed foreign person, a politically exposed domestic person, a head of an international organization, a family member — referred to in subsection 2(1) — of one of those persons or a person who is closely associated with a politically exposed foreign person:

- (i) a person for whom it opens an account,
- (ii) a person who is identified as an authorized user; and

(b) any of the following persons is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons:

- (i) a person who requests that it initiate an international electronic funds transfer of \$100,000 or more,
- (ii) a beneficiary for whom it finally receives an international electronic funds transfer of \$100,000 or more,
- (iii) a person who makes a payment of \$100,000 or more to a prepaid payment product account,
- (iv) a person who requests that it transfer virtual currency in an amount of \$100,000 or more,
- (v) a beneficiary for whom it receives virtual currency in an amount of \$100,000 or more.

(2) A financial entity shall take reasonable measures on a periodic basis to determine whether either of the following persons is a politically exposed foreign person, a politically exposed domestic person, a head of an international organization, a family member — referred to in subsection 2(1) — of one of those persons or a person who is closely associated with a politically exposed foreign person:

- (a) a holder of an account;
- (b) an authorized user.

(3) If a financial entity or any of its employees or officers detects a fact that constitutes reasonable grounds to suspect that a person referred to in paragraph (2)(a) or (b) is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons, the financial entity shall take reasonable measures to determine whether they are such a person.

**Life Insurance Companies and Life Insurance Brokers or Agents**

**117** A life insurance company or life insurance broker or agent shall take reasonable measures to determine whether either of the following persons is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons:

- (a) a person who makes a lump-sum payment of \$100,000 or more in respect of an immediate or deferred annuity or a life insurance policy;
- (b) a beneficiary to whom they are to remit an amount of \$100,000 or more over the duration of an immediate or deferred annuity or a life insurance policy.

**118** Section 117 does not apply to a life insurance company or a life insurance broker or agent when they are dealing in reinsurance.

**Securities Dealers**

**119 (1)** A securities dealer shall take reasonable measures to determine whether a person for whom they open an account is a politically exposed foreign person, a politically exposed domestic person, a head of an international organization, a family member — referred to in subsection 2(1) — of one of those persons or a person who is closely associated with a politically exposed foreign person.

**(2)** A securities dealer shall take reasonable measures on a periodic basis to determine whether an account holder is a politically exposed foreign person, a politically exposed domestic person, a head of an international organization, a family member — referred to in subsection 2(1) — of one of those persons or a person who is closely associated with a politically exposed foreign person.

**(3)** If a securities dealer or any of their employees or officers detects a fact that constitutes reasonable grounds to suspect that an account holder is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons, the securities dealer shall take reasonable measures to determine whether the account holder is such a person.

### **Money Services Businesses and Foreign Money Services Businesses**

**120 (1)** A money services business shall take reasonable measures to determine whether any of the following persons is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons:

**(a)** a person who requests that the money services business initiate an international electronic funds transfer of \$100,000 or more;

**(b)** a beneficiary for whom the money services business finally receives an international electronic funds transfer of \$100,000 or more;

**(c)** a person who requests that the money services business transfer virtual currency in an amount of \$100,000 or more;

**(d)** a beneficiary for whom the money services business receives virtual currency in an amount of \$100,000 or more.

**(2)** A foreign money services business shall take reasonable measures to determine whether any of the following persons is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons:

**(a)** a person who requests that the foreign money services business initiate an international electronic funds transfer of \$100,000 or more in the course of providing services in Canada;

**(b)** a beneficiary for whom the foreign money services business finally receives an international electronic funds transfer of \$100,000 or more in the course of providing services in Canada;

**(c)** a person who requests that the foreign money services business transfer virtual currency in an amount of \$100,000 or more in the course of providing services in Canada;

**(d)** a beneficiary for whom the foreign money services business receives virtual currency in an amount of \$100,000 or more in the course of providing services in Canada.

### **Required Measures**

**121 (1)** A financial entity or securities dealer that determines under paragraph 116(1)(a), subsection 116(2) or (3) or section 119 that a person is a politically exposed foreign person or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, such a person shall

**(a)** take reasonable measures to establish the source of the funds or virtual currency that have been, will be or are expected to be deposited into the account in question and the source of the person's wealth;

**(b)** obtain the approval of a member of senior management to keep the account open; and

**(c)** take the special measures referred to in section 157.

**(2)** A financial entity or securities dealer shall also take the measures referred to in paragraphs (1)(a) to (c) if

**(a)** they determine under paragraph 116(1)(a), subsection 116(2) or (3) or section 119 that a person is a politically exposed domestic person, a head of an international organization or a family member — referred to in subsection 2(1) — of one of those persons or they determine under subsection 116(3) or 119(3) that a person is closely associated with a politically exposed domestic person or a head of an international organization; and

**(b)** they consider, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, that there is a high risk of a money laundering offence or terrorist activity financing offence.

**(3)** A financial entity or securities dealer shall take the reasonable measures referred to in paragraph 116(1)(a) and subsections 116(3) and 119(1) and (3) — and, if applicable, shall take the measures referred to in paragraphs (1)(a) and (b) — within 30 days after the day on which the account is opened or the fact is detected, as the case may be.

**122 (1)** A financial entity, life insurance company, life insurance broker or agent, money services business or foreign money services business that determines under subparagraph 116(1)(b)(i) or (iii), paragraph 117(a) or 120(1)(a) or (2)(a) that a person is a politically exposed foreign person or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, such a person shall

**(a)** take reasonable measures to establish the source of the funds or virtual currency used for the transaction and the source of the person's wealth; and

**(b)** ensure that a member of senior management reviews the transaction.

**(2)** A financial entity, money services business or foreign money services business that determines under subparagraph 116(1)(b)(iv) or paragraph 120(1)(c) or (2)(c) that a person is a politically exposed foreign person or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, such a person shall

**(a)** take reasonable measures to establish the source of the virtual currency used for the transaction and the source of the person's wealth; and

**(b)** ensure that a member of senior management reviews the transaction.

**(3)** A financial entity, money services business or foreign money services business that determines under subparagraph 116(1)(b)(ii) or (v) or paragraph 120(1)(b) or (d) or (2)(b) or (d) that a beneficiary is a politically exposed foreign person or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, such a person shall ensure that a member of senior management reviews the transaction.

**(4)** A life insurance company or life insurance broker or agent that determines under paragraph 117(b) that a beneficiary is a politically exposed foreign person or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, such a person shall

**(a)** take reasonable measures to establish the source of the funds or virtual currency that they receive from an annuitant of an immediate or deferred annuity or from a holder of a life insurance policy referred to in that paragraph and the source of the beneficiary's wealth; and

**(b)** ensure that a member of senior management reviews the transaction.

**(5)** A financial entity, life insurance company, life insurance broker or agent, money services business or foreign money services business shall also take the measures referred to in paragraphs (1)(a) and (b) if

**(a)** they determine under subparagraph 116(1)(b)(i) or (iii) or paragraph 117(a) or 120(1)(a) or (2)(a) that a person is a politically exposed domestic person or a head of an international organization, or

a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons; and

(b) they consider, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, that there is a high risk of a money laundering offence or terrorist activity financing offence.

**(6)** A financial entity, money services business or foreign money services business shall also take the measures referred to in paragraphs (2)(a) and (b) if

(a) they determine under subparagraph 116(1)(b)(iv) or paragraph 120(1)(c) or (2)(c) that a person is a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons; and

(b) they consider, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, that there is a high risk of a money laundering offence or a terrorist activity financing offence.

**(7)** A financial entity, money services business or foreign money services business shall also take the measure referred to in subsection (3) if

(a) they determine under subparagraph 116(1)(b)(ii) or (v) or paragraph 120(1)(b) or (d) or (2)(b) or (d) that a beneficiary is a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons; and

(b) they consider, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, there is a high risk of a money laundering offence or a terrorist activity financing offence.

**(8)** A life insurance company or life insurance broker or agent shall also take the measures referred to in paragraphs (4)(a) and (b) if

(a) they determine under paragraph 117(b) that a beneficiary is a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons; and

(b) they consider, based on an assessment of the risk referred to in subsection 9.6(2) of the Act, that there is a high risk of a money laundering offence or terrorist activity financing offence.

**(9)** A financial entity, life insurance company, life insurance broker or agent, money services business or foreign money services business shall take the reasonable measures referred to in paragraphs 116(1)(b) and 117(a) and subsections 120(1) and (2) — and, if applicable, shall take the measures referred to in paragraphs (1)(a) and (b), (2)(a) and (b) or subsection (3), as the case may be — within 30 days after the day on which the transaction is conducted.

**(10)** A life insurance company or life insurance broker or agent shall take the reasonable measures referred to in paragraph 117(b) before they first remit funds to the beneficiary under the annuity or policy and, if applicable, shall take the measures referred to in paragraphs (4)(a) and (b) before the transaction is conducted.

## Requirements To Keep Records

**123 (1)** If a financial entity or securities dealer obtains approval under subsection 121(1) or (2) to keep an account open, they shall keep a record of

(a) the office or position and the organization or institution in respect of which the person is determined to be a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons;

(b) the date of the determination;

(c) the source, if known, of the funds or virtual currency that is or is expected to be deposited into the account or of the funds or virtual currency that is or is expected to be paid to the prepaid

payment product account;

(d) the source, if known, of the person's wealth;

(e) the name of the member of senior management who gave the approval; and

(f) the date of that approval.

(2) If a transaction that is conducted with a financial entity, money services business or foreign money services business is reviewed under any of subsections 122(1) to (3) and (5) to (7), the financial entity, money services business or foreign money services business shall keep a record of

(a) the office or position and the organization or institution in respect of which the person is determined to be a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons;

(b) the date of the determination;

(c) the source, if known, of the funds or virtual currency used for the transaction;

(d) the source, if known, of the person's wealth;

(e) the name of the member of senior management who reviewed the transaction; and

(f) the date of that review.

(3) If a transaction that is conducted with a life insurance company or life insurance broker or agent is reviewed under any of subsections 122(1), (4), (5) and (8), the life insurance company or life insurance broker or agent shall keep a record of

(a) the office or position and the organization or institution in respect of which the person is determined to be a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons;

(b) the date of the determination;

(c) the source, if known, of the funds or virtual currency used for a transaction referred to in paragraph 117(a) or of the funds or virtual currency that they receive from an annuitant of an immediate or deferred annuity or a holder of a life insurance policy referred to in paragraph 117(b);

(d) the source, if known, of the person's wealth;

(e) the name of the member of senior management who reviewed the transaction; and

(f) the date of that review.

## PART 5

### General Provisions

#### Electronic Funds Transfers

**124 (1)** For the purposes of section 9.5 of the Act, the prescribed persons or entities are the financial entities, money services businesses, foreign money services businesses and casinos that are required to keep a record under these Regulations in respect of an electronic funds transfer.

(2) For the purposes of section 9.5 of the Act, the prescribed electronic funds transfers are international electronic funds transfers, as well as other *electronic funds transfers* within the meaning of subsection 1(2) that are SWIFT MT-103 messages or their equivalent.

(3) For the purposes of paragraph 9.5(a) of the Act, the prescribed information is

(a) the beneficiary's name and address; and

(b) if applicable, the account number or other reference number, if any, of the beneficiary.

(4) Every person or entity referred in subsection (1) must develop and apply written risk-based policies and procedures for determining, in the case of an electronic funds transfer received by them that, despite reasonable measures taken under paragraph 9.5(b) of the Act, does not have included with it any of the information required under paragraph 9.5(a) of the Act, whether they should suspend or reject the electronic funds transfer and any follow-up measures to be taken.

### Foreign Currency or Virtual Currency

**125** If a transaction is conducted in a foreign currency or virtual currency, the amount of the transaction shall be converted into Canadian dollars using

(a) the exchange rate that is published by the Bank of Canada for that foreign currency or virtual currency and that is in effect at the time of the transaction; or

(b) if no exchange rate is published by the Bank of Canada for that foreign currency or virtual currency, the exchange rate that the person or entity would use in the ordinary course of business at the time of the transaction.

### Transactions That Are Deemed To Be Single

**126** If a person or entity that is required under these Regulations to report the receipt from a person or entity of an amount in cash or to keep a large cash transaction record receives amounts in cash that total \$10,000 or more in two or more transactions that are made within 24 consecutive hours, those transactions are deemed to be a single transaction of \$10,000 or more if that person or entity knows that

(a) the transactions are conducted by the same person or entity;

(b) the transactions are conducted on behalf of the same person or entity; or

(c) the amounts are for the same beneficiary.

**127 (1)** If a person or entity that is required to report the initiation of an international electronic funds transfer under these Regulations initiates two or more international electronic funds transfers that total \$10,000 or more within 24 consecutive hours, those transactions are deemed to be a single transaction of \$10,000 or more if that person or entity knows that

(a) the electronic funds transfers are initiated at the request of the same person or entity;

(b) the requests are made on behalf of the same person or entity; or

(c) the amounts are for the same beneficiary.

(2) Paragraphs (1)(a) and (b) do not apply if the requests to initiate the electronic funds transfers are made by or on behalf of

(a) a public body;

(b) a corporation or trust that has minimum net assets of \$75 million on its last audited balance sheet, whose shares or units are traded on a Canadian stock exchange or a stock exchange designated under subsection 262(1) of the *Income Tax Act* and that operates in a country that is a member of the Financial Action Task Force; or

(c) an administrator of a pension fund that is regulated under federal or provincial legislation.

**128 (1)** If a person or entity that is required to report the final receipt of an electronic funds transfer under these Regulations finally receives two or more electronic funds transfers that total \$10,000 or more within 24 consecutive hours, those transactions are deemed to be a single transaction of \$10,000 or more if that person or entity knows that

(a) the electronic funds transfers are initiated at the request of the same person or entity; or

(b) the amounts are for the same beneficiary.

(2) Paragraph (1)(b) does not apply if the beneficiary is

(a) a public body;

(b) a corporation or trust that has minimum net assets of \$75 million on its last audited balance sheet, whose shares or units are traded on a Canadian stock exchange or a stock exchange designated under subsection 262(1) of the *Income Tax Act* and that operates in a country that is a member of the Financial Action Task Force; or

(c) an administrator of a pension fund that is regulated under federal or provincial legislation.

**129 (1)** If a person or entity that is required under these Regulations to report the receipt from a person or entity of an amount in virtual currency or to keep a large virtual currency transaction record receives amounts in virtual currency that total \$10,000 or more in two or more transactions that are made within 24 consecutive hours, those transactions are deemed to be a single transaction of \$10,000 or more if that person or entity knows that

(a) the transactions are conducted by the same person or entity;

(b) the transactions are conducted on behalf of the same person or entity; or

(c) the amounts are for the same beneficiary.

(2) Paragraph (1)(c) does not apply if the beneficiary is

(a) a public body;

(b) a corporation or trust that has minimum net assets of \$75 million on its last audited balance sheet, whose shares or units are traded on a Canadian stock exchange or a stock exchange designated under subsection 262(1) of the *Income Tax Act* and that operates in a country that is a member of the Financial Action Task Force; or

(c) an administrator of a pension fund that is regulated under federal or provincial legislation.

**130** If, within 24 consecutive hours, a casino makes two or more disbursements that total \$10,000 or more in any of the transactions referred to in paragraphs 71(a) to (h), those disbursements are deemed to be a single disbursement of \$10,000 or more if the casino knows that

(a) the disbursements are requested by the same person or entity;

(b) the disbursements are received by the same person or entity;

(c) the disbursements are requested on behalf of the same person or entity; or

(d) the disbursements are received on behalf of the same person or entity.

## Reports

**131 (1)** A report that is required to be made to the Centre under these Regulations shall be sent electronically in accordance with guidelines that are prepared by the Centre, if the sender has the technical capabilities to do so.

(2) The report shall be sent in paper format in accordance with guidelines that are prepared by the Centre, if the sender does not have the technical capabilities to send the report electronically.

(3) For greater certainty, although items in Schedules 1 to 6 are described in the singular, a person or entity shall report all known information that falls within an item.

**132 (1)** A report that is required to be made under these Regulations in respect of an electronic funds transfer shall be sent to the Centre within five working days after the day on which the person or entity initiates or finally receives the electronic funds transfer, as the case may be.

(2) A report that is required to be made under these Regulations in respect of a receipt of an amount in virtual currency shall be sent to the Centre within five working days after the day on which the person or entity transfers or receives the amount, as the case may be.

(3) A report that is required to be made under these Regulations in respect of a receipt of an amount in cash or in respect of a disbursement referred to in section 71 shall be sent to the Centre within 15 days after the day on which the person or entity receives the amount or makes the disbursement, as the case may be.

### **Transactions Conducted by Employees and Authorized Persons and Entities**

**133 (1)** For greater certainty, if a person who is subject to these Regulations is an employee of a person or entity referred to in any of paragraphs 5(a) to (l) of the Act, it is the employer rather than the employee that is responsible for complying with these Regulations.

(2) For greater certainty, if a person or entity that is subject to these Regulations, other than a life insurance broker or agent, is authorized to act on behalf of another person or entity referred to in any of paragraphs 5(a) to (l) of the Act in any capacity, including as an agent or mandatary, it is that other person or entity rather than the authorized person or entity that is responsible for complying with these Regulations.

### **Third-Party Determination**

**134 (1)** A person or entity that is required under these Regulations to report the receipt from a person or entity of an amount of \$10,000 or more in cash or in virtual currency or to keep a large cash transaction record or a large virtual currency transaction record shall, when they receive the amount in cash or virtual currency, take reasonable measures to determine whether the person from whom the cash or virtual currency is received is acting on behalf of a third party.

(2) If the person or entity determines that the person from whom the cash or virtual currency is received is acting on behalf of a third party, the person or entity shall take reasonable measures to obtain the following information and shall keep a record of the information obtained:

(a) if the third party is a person, their name, address and date of birth and the nature of their principal business or their occupation;

(b) if the third party is an entity, its name and address, the nature of its principal business, its registration or incorporation number and the jurisdiction and country of issue of that number; and

(c) the relationship between the third party and the person from whom the cash or virtual currency is received.

(3) If the person or entity is not able to determine whether the person from whom the cash or virtual currency is received is acting on behalf of a third party but there are reasonable grounds to suspect that they are, the person or entity shall keep a record that

(a) indicates whether, according to the person from whom the cash or virtual currency is received, they are acting on their own behalf only; and

(b) describes the reasonable grounds to suspect that they are acting on behalf of a third party.

### **45 The Regulations are amended by adding the following after section 135:**

**136 (1)** A person or entity that is required to keep an information record under these Regulations — other than one in connection with a life insurance policy referred to in paragraph 22(1) (b) — shall, when they create the information record, take reasonable measures to determine whether the person or entity to which it pertains is acting on behalf of a third party.

(2) If the person or entity determines that the person or entity to which the information record pertains is acting on behalf of a third party, the person or entity shall take reasonable measures to obtain the following information and shall keep a record of the information obtained:

(a) if the third party is a person, their name, address, telephone number and date of birth and the nature of their principal business or their occupation;

(b) if the third party is an entity, its name, address and telephone number, the nature of its principal business, its registration or incorporation number and the jurisdiction and country of issue of that number; and

(c) the relationship between the third party and the person or entity to which the information record pertains.

(3) If the person or entity is not able to determine whether the person or entity to which the information record pertains is acting on behalf of a third party but there are reasonable grounds to suspect that they are, the person or entity shall keep a record that

(a) indicates whether, according to the person or entity to which the information record pertains, they are acting on their own behalf only; and

(b) describes the reasonable grounds to suspect that the person or entity to which the information record pertains is acting on behalf of a third party.

**137 (1)** A casino that is required to report a disbursement under section 71 shall, when the casino makes the disbursement, take reasonable measures to determine whether the person or entity that requests that the disbursement be made is acting on behalf of a third party.

(2) If the casino determines that the person or entity that makes the request is acting on behalf of a third party, the casino shall take reasonable measures to obtain the following information and shall keep a record of the information obtained:

(a) if the third party is a person, their name, address, telephone number and date of birth and the nature of their principal business or their occupation;

(b) if the third party is an entity, its name, address and telephone number, the nature of its principal business, its registration or incorporation number and the jurisdiction and country of issue of that number; and

(c) the relationship between the third party and the person or entity that makes the request.

(3) If the casino is not able to determine whether the person or entity that makes the request is acting on behalf of a third party but there are reasonable grounds to suspect that they are, the casino shall keep a record that

(a) indicates whether, according to the person or entity that makes the request, they are acting on their own behalf only; and

(b) describes the reasonable grounds to suspect that the person or entity that makes the request is acting on behalf of a third party.

#### **46 The Regulations are amended by adding the following after section 138:**

**139** A trust company that is required to keep a record in respect of an *inter vivos* trust under these Regulations shall keep a record that sets out the name, address and telephone number of each beneficiary that is known when the trust company becomes a trustee for the *inter vivos* trust and

(a) if the beneficiary is a person, their date of birth and the nature of their principal business or their occupation; and

(b) if the beneficiary is an entity, the nature of its principal business.

#### **Deemed Receipt of Funds and Virtual Currency**

**140 (1)** For the purposes of paragraph 7(1)(a), section 18 or 25 or paragraph 30(1)(a) or 70(1)(a), if the person or entity that has the obligation to report authorizes another person or entity to receive funds on their behalf, and that other person or entity receives an amount of \$10,000 or more in cash in a single transaction in accordance with the authorization, the person or entity that has the obligation to report is deemed to have received the amount when it is received by the other person or entity.

**(2)** For the purposes of paragraph 33(1)(a), if the foreign money services business authorizes another person or entity to receive funds on their behalf from a person or entity in Canada, and that other person or entity receives an amount of \$10,000 or more in cash in a single transaction in accordance with the authorization, the foreign money services business is deemed to have received the amount when it is received by the other person or entity.

**(3)** For the purposes of section 39, 48, 54, 60, 66 or 78, if the person or entity that has the obligation to report authorizes another person or entity to receive funds on their behalf in connection with the activity referred to in that section, and that other person or entity receives an amount of \$10,000 or more in cash in a single transaction in accordance with the authorization, the person or entity that has the obligation to report is deemed to have received the amount when it is received by the other person or entity.

**141 (1)** For the purposes of paragraph 7(1)(d), section 19 or 26 or paragraph 30(1)(f) or 70(1)(d), if the person or entity that has the obligation to report authorizes another person or entity to receive virtual currency on their behalf, and that other person or entity receives an amount of \$10,000 or more in virtual currency in a single transaction in accordance with the authorization, the person or entity that has the obligation to report is deemed to have received the amount when it is received by the other person or entity.

**(2)** For the purposes of paragraph 33(1)(f), if the foreign money services business authorizes another person or entity to receive virtual currency on their behalf from a person or entity in Canada, and that other person or entity receives an amount of \$10,000 or more in virtual currency in a single transaction in accordance with the authorization, the foreign money services business is deemed to have received the amount when it is received by the other person or entity.

**(3)** For the purposes of section 40, 49, 55, 61, 67 or 79, if the person or entity that has the obligation to report authorizes another person or entity to receive virtual currency on their behalf in connection with the activity referred to in that section, and that other person or entity receives an amount of \$10,000 or more in virtual currency in a single transaction in accordance with the authorization, the person or entity that has the obligation to report is deemed to have received the amount when it is received by the other person or entity.

**142 (1)** For the purposes of section 10, 20, 27 or 31 or subsection 72(1), if the person or entity that has the obligation to keep a large cash transaction record authorizes another person or entity to receive funds on their behalf, and that other person or entity receives an amount of \$10,000 or more in cash in a single transaction in accordance with the authorization, the person or entity that has the obligation to keep the large cash transaction record is deemed to have received the amount when it is received by the other person or entity.

**(2)** For the purposes of section 34, if the foreign money services business authorizes another person or entity to receive funds on their behalf from a person or entity in Canada, and that other person or entity receives an amount of \$10,000 or more in cash in a single transaction in accordance with the authorization, the foreign money services business is deemed to have received the amount when it is received by the other person or entity.

**(3)** For the purposes of section 41, 50, 56, 62, 68 or 80, if the person or entity that has the obligation to keep a large cash transaction record authorizes another person or entity to receive funds on their behalf in connection with the activity referred to in that section, and that other person or entity receives an amount of \$10,000 or more in cash in a single transaction in accordance with the authorization, the person or entity that has the obligation to keep the large cash transaction record is deemed to have received the amount when it is received by the other person or entity.

**143 (1)** For the purposes of section 11, 21, 28, 32 or 73, if the person or entity that has the obligation to keep a large virtual currency transaction record authorizes another person or entity to receive virtual currency on their behalf, and that other person or entity receives an amount of \$10,000 or more in virtual currency in a single transaction in accordance with the authorization, the person or entity that has the obligation to keep the large virtual currency transaction record is deemed to have received the amount when it is received by the other person or entity.

**(2)** For the purposes of section 35, if the foreign money services business authorizes another person or entity to receive virtual currency on their behalf from a person or entity in Canada, and that other person or entity receives an amount of \$10,000 or more in virtual currency in a single transaction in accordance with the authorization, the foreign money services business is deemed to have received the amount when it is received by the other person or entity.

**(3)** For the purposes of section 42, 51, 57, 63, 69 or 81, if the person or entity that has the obligation to keep a large virtual currency transaction record authorizes another person or entity to receive virtual currency on their behalf in connection with the activity referred to in that section, and that other person or entity receives an amount of \$10,000 or more in virtual currency in a single transaction in accordance with the authorization, the person or entity that has the obligation to keep the large virtual currency transaction record is deemed to have received the amount when it is received by the other person or entity.

## **Record-keeping**

**144** A person or entity that sends a report to the Centre shall keep a copy of the report.

**145** Every person and entity that enters into a business relationship shall keep a record that sets out the purpose and intended nature of the business relationship.

**146 (1)** A person or entity that is required to verify the identity of another person or entity shall keep a record of the measures taken when they conduct ongoing monitoring of their business relationship with that person or entity and of the information obtained from that ongoing monitoring.

**(2)** Subsection (1) does not apply

**(a)** to a financial entity in respect of a group plan account held within a dividend reinvestment plan or a distribution reinvestment plan, including a plan that permits purchases of additional shares or units by the member with contributions other than the dividends or distributions paid by the sponsor of the plan, if the sponsor of the plan is an entity whose shares or units are traded on a Canadian stock exchange and that operates in a country that is a member of the Financial Action Task Force; or

**(b)** to a life insurance company or a life insurance broker or agent when they are dealing in reinsurance.

**147** If a record is required to be kept under these Regulations, the record or a copy of it may be kept in a machine-readable or electronic form if a paper copy can readily be produced from it.

**148 (1)** A person or entity that is required to keep records under these Regulations shall keep those records for a period of at least five years after

**(a)** the day on which the account to which they relate is closed, in the case of signature cards, account operating agreements, account applications, credit card applications, records setting out the intended use of the account and records that are required to be kept under paragraph 12(k) or subsection 123(1);

**(b)** the day on which the last business transaction is conducted, in the case of information records, certificates of incorporation, records that are required to be filed annually under applicable provincial securities legislation and similar records that prove a corporation's existence, partnership agreements, articles of association and similar records that prove the existence of an entity other than a corporation, records that are required to be kept under any of subsections 16(2), 123(2) and (3) and 138(3) and (5) and lists and records, other than information records, that are required to be kept under section 37; and

**(c)** the day on which they were created, in the case of all other records.

**(2)** For greater certainty, if a record that is kept under these Regulations is the property of a person's employer or of a person or entity with which the person is in a contractual relationship, the person is not required to keep the record after the end of their employment or the contractual relationship.

**149** Every record that is required to be kept under these Regulations shall be kept in such a way that it can be provided to an authorized person within 30 days after the day on which a request is made to examine it under section 62 of the Act.

## PART 6

### Exceptions

#### Payment Card Processing Activities

**150** Sections 7, 10 to 14, 16, 85 to 88 and 116, subsections 123(1) and (2), sections 135, 138 and 145 and subsection 148(1) do not apply to the activities of a financial entity in respect of the processing for a merchant of payments by credit card or prepaid payment product.

#### Requirements with Respect to Virtual Currency

**151 (1)** For greater certainty, paragraphs 7(1)(d), section 11, paragraphs 12(r) to (t), 13(h) and 14(1)(j) to (l), sections 19, 21, 26 and 28, paragraphs 30(1)(f), section 32, paragraph 33(1)(f), section 35, paragraphs 36(g), (h) and (j), sections 40, 42, 49, 51, 55, 57, 61, 63, 67 and 69, paragraph 70(1)(d) and sections 73, 79 and 81 do not apply to

(a) a transfer or receipt of virtual currency as compensation for the validation of a transaction that is recorded in a distributed ledger; or

(b) an exchange, transfer or receipt of a nominal amount of virtual currency for the sole purpose of validating another transaction or a transfer of information.

**(2)** In this section, *distributed ledger* means a digital ledger that is maintained by multiple persons or entities and that can only be modified by a consensus of those persons or entities.

#### Requirement To Report Information

**152 (1)** The requirement to report information set out in any of Schedules 1 to 6 does not apply in respect of information set out in an item of that Schedule that is not marked with an asterisk if, after taking reasonable measures to do so, the person or entity is unable to obtain the information.

**(2)** The requirement to report information set out in any of Schedules 1 to 4 and 6 does not apply in respect of information set out in an item of that Schedule that is marked with an asterisk if

(a) the information is with respect to two or more cash transactions referred to in section 126, electronic funds transfers referred to in section 127 or 128, virtual currency transactions referred to in section 129 or disbursements referred to in section 130 that are deemed to be a single transaction of \$10,000 or more; and

(b) after taking reasonable measures to do so, the person or entity is unable to obtain the information.

**(3)** For greater certainty, a person or entity is not required to report information set out in any item of Schedules 1 to 6 that is not applicable in the circumstances.

#### Requirement To Include Information in a Record

**153** A person or entity that is required to keep a record under these Regulations is not required to include information in that record that is readily obtainable from other records that they are required to keep under these Regulations.

#### Other Requirements

**154 (1)** Subparagraphs 86(a)(i) and (ii), paragraphs 87(a), 89(a) and (d), 94(a), 103(a) and 116(1)(a) and subsections 116(2) and (3) and 119(1) to (3) do not apply in respect of

(a) a business account, if the financial entity, securities dealer or casino has already verified the identity of at least three persons who are authorized to give instructions in respect of the account;

(b) a person who already has an account with the financial entity, securities dealer or casino, as the case may be; or

(c) an account that is opened at the request of an entity for the deposit by a life insurance company that is affiliated with the entity of a death benefit under a life insurance policy or annuity if

(i) the account is opened in the name of a beneficiary that is a person,

(ii) only that death benefit may be deposited into the account, and

(iii) the policy or annuity contract under which the claim for the death benefit is made has been in existence for a period of at least two years before the day on which the claim is made; and

(d) an account that is opened for the sale of mutual funds if there are reasonable grounds to believe that identity has been verified in accordance with subsection 105(1) by a securities dealer in respect of

(i) the sale of the mutual funds for which the account has been opened, or

(ii) a transaction that is part of a series of transactions that includes that sale.

**(2)** Sections 12 to 14, 22, 29, 43, 45 and 52, subsection 58(1), sections 64, 74, 82, 86 to 89, 92, 94, 96, 97 and 100, subsection 101(1) and sections 102 to 104, 116, 117, 119 and 123 do not apply in respect of

(a) the sale of an *exempt policy* as defined in subsection 306(1) of the *Income Tax Regulations*;

(b) the sale of a group life insurance policy that does not provide for a cash surrender value or a savings component;

(c) the sale of an immediate or deferred annuity that is paid for entirely with funds that are directly transferred from a registered pension plan or from a pension plan that is required to be registered under the *Pension Benefits Standards Act, 1985*, or similar provincial legislation;

(d) the sale of a registered annuity policy or a registered retirement income fund;

(e) the sale of an immediate or deferred annuity that is paid for entirely with the proceeds of a group life insurance policy;

(f) a transaction that is part of a reverse mortgage or structured settlement;

(g) the opening of an account for the deposit and sale of shares from a corporate demutualization or the privatization of a Crown corporation;

(h) the opening of an account in the name of an affiliate of a financial entity, if the affiliate carries out activities that are similar to those of persons and entities referred to in paragraphs 5(a) to (g) of the Act;

(i) the opening of a registered plan account, including a locked-in retirement plan account, a registered retirement savings plan account and a group registered retirement savings plan account;

(j) the opening of an account established in accordance with the escrow requirements of a Canadian securities regulator or Canadian stock exchange or provincial legislation;

(k) the opening of an account if the account holder or settlor is a pension fund that is regulated under federal or provincial legislation;

(l) the opening of an account in the name of, or in respect of which instructions are authorized to be given by, a financial entity, a securities dealer, a life insurance company or an investment fund that is regulated under provincial securities legislation;

(m) a public body;

(n) a corporation or trust that has minimum net assets of \$75 million on its last audited balance sheet, whose shares or units are traded on a Canadian stock exchange or a stock exchange designated under subsection 262(1) of the *Income Tax Act* and that operates in a country that is a member of the Financial Action Task Force;

(o) a subsidiary of a public body referred to in paragraph (m) or a corporation or trust referred to in paragraph (n) whose financial statements are consolidated with the financial statements of that public body, corporation or trust; or

(p) the opening of an account solely in the course of providing accounting services to a securities dealer.

(3) A financial entity, securities dealer, life insurance company or life insurance broker or agent is not required to verify the identity of, or to keep a signature card for, a person who is a member of a group plan account or to determine whether they are a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member — referred to in subsection 2(1) — of, or a person who is closely associated with, one of those persons if

(a) the member's contributions are made by the sponsor of the plan or by means of payroll deductions; and

(b) the identity of the plan sponsor has been verified in accordance with subsection 109(1) or 112(1).

(4) Subsections (1) to (3) do not apply if a person or entity conducts or attempts to conduct a transaction that is required to be reported to the Centre under section 7 of the Act.

**155 (1)** If a person or entity verifies a person's identity in accordance with subsection 105(1) and complies with section 108 — or if, before the coming into force of this subsection, they ascertained a person's identity in accordance with these Regulations, and complied with the related record-keeping provisions, as they read at the time — they are not required to verify the person's identity again unless they have doubts about the information that was used for that purpose.

(2) If a person or entity verifies a corporation's identity in accordance with subsection 109(1) — or if, before the coming into force of this subsection, they confirmed the corporation's existence and ascertained its name and address and the names of its directors in accordance with these Regulations, and complied with the related record-keeping provisions, as they read at the time — they are not required to verify it again unless they have doubts about the information that was used for that purpose.

(3) If a person or entity verifies the identity of an entity other than a corporation in accordance with subsection 112(1) — or if, before the coming into force of this subsection, they confirmed the entity's existence in accordance with these Regulations, and complied with the related record-keeping provisions, as they read at the time — they are not required to verify it again unless they have doubts about the information that was used for that purpose.

(4) If a person or entity determines that a person is a politically exposed foreign person or a family member, referred to in subsection 2(1), of such a person — or if, before the coming into force of this subsection, they determined that a person is a *politically exposed foreign person*, as defined in subsection 9.3(3) of the Act as it read at the time the determination was made — they are not required to make the determination again.

## PART 7

### Compliance Programs and Special Measures

**156 (1)** For the purposes of subsection 9.6(1) of the Act, a person or entity referred to in that subsection shall implement the compliance program referred to in that subsection by

(a) appointing a person who is to be responsible for implementing the program or, in the case of a person, taking responsibility for implementing the program;

(b) developing and applying written compliance policies and procedures that are kept up to date and, in the case of an entity, are approved by a senior officer;

(c) assessing and documenting the risk referred to in subsection 9.6(2) of the Act, taking into consideration

(i) their clients and business relationships,

(ii) their products and delivery channels,

(iii) the geographic location of their activities,

(iv) in the case of an entity that is referred to in any of paragraphs 5(a) to (g) of the Act, any risk resulting from the activities of an entity that is affiliated with it and that either is referred to in any of those paragraphs or carries out activities outside Canada that are similar to those of a person or entity referred to in any of those paragraphs, and

(v) any other relevant factor;

(d) if the person or entity has employees, agents or mandataries or other persons who are authorized to act on their behalf, developing and maintaining a written, ongoing compliance training program for those employees, agents or mandataries or other persons;

(e) instituting and documenting a plan for the ongoing compliance training program and delivering the training; and

(f) instituting and documenting a plan for a review of the compliance program for the purpose of testing its effectiveness.

(2) If the person or entity intends to carry out a new development or introduce a new technology that may have an impact on their clients, business relationships, products or delivery channels or the geographic location of their activities, they shall, in accordance with paragraph (1)(c), assess and document the risk referred to in subsection 9.6(2) of the Act before doing so.

(3) A review referred to in paragraph (1)(f) shall be carried out and the results documented every two years by an internal or external auditor of the person or entity, or by the person or entity if they do not have an auditor.

(4) An entity shall report the findings of the review, any updates made to the policies and procedures within the reporting period and the status of the implementation of those updates in writing to a senior officer within 30 days after the day on which the review is completed.

**157** The prescribed special measures that are required to be taken by a person or entity referred to in subsection 9.6(1) of the Act for the purposes of subsection 9.6(3) of the Act are the development and application of written policies and procedures for

(a) taking enhanced measures, based on an assessment of the risk, to verify the identity of any person or entity; and

(b) taking any other enhanced measure to mitigate the risks, including

(i) ensuring, at a frequency appropriate to the level of risk, that client identification information and information collected under section 138 is up to date, and

(ii) conducting, at a frequency appropriate to the level of risk, ongoing monitoring of business relationships.

**47 Schedules 1 to 3 to the Regulations are replaced by the Schedules 1 to 4 set out in the schedule to these Regulations.**

**48 (1) Schedule 4 to the Regulations is renumbered as Schedule 5.**

**(2) Schedule 5 to the Regulations is amended by replacing the references after the heading “SCHEDULE 5” with the following:**

(Paragraph 8(1)(g) and subsections 131(3) and 152(1) and (3))

**49 Schedules 5 to 8 to the Regulations, as enacted by SOR/2002-184 are replaced by the Schedule 6 set out in the schedule to these Regulations.**

## **Cross-border Currency and Monetary Instruments Reporting Regulations**

**50 (1) Paragraph (b) of the definition *effets* in subsection 1(1) of the French version of the *Cross-border Currency and Monetary Instruments Reporting Regulations* <sup>3</sup> is replaced by the following:**

b) les titres négociables, y compris les traites bancaires, les chèques, les billets à ordre, les chèques de voyage et les mandats-poste, à l'exclusion des certificats d'entrepôt et des connaissements.

**(2) The definitions *agent de transfert* and *moyen de transport non commercial de passagers* in subsection 1(2) of the French version of the Regulations are replaced by the following:**

***agent de transfert*** Personne ou entité nommée par une personne morale pour tenir les comptes en ce qui a trait aux détenteurs d'actions, de débentures et de bons, annuler et émettre des certificats et expédier les chèques de dividendes. (*transfer agent*)

***moyen de transport non commercial de passagers*** S'entend du moyen de transport qui ne transporte pas de passagers moyennant paiement, y compris l'aéronef d'affaires, l'aéronef privé et l'embarcation de plaisance. (*non-commercial passenger conveyance*)

**(3) Subsection 1(2) of the Regulations is amended by adding the following in alphabetical order:**

***currency*** means coins referred to in section 7 of the *Currency Act*, notes issued by the Bank of Canada under the *Bank of Canada Act* that are intended for circulation in Canada or coins or bank notes of countries other than Canada. (*espèces*)

**51 Section 2 of the Regulations is replaced by the following:**

**2 (1)** For the purposes of subsection 12(1) of the Act, the prescribed amount is \$10,000.

**(2)** The amount is in Canadian dollars, or in its equivalent in a foreign currency using

(a) the exchange rate that is published by the Bank of Canada for that foreign currency and that is in effect at the time of the importation or exportation; or

(b) if no exchange rate is published by the Bank of Canada for that foreign currency, the exchange rate that the person or entity would use in the ordinary course of business at the time of the importation or exportation.

**52 The heading before section 3 of the English version of the Regulations is replaced by the following:**

### **Manner of Reporting**

**53 (1) The portion of paragraph 3(b) of the French version of the Regulations before subparagraph (i) is replaced by the following:**

b) comporter les renseignements prévus aux annexes suivantes :

**(2) Subparagraphs 3(b)(i) to (iv) of the Regulations are replaced by the following:**

(i) in Schedule 1, in the case of a report made by the person described in paragraph 12(3)(a) of the Act, if that person is not transporting on behalf of an entity or other person,

(ii) in Schedule 2, in the case of a report made by the person described in paragraph 12(3)(a) of the Act, if that person is transporting on behalf of an entity or other person,

(iii) in Schedule 2, in the case of a report made by the person or entity described in paragraph 12(3)(b), (c) or (e) of the Act, and

(iv) in Schedule 3, in the case of a report made by the person described in paragraph 12(3)(d) of the Act;

**54 The Regulations are amended by adding the following after section 3:**

**3.1** For greater certainty, although items in Schedules 1 to 3 are described in the singular, a person or entity shall report all known information that falls within an item.

**55 Schedule 1 to the Regulations is amended by replacing the references after the heading “SCHEDULE 1” with the following:**

(Subparagraph 3(b)(i), section 3.1 and paragraphs 4(3)(a) and (3.1)(a))

**56 The heading of Part A of Schedule 1 to the Regulations is replaced by the following:**

**Information with Respect to Person Described in Paragraph 12(3)(a) of Act**

**57 Items 1 and 2 of Part A of Schedule 1 to the Regulations are replaced by the following:**

1 Person's name

2 Person's permanent address

**58 Items 5 to 7 of Part A of Schedule 1 to the Regulations are replaced by the following:**

5 Person's telephone number

6 Type of document or other information used to identify person and number of document or number associated with information

7 Jurisdiction and country of issue of document or other information

**59 Part B of Schedule 1 to the Regulations is amended by adding the following after item 2:**

3 Person's transit points (country, city)

4 Person's dates of travel

**60 Part C of Schedule 1 to the Regulations is replaced by the following:**

**PART C**

**Information with Respect to Each Currency That Is Imported or Exported**

1 Type of currency

2 Issuing country or jurisdiction

3 Amount of currency

4 Purpose of importation or exportation

**PART D**

**Information with Respect to Each Monetary Instrument That Is Imported or Exported**

1 Type of monetary instrument

2 Value of monetary instrument

3 Issuer of monetary instrument

4 Date of issuance of monetary instrument

5 Serial number or other number that identifies monetary instrument

**61 Schedule 2 to the Regulations is amended by replacing the references after the heading “SCHEDULE 2” with the following:**

(Subparagraphs 3(b)(ii) and (iii), section 3.1 and paragraphs 4(3)(a) and (3.1)(a))

**62 The heading of Schedule 2 to the French version of the Regulations is replaced by the following:**

**Renseignements à fournir par la personne visée à l’alinéa 12(3)a) de la Loi (si elle transporte les espèces ou les effets pour le compte d’une entité ou d’une autre personne) ou par la personne ou entité visée aux alinéas 12(3)b), c) ou e) de la Loi**

**63 The heading of Part A of Schedule 2 to the Regulations is replaced by the following:**

**Information with Respect to Person on Whose Behalf Person Described in Paragraph 12(3)(a) of Act Is Transporting or with Respect to Person Described in Paragraph 12(3)(b), (c) or (e) of Act**

**64 Items 1 and 2 of Part A of Schedule 2 to the Regulations are replaced by the following:**

1 Person’s name

2 Person’s permanent address

**65 Items 5 to 7 of Part A of Schedule 2 to the Regulations are replaced by the following:**

5 Person’s telephone number

6 Type of document or other information used to identify person and number of document or number associated with information

7 Jurisdiction and country of issue of document or other information

**66 The heading of Part B of Schedule 2 to the Regulations is replaced by the following:**

**Information with Respect to Entity on Whose Behalf Person Described in Paragraph 12(3)(a) of Act Is Transporting or with Respect to Entity Described in Paragraph 12(3)(b) or (c) of Act**

**67 Items 1 and 2 of Part B of Schedule 2 to the Regulations are replaced by the following:**

1 Entity’s name

2 Entity’s permanent address

**68 Items 4 and 5 of Part B of Schedule 2 to the Regulations are replaced by the following:**

4 Jurisdiction and country of registration or incorporation

5 Nature of entity’s principal business

6 Name and title of entity’s contact person

**69 The heading of Part C of Schedule 2 to the Regulations is replaced by the following:**

**Information with Respect to Importation or Exportation**

**70 Items 3 to 7 of Part C of Schedule 2 to the Regulations are replaced by the following:**

3 Name and permanent address of person or entity shipped to and from, including information on intermediaries, if applicable

4 Courier’s name

5 Courier’s permanent address

6 Courier’s telephone number

7 Name and title of courier’s contact person

- 8 For importation, person or entity that is ultimate origin of currency or monetary instrument
- 9 For exportation, person or entity that is ultimate destination of currency or monetary instrument
- 10 Departure point of currency or monetary instrument (country, city)
- 11 Arrival point of currency or monetary instrument (country, city)
- 12 Transit points of currency or monetary instrument (country, city)
- 13 Purpose of importation or exportation

**71 The heading of Part D of Schedule 2 to the Regulations is replaced by the following:**

**Information with Respect to Person Described in Paragraph 12(3)(a) of Act or with Respect to Person Acting on Behalf of Person or Entity Described in Paragraph 12(3)(b), (c) or (e) of Act**

**72 Items 1 and 2 of Part D of Schedule 2 to the Regulations are replaced by the following:**

- 1 Person's name
- 2 Person's permanent address

**73 Items 5 to 7 of Part D of Schedule 2 to the Regulations are replaced by the following:**

- 5 Person's telephone number
- 6 Type of document or other information used to identify person and number of document or number associated with information
- 7 Jurisdiction and country of issue of document or other information
- 8 Name and address of person or entity shipped to and from

**74 Part E of Schedule 2 to the Regulations is replaced by the following:**

**PART E**

**Information with Respect to Each Currency That Is Imported or Exported**

- 1 Type of currency
- 2 Issuing country or jurisdiction
- 3 Amount of currency

**PART F**

**Information with Respect to Each Monetary Instrument That Is Imported or Exported**

- 1 Type of monetary instrument
- 2 Value of monetary instrument
- 3 Issuer of monetary instrument
- 4 Date of issuance of monetary instrument
- 5 Serial number or other number that identifies monetary instrument

**75 Schedule 3 to the Regulations is amended by replacing the references after the heading "SCHEDULE 3" with the following:**

(Subparagraph 3(b)(iv), section 3.1 and paragraphs 4(3)(a) and (3.1)(a))

**76 The heading of Part A of Schedule 3 to the Regulations is replaced by the following:**

**Information with Respect to Person Described in Paragraph 12(3)(d) of Act**

**77 Items 1 and 2 of Part A of Schedule 3 to the Regulations are replaced by the following:**

1 Person's name

2 Person's permanent address

**78 Items 5 to 10 of Part A of Schedule 3 to the Regulations are replaced by the following:**

5 Person's telephone number

6 Type of document or other information used to identify person and number of document or number associated with information

7 Jurisdiction and country of issue of document or other information

8 Name of person's employer

9 Employer's business address

10 Employer's business telephone number

**79 Item 11 of Part A of Schedule 3 to the French version of the Regulations is replaced by the following:**

11 Les nom et titre de la personne-ressource de l'employeur

**80 Part B of Schedule 3 of the Regulations is amended by adding the following after item 3:**

4 Name and permanent address of person or entity shipped to and from, including information on intermediaries, if applicable

5 For importation, person or entity that is ultimate origin of currency or monetary instrument

6 For exportation, person or entity that is ultimate destination of currency or monetary instrument

7 Departure point of currency or monetary instrument (country, city)

8 Arrival point of currency or monetary instrument (country, city)

9 Transit points of currency or monetary instrument (country, city)

10 Purpose of importation or exportation

**Proceeds of Crime (Money Laundering) and Terrorist Financing Registration Regulations**

**81 The heading before section 1 of the French version of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Registration Regulations* <sup>4</sup> is replaced by the following:**

**Définitions et interprétation**

**82 Section 1 of the Regulations is amended by adding the following in alphabetical order:**

***financial entity*** has the same meaning as in subsection 1(2) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*. (*entité financière*)

***foreign money services business*** means a person or entity referred to in paragraph 5(h.1) of the Act. (*entreprise de services monétaires étrangère*)

**83 Section 2 of the Regulations is replaced by the following:**

**2** For the purposes of subsection 54.1(3) of the Act, ***identifying information*** means the information set out in Part A of Schedule 1 and in items 1 to 5 of Part C of that Schedule and the dates on which a person's or entity's registration is revoked or expires and on which a registered person or entity ceases an activity.

**84 Section 3 of the Regulations is replaced by the following:**

**3 (1)** A corporation is not eligible for registration with the Centre if its chief executive officer, its president or one of its directors or a person or entity that owns or controls, directly or indirectly, 20% or more of the shares of the corporation is referred to in any of paragraphs 11.11(1)(a) to (d), (e.1) and (f) of the Act.

**(2)** An entity that is not a corporation is not eligible for registration with the Centre if its chief executive officer, its president or one of its directors or a person or entity that owns or controls, directly or indirectly, 20% or more of the entity is referred to in any of paragraphs 11.11(1)(a) to (d), (e.1) and (f) of the Act.

**85 (1) The portion of section 4 of the Regulations before paragraph (d) is replaced by the following:**

**4** An applicant or a registered person or entity must submit the following information to the Centre, in accordance with guidelines that are prepared by the Centre, electronically if they have the technical capability to do so or by telephone if they do not:

- (a)** the information contained in an application for registration referred to in section 11.12 of the Act;
- (b)** a notification, referred to in section 11.13 of the Act, of a change to the information contained in an application or of newly obtained information;

**(2) Paragraph 4(d) of the French version of the Regulations is replaced by the following:**

- d)** les précisions requises par le Centre aux termes des articles 11.14 ou 11.17 de la Loi;

**(3) Paragraphs 4(e) and (f) of the Regulations is replaced by the following:**

- (e)** the information contained in an application for the renewal of registration referred to in section 11.19 of the Act; and
- (f)** a notification of the cessation of an activity referred to in section 11.2 of the Act.

**86 Sections 5 and 6 of the Regulations are replaced by the following:**

**5** An application referred to in paragraph 4(a) or (e), a notification referred to in paragraph 4(b) and a clarification referred to in paragraph 4(d) must contain the information set out in Schedule 1.

**6** A notification referred to in paragraph 4(f) must contain the information set out in Schedule 2.

**6.01** For greater certainty, although items in Schedules 1 and 2 are described in the singular, a person or entity must report all known information that falls within an item.

**87 Sections 6.1 and 7 of the Regulations are replaced by the following:**

**6.1** For the purposes of section 11.19 of the Act, when a person or entity that is referred to in paragraph 5(h) of the Act and that is engaged in the business of providing the service referred to in subparagraph 5(h)(iv) of the Act, or a person or entity that is referred to in paragraph 5(h.1) of the Act, renews their registration for the first time, they must do so no later than

- (a)** in the case of a person, the last day of the month of the person's first birthday that occurs after the second anniversary of their initial registration;
- (b)** in the case of a corporation, the last day of the month of the first anniversary of its incorporation that occurs after the second anniversary of its initial registration; and
- (c)** in the case of an entity other than a corporation, the day after the second anniversary of its initial registration.

**88 Schedule 1 to the Regulations is amended by replacing the references after the heading "SCHEDULE 1" with the following:**

(Sections 2, 5 and 6.01)

**89 The heading of Schedule 1 to the French version of the Regulations is replaced by the following:**

**Renseignements devant être inclus dans la demande d'inscription ou de renouvellement d'inscription, dans la communication de modification de renseignements dans la demande existante, dans la communication de nouveaux renseignements obtenus et dans les précisions de renseignements dans la demande existante**

**90 The heading of Part A of Schedule 1 to the Regulations is replaced by the following:****Identifying Information with Respect to Applicant****91 Item 1 of Part A of Schedule 1 to the Regulations is replaced by the following:**

1 Applicant's name and operating name

**92 Items 3 and 4 of Part A of Schedule 1 to the Regulations are replaced by the following:**

3 In the case of an entity, its registration or incorporation number, jurisdiction and country of issue of that number and date on which number was issued

**93 Items 6 to 11 of Part A of Schedule 1 to the Regulations are replaced by the following:**

6 Applicant's telephone number

7 Applicant's URL

8 Every service referred to in paragraph 5(h) or (h.1) of the Act, or every activity referred to in paragraph 5(l) of the Act, in respect of which applicant is applying to be registered or to have registration renewed

9 Existing registration number issued to applicant by the Centre (in the case of an application for renewal of registration, notification of changes to information in existing application or of newly obtained information or clarification of information in existing application)

**94 The heading of Part B of Schedule 1 to the Regulations is replaced by the following:****Information with Respect to Applicant****95 Item 1 of Part B of Schedule 1 to the Regulations is replaced by the following:**

1 Type of information submitted (information contained in application for registration or renewal of registration, notification of changes to information in existing application or of newly obtained information or clarification of information in existing application)

**96 Item 2 of Part B of Schedule 1 to the French version of the Regulations is replaced by the following:**

2 Date de la présentation de la demande, de la communication, des précisions ou de l'avis

**97 Item 3 of Part B of Schedule 1 to the Regulations is repealed.****98 Items 5 to 17 of Part B of Schedule 1 to the Regulations are replaced by the following:**

5 Applicant's email address

6 If applicant is a person, their name, date of birth and country and political subdivision or territory of birth and of residence

7 If applicant is a corporation

(a) name, date of birth and country and political subdivision or territory of birth and of residence of its chief executive officer, its president, each of its directors and every person who owns or controls, directly or indirectly, 20% or more of its shares

(b) name, incorporation number and jurisdiction and country of incorporation of every corporation that owns or controls, directly or indirectly, 20% or more of its shares

(c) name, registration number and jurisdiction and country of registration of every entity other than a corporation that owns or controls, directly or indirectly, 20% or more of its shares

8 If applicant is an entity other than a corporation

(a) name, date of birth and country and political subdivision or territory of birth and of residence of its chief executive officer, its president, each of its directors and every person who owns or controls,

directly or indirectly, 20% or more of entity

(b) name, incorporation number and jurisdiction and country of incorporation of every corporation that owns or controls, directly or indirectly, 20% or more of entity

(c) name, registration number and jurisdiction and country of registration of every entity other than a corporation that owns or controls, directly or indirectly, 20% or more of entity

8.1 If applicant is a foreign money services business,

(a) telephone number and email address of person who resides in Canada and who is authorized to accept, on applicant's behalf, notices that are served or caused to be served by the Centre under the Act

(b) if document that sets out applicant's record of criminal convictions — or, if applicant is an entity, record of criminal convictions of applicant's chief executive officer, president and directors and persons who own or control, directly or indirectly, 20% or more of entity or shares of entity — or that states that applicant or those persons do not have record is made in language other than English or French,

(i) country, political subdivision or territory and city from which document originated

(ii) language in which document made

(iii) name of provincial organization in Canada that issued translator's certification and name of translator

9 Name, address, account number and branch number or transit number of every financial entity, and every entity outside Canada that provides financial services, with which applicant maintains account for purposes of providing services referred to in paragraph 5(h) or (h.1) of the Act

10 Name and address of every money services business and foreign money services business used by applicant to conduct transactions and registration number issued to that money services business or foreign money services business by the Centre

11 Name, address, telephone number and email address of person referred to in paragraph 71(1)(a) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* who is responsible for implementation of compliance program

12 Language in which records of applicant are kept under the Act

13 Indication as to whether service referred to in item 8 of Part A is provided, or activity referred to in that item is carried out, in a dwelling-house

14 Number of persons employed by applicant for purposes of services or activities referred to in item 8 of Part A (at time of application for registration or renewal of registration)

15 Approximate annual value in Canadian dollars of all foreign exchange transactions and all other services or activities referred to in item 8 of Part A (at time of application for registration or renewal of registration)

16 Name, address, telephone number, email address and title of person submitting application on applicant's behalf

**99 Item 11 of Part B of Schedule 1 is replaced by the following:**

11 Name, address, telephone number and email address of person referred to in paragraph 156(1)(a) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* who is responsible for implementation of compliance program

**100 Item 18 of Part B of Schedule 1 to the English version of the Regulations is replaced by the following:**

18 Indication of whether applicant has previously submitted application for registration

**101 Parts C and D of Schedule 1 to the Regulations are replaced by the following:**

**PART C****Information with Respect to Applicant's Agents or Mandataries and Branches**

- 1 Name and operating name of every agent or mandatary
- 2 Address and telephone number of every agent or mandatary and branch
- 3 Every service or activity referred to in item 8 of Part A that is provided or carried out by agent or mandatary or branch
- 4 Relationship to applicant (whether agent or mandatary or branch)

**102 Schedule 2 to the Regulations is amended by replacing the references after the heading "SCHEDULE 2" with the following:**

(Sections 6 and 6.01)

**103 Item 1 of Schedule 2 to the Regulations is replaced by the following:**

- 1 Name and operating name of registered person or entity

**104 Item 2 of Schedule 2 to the French version of the Regulations is replaced by the following:**

- 2 Numéro d'inscription existant de l'inscrit

**105 Items 3 to 5 of Schedule 2 to the Regulations are replaced by the following:**

- 3 Date of submission of notification of cessation of activity
- 4 Proposed effective date of cessation of activity
- 5 Name, address, telephone number, email address and title of person submitting notification of cessation of activity on behalf of registered person or entity

**Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations****106 Section 2 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations* <sup>5</sup> is replaced by the following:**

2 The short-form descriptions that are set out in column 2 of Part 1 of the schedule, and column 3 of Parts 2 and 3 of the schedule, form no part of these Regulations and are inserted for convenience of reference only.

**107 Section 3 of the Regulations is amended by adding "and" at the end of paragraph (b), by striking out "and" at the end of paragraph (c) and by repealing paragraph (d).****108 Subsection 4(1) of the Regulations is replaced by the following:**

4 (1) Each violation is classified as a minor, serious or very serious violation, as set out in column 3 of Part 1 of the schedule and column 4 of Parts 2 and 3 of the schedule.

**109 Section 6 of the French version of the Regulations is replaced by the following:**

6 Pour l'application de l'article 73.11 de la Loi, le montant de la pénalité est déterminé compte tenu des antécédents de conformité de la personne ou entité avec la Loi — à l'exception de la partie 2 —, le *Règlement sur le recyclage des produits de la criminalité et le financement des activités terroristes*, le *Règlement sur la déclaration des opérations douteuses — recyclage des produits de la criminalité et financement des activités terroristes* et le *Règlement sur l'inscription — recyclage des produits de la criminalité et financement des activités terroristes*.

**110 Section 10 of the Regulations and the heading before it are repealed.****111 Item 1 of Part I of the schedule to the Regulations is renumbered as item 1.6.****112 Part 1 of the schedule to the Regulations is amended by adding the following before item 1.6:**

<b>Item</b>	<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
	<b>Provision of <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i></b>	<b>Short-form Description</b>	<b>Classification of Violation</b>
1	7	Failure of the specified person or entity to report the transaction as required	very serious
1.1	9(3)	Failure of the specified person or entity to establish and maintain the specified list	serious
1.2	9.2	Opening an account for a client by the specified person or entity in the prescribed circumstances if the identity of the client cannot be verified in accordance with the prescribed measures	serious
1.3	9.31(1)	Opening or maintaining an account by the specified entity for, or having a correspondent banking relationship with, the specified person or entity	serious
1.4	9.4(1)(c)	Failure of the specified entity to obtain the approval of senior management in respect of the correspondent banking services	serious
1.5	9.4(1)(d)	Failure of the specified entity to set out in writing its obligations and those of the foreign entity in respect of the correspondent banking services	serious

**113 Part 1 of the schedule to the Regulations is amended by adding the following after item 1.6:**

<b>Item</b>	<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
	<b>Provision of <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i></b>	<b>Short-form Description</b>	<b>Classification of Violation</b>
1.7	9.5(a)	Failure of the specified person or entity to include the required information with the electronic funds transfer	minor
1.8	9.5(b)	Failure of the specified person or entity to take reasonable measures to ensure that any electronic funds transfer that the person or entity receives includes the required information	minor

1.9	9.6(3)	Failure of the specified person or entity to take the specified special measures	serious
-----	--------	--	---------

**114 Part 1 of the schedule to the Regulations is amended by adding the following after item 5:**

Item	Column 1 <i>Provision of Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i>	Column 2 <i>Short-form Description</i>	Column 3 <i>Classification of Violation</i>
5.01	11.12(1)	Failure of an applicant to submit the specified application for registration in the prescribed manner together with the prescribed information	serious
5.02	11.13(1)	Failure of an applicant or a registered person or entity to submit a notification of a change to the information contained in the application or of newly obtained information in the prescribed manner	serious
5.03	11.14(1)	Failure of an applicant to submit a requested clarification within the prescribed time and in the prescribed manner, together with the required information	serious
5.04	11.17(1)	Failure of a registered person or entity to submit a requested clarification within the prescribed time and in the prescribed manner, together with the prescribed information	serious
5.05	11.19	Failure of a registered person or entity to renew their registration in the prescribed manner and within the prescribed time	serious
5.06	11.2	Failure of a registered person or entity to submit a notification of the cessation of an activity for which they are registered, within the prescribed time and in the prescribed manner, together with the prescribed information	serious

**115 Part 2 of the schedule to the Regulations is replaced by the following:**

**PART 2**

**Proceeds of Crime (Money Laundering) and Terrorist Financing Act and Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations**

<b>Item</b>	<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
	<b>Provision of Proceeds of Crime (Money Laundering) and Terrorist Financing Act</b>	<b>Provision of Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations</b>	<b>Short-form Description</b>	<b>Classification of Violation</b>
1	9(1)	7(1)(a)	Failure of a financial entity to report the receipt of \$10,000 or more in cash, together with the required information	minor
2	9(1)	7(1)(b)	Failure of a financial entity to report the initiation of an electronic funds transfer of \$10,000 or more, together with the required information	minor
3	9(1)	7(1)(c)	Failure of a financial entity to report the final receipt of an electronic funds transfer of \$10,000 or more, together with the required information	minor
4	9(1)	7(1)(d)	Failure of a financial entity to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
5	9(1)	8(3)(a)	Failure of a financial entity to report a change to the required information within the prescribed period	minor
6	9(1)	8(3)(b)(i)	Failure of a financial entity to verify, in accordance with the prescribed frequency, that the prescribed conditions continue to be met	minor
7	9(1)	8(3)(b)(ii)	Failure of a financial entity to ensure, in accordance with the prescribed frequency, that a senior officer of the financial entity confirms that the conditions continue to be met	minor
8	9(1)	8(3)(b)(iii)	Failure of a financial entity to send a report containing the required information in accordance with the prescribed frequency	minor
9	9(3)	9(a)	Failure of a financial entity to include on the specified list the name and address of each client	minor

10	9(3)	9(b)	Failure of a financial entity to maintain the specified list in the required manner	minor
11	6	10	Failure of a financial entity to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
12	6	11	Failure of a financial entity to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
13	6	12	Failure of a financial entity to keep the required records in respect of every account that it opens or transaction that is conducted with it	minor
14	6	13	Failure of a financial entity to keep the required records in respect of every credit card account that it opens and every transaction connected to that account	minor
15	6	14	Failure of a financial entity to keep the required records in respect of every prepaid payment product account that it opens and every transaction made by means of a prepaid payment product connected to that account	minor
16	6	15(1)	Failure of a trust company to keep the required records in respect of a trust for which it is trustee	minor
17	9.4(1)(a)	16(2)	Failure of the specified financial entity to keep the required records	minor
18	9.4(1)(e)	16(3)	Failure of the specified financial entity to take reasonable measures to ascertain whether the specified foreign financial institution has in place the prescribed policies and procedures and, if not, to take the required measures	serious
19	9(1)	18	Failure of the specified life insurance company or life insurance broker or agent to report the receipt of \$10,000 or more in cash, together with the required information	minor

20	9(1)	19	Failure of the specified life insurance company or life insurance broker or agent to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
21	6	20	Failure of the specified life insurance company or life insurance broker or agent to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
22	6	21	Failure of a life insurance company or life insurance broker or agent to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
23	6	22	Failure of a life insurance company or life insurance broker or agent to keep an information record in connection with the specified sale at the prescribed time	minor
24	6	23	Failure of the specified life insurance company or life insurance broker or agent to keep the required record in respect of a corporation	minor
25	9(1)	25	Failure of the specified securities dealer to report the receipt of \$10,000 or more in cash, together with the required information	minor
26	9(1)	26	Failure of the specified securities dealer to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
27	6	27	Failure of a securities dealer to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
28	6	28	Failure of a securities dealer to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
29	6	29	Failure of a securities dealer to keep the required records in respect of every account they open	minor
30	9(1)	30(1)(a)	Failure of a money services business to report the receipt of \$10,000 or more in cash, together with the required information	minor

31	9(1)	30(1)(b)	Failure of a money services business to report the initiation of an electronic funds transfer of \$10,000 or more, together with the required information	minor
32	9(1)	30(1)(c)	Failure of a money services business to report the final receipt of an electronic funds transfer of \$10,000 or more, together with the required information	minor
33	9(1)	30(1)(d)	Failure of a money services business to report the initiation of an electronic funds transfer of \$10,000 or more, together with the required information, if the electronic funds transfer is finally received by the same money services business	minor
34	9(1)	30(1)(e)	Failure of a money services business to report the final receipt of an electronic funds transfer of \$10,000 or more, together with the required information, if the electronic funds transfer was initiated by the same money services business	minor
35	9(1)	30(1)(f)	Failure of a money services business to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
36	6	31	Failure of a money services business to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
37	6	32	Failure of a money services business to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
38	9(1)	33(1)(a)	Failure of a foreign money services business to report the receipt of \$10,000 or more in cash, together with the required information	minor
39	9(1)	33(1)(b)	Failure of a foreign money services business to report the initiation of an electronic funds transfer of \$10,000 or more, together with the required information	minor
40	9(1)	33(1)(c)	Failure of a foreign money services business to report the final receipt of an electronic funds transfer of \$10,000 or more, together with the required information	minor

41	9(1)	33(1)(d)	Failure of a foreign money services business to report the initiation of an electronic funds transfer of \$10,000 or more, together with the required information, if the electronic funds transfer is finally received by the same foreign money services business	minor
42	9(1)	33(1)(e)	Failure of a foreign money services business to report the final receipt of an electronic funds transfer of \$10,000 or more, together with the required information, if the electronic funds transfer was initiated by the same foreign money services business	minor
43	9(1)	33(1)(f)	Failure of a foreign money services business to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
44	6	34	Failure of a foreign money services business to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
45	6	35	Failure of foreign money services business to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
46	6	36	Failure of a money services business or foreign money services business to keep the required records	minor
47	6	37	Failure of the specified money services business or foreign money services business to keep the required records	minor
48	9(1)	39	Failure of a British Columbia notary public or British Columbia notary corporation to report the receipt of \$10,000 or more in cash, together with the required information	minor
49	9(1)	40	Failure of a British Columbia notary public or British Columbia notary corporation to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor

50	6	41	Failure of a British Columbia notary public or British Columbia notary corporation to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
51	6	42	Failure of a British Columbia notary public or British Columbia notary corporation to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
52	6	43	Failure of a British Columbia notary public or British Columbia notary corporation to keep the required records	minor
53	9(1)	48	Failure of the specified accountant or accounting firm to report the receipt of \$10,000 or more in cash, together with the required information	minor
54	9(1)	49	Failure of the specified accountant or accounting firm to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
55	6	50	Failure of an accountant or accounting firm to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
56	6	51	Failure of an accountant or accounting firm to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
57	6	52	Failure of an accountant or accounting firm to keep the required records	minor
58	9(1)	54	Failure of the specified real estate broker or sales representative to report the receipt of \$10,000 or more in cash, together with the required information	minor
59	9(1)	55	Failure of the specified real estate broker or sales representative to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor

60	6	56	Failure of a real estate broker or sales representative to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
61	6	57	Failure of a real estate broker or sales representative to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
62	6	58(1)	Failure of a real estate broker or sales representative to keep the required records	minor
63	9(1)	60	Failure of the specified real estate developer to report the receipt of \$10,000 or more in cash, together with the required information	minor
64	9(1)	61	Failure of the specified real estate developer to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
65	6	62	Failure of a real estate developer to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
66	6	63	Failure of a real estate developer to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
67	6	64	Failure of a real estate developer to keep the required records	minor
68	9(1)	66	Failure of the specified dealer in precious metals and precious stones to report the receipt of \$10,000 or more in cash, together with the required information	minor
69	9(1)	67	Failure of the specified dealer in precious metals and precious stones to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
70	6	68	Failure of a dealer in precious metals and precious stones to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor

71	6	69	Failure of a dealer of precious metals and precious stones to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
72	9(1)	70(1)(a)	Failure of a casino to report the receipt of \$10,000 or more in cash, together with the required information	minor
73	9(1)	70(1)(b)	Failure of a casino to report the initiation of an electronic funds transfer of \$10,000 or more, together with the required information	minor
74	9(1)	70(1)(c)	Failure of a casino to report the final receipt of an electronic funds transfer of \$10,000 or more, together with the required information	minor
75	9(1)	70(1)(d)	Failure of a casino to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor
76	9(1)	71	Failure of a casino to report the disbursement of \$10,000 or more in the specified transactions, together with the required information	minor
77	6	72(1)	Failure of a casino to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
78	6	73	Failure of a casino to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
79	6	74	Failure of a casino to keep the required records	minor
80	9(1)	78	Failure of the specified department or agent or mandatory of Her Majesty in right of Canada or of a province to report the receipt of \$10,000 or more in cash, together with the required information	minor
81	9(1)	79	Failure of the specified department or agent or mandatory of Her Majesty in right of Canada or of a province to report the receipt of \$10,000 or more in virtual currency, together with the required information	minor

82	6	80	Failure of a department or agent or mandatary of Her Majesty in right of Canada or of a province to keep a large cash transaction record in respect of the receipt of \$10,000 or more in cash	minor
83	6	81	Failure of a department or agent or mandatary of Her Majesty in right of Canada or of a province to keep a large virtual currency transaction record in respect of the receipt of \$10,000 or more in virtual currency	minor
84	6	82	Failure of a department or agent or mandatary of Her Majesty in right of Canada or of a province to keep the required records	minor
85	6.1	84	Failure of a person or entity to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
86	6.1	85(1)	Failure of the specified person or entity to take reasonable measures to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
87	6	85(2)	Failure of the specified person or entity to keep the required record	minor
88	6.1	86	Failure of a financial entity to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
89	6.1	87	Failure of a financial entity to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
90	6.1	88	Failure of a financial entity to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
91	6.1	89	Failure of a trust company to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
92	9.4(1)(a)	90(a)	Failure of the specified financial entity to ascertain, in the prescribed manner, the required information	minor

93	9.4(1)(a)	90(b)	Failure of the specified financial entity to take reasonable measures to ascertain, in the prescribed manner, the required information and to conduct required monitoring	minor
94	9.4(1)(a)	91(a)	Failure of the specified financial entity to take reasonable measures to ascertain whether the foreign financial institution has met the prescribed requirements	minor
95	9.4(1)(a)	91(b)	Failure of the specified financial entity to take reasonable measures to ascertain whether the foreign financial institution has agreed to provide the relevant client identification information	minor
96	6.1	92	Failure of a life insurance company or life insurance broker or agent to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
97	6.1	94	Failure of a securities dealer to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
98	6.1	95(1), (3) or (4)	Failure of a money services business or foreign money services business to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
99	6.1	96	Failure of a British Columbia notary public or British Columbia notary corporation to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
100	6.1	100	Failure of an accountant or accounting firm to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
101	6.1	101(1)	Failure of a real estate broker or sales representative to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
102	6.1	101(3)	Failure of a real estate broker or sales representative to take reasonable measures to verify the identity of an unrepresented party	minor

103	6	101(4)	Failure of a real estate broker or sales representative to keep the required record	minor
104	6.1	102	Failure of a real estate developer to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
105	6.1	103	Failure of a casino to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
106	6.1	104	Failure of a department or agent or mandatory of Her Majesty in right of Canada or of a province to verify in the prescribed manner and within the prescribed period the identity of the specified person or entity	minor
107	6	108	Failure of a person or entity required to verify a person's identity to keep the required record	minor
108	6	109(5)	Failure of a person or entity required to verify a corporation's identity to keep the required record	minor
109	6.1	111(2)	Failure of the specified person or entity to verify the corporation's identity as soon as feasible	minor
110	6	112(4)	Failure of a person or entity required to verify the identity of an entity other than a corporation to keep the required record	minor
111	6.1	114(2)	Failure of the specified person or entity to verify the identity of an entity other than a corporation as soon as feasible	minor
112	9.3(1)	116(1)(a)	Failure of a financial entity to take reasonable measures to determine whether the specified person is a politically exposed foreign person, a politically exposed domestic person, a head of an international organization, a family member of one of those persons or a person who is closely associated with a politically exposed foreign person	minor

---

113	9.3(1)	116(1)(b)	Failure of a financial entity to take reasonable measures to determine whether the specified person is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member of, or a person who is closely associated with, one of those persons	minor
<hr/>				
114	9.3(1)	116(2)	Failure of a financial entity to take reasonable measures on a periodic basis to determine whether the specified person is a politically exposed foreign person, a politically exposed domestic person, a head of an international organization, a family member of one of those persons or a person who is closely associated with a politically exposed foreign person	minor
<hr/>				
115	9.3(1)	116(3)	Failure of a financial entity to take reasonable measures to determine whether the specified person is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member of, or a person who is closely associated with, one of those persons	minor
<hr/>				
116	9.3(1)	117	Failure of a life insurance company or life insurance broker or agent to take reasonable measures to determine whether the specified person is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member of, or a person who is closely associated with, one of those persons	minor
<hr/>				
117	9.3(1)	119(1)	Failure of a securities dealer to take reasonable measures to determine whether a person for whom they open an account is a politically exposed foreign person, a politically exposed domestic person, a head of an international organization, a family member of one of those persons or a person who is closely associated with a politically exposed foreign person	minor

---

118	9.3(1)	119(2)	Failure of a securities dealer to take reasonable measures on a periodic basis to determine whether an account holder is a politically exposed foreign person, a politically exposed domestic person, a head of an international organization, a family member of one of those persons or a person who is closely associated with a politically exposed foreign person	minor
119	9.3(1)	119(3)	Failure of a securities dealer to take reasonable measures to determine whether an account holder is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member of, or person who is closely associated with, one of those persons	minor
120	9.3(1)	120(1)	Failure of a money services business to take reasonable measures to determine whether the specified person is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member of, or a person who is closely associated with, one of those persons	minor
121	9.3(1)	120(2)	Failure of a foreign money services business to take reasonable measures to determine whether the specified person is a politically exposed foreign person, a politically exposed domestic person or a head of an international organization, or a family member of, or person who is closely associated with, one of those persons	minor
122	9.3(2)	121(1)(a)	Failure of the specified financial entity or securities dealer to take reasonable measures to establish the source of funds or virtual currency that have been, will be or are expected to be deposited into an account and the source of the person's wealth	minor
123	9.3(2)	121(1)(b)	Failure of the specified financial entity or securities dealer to obtain the required approval	minor
124	9.3(2)	121(1)(c)	Failure of the specified financial entity or securities dealer to take the special measures	minor
125	9.3(2.1)	121(2)	Failure of the specified financial entity or securities dealer to take the required measures	minor

126	9.3	121(3)	Failure of the specified financial entity or securities dealer to take the required measures within the prescribed period	minor
127	9.3(2)	122(1)(a)	Failure of the specified financial entity, life insurance company, life insurance broker or agent, money services business or foreign money services business to take reasonable measures to establish the source of funds or virtual currency used for the specified transaction and the source of the person's wealth	minor
128	9.3(2)	122(1)(b)	Failure of the specified financial entity, life insurance company, life insurance broker or agent, money services business or foreign money services business to ensure that a member of senior management reviews the specified transaction	minor
129	9.3(2)	122(2)(a)	Failure of the specified financial entity, money services business or foreign money services business to take reasonable measures to establish the source of the virtual currency used for the specified transaction and the source of the person's wealth	minor
130	9.3(2)	122(2)(b)	Failure of the specified financial entity, money services business or foreign money services business to ensure that a member of senior management reviews the specified transaction	minor
131	9.3(2)	122(3)	Failure of the specified financial entity, money services business or foreign money services business to ensure that a member of senior management reviews the specified transaction	minor
132	9.3(2)	122(4)(a)	Failure of the specified life insurance company or life insurance broker or agent to take reasonable measures to establish the source of the funds or virtual currency received from the specified person and the source of the beneficiary's wealth	minor
133	9.3(2)	122(4)(b)	Failure of the specified life insurance company or life insurance broker or agent to take the required measures to ensure that a member of senior management reviews the specified transaction	minor

134	9.3(2) and (2.1)	122(5)	Failure of the specified financial entity, life insurance company, life insurance broker or agent, money services business or foreign money services business to take the required measures	minor
135	9.3(2.1)	122(6)	Failure of the specified financial entity, money services business or foreign money services business to take the required measures	minor
136	9.3(2.1)	122(7)	Failure of the specified financial entity, money services business or foreign money services business to ensure that a member of senior management reviews the specified transaction	minor
137	9.3(2.1)	122(8)	Failure of the specified life insurance company or life insurance broker or agent to take the required measures	minor
138	9.3	122(9)	Failure of the financial entity, life insurance company or life insurance broker or agent, money services business or foreign money services business to take the required reasonable measures within the prescribed time	minor
139	9.3	122(10)	Failure of a life insurance company or life insurance broker or agent to take the required reasonable measures within the prescribed time	minor
140	6	123(1)	Failure of the specified financial entity or securities dealer to keep the required record	minor
141	6	123(2)	Failure of the specified financial entity, money services business or foreign money services business to keep the required record	minor
142	6	123(3)	Failure of the specified life insurance company or life insurance broker or agent to keep the required record	minor
143	9(1)	125	Failure to convert foreign currency or virtual currency transactions into Canadian dollars using the prescribed rate	minor
144	9(1)	131(1)	Failure to send a report electronically, if the sender has the technical capabilities to do so, in accordance with guidelines prepared by the Centre	minor

145	9(1)	131(2)	Failure to send a report in paper format, if the sender does not have the technical capabilities to send electronically, in accordance with guidelines prepared by the Centre	minor
146	9(1)	132(1)	Failure to report to the Centre an electronic funds transfer within the prescribed period	minor
147	9(1)	132(2)	Failure to report to the Centre a receipt of virtual currency within the prescribed period	minor
148	9(1)	132(3)	Failure to report to the Centre the receipt of \$10,000 or more in cash the specified or disbursement within the prescribed period	minor
149	6	134(1)	Failure of the specified person or entity to take reasonable measures to determine whether the specified person is acting on behalf of a third party	minor
150	6.1	134(2)	Failure of the specified person or entity to take reasonable measures to obtain the required information and keep the required record	minor
151	6	134(3)	Failure of the specified person or entity to keep the required record	minor
152	6.1	135(1)	Failure of the specified person or entity to take reasonable measures when opening an account to determine whether the account is to be used by or on behalf of a third party	minor
153	6	135(2)	Failure of the specified person or entity to take reasonable measures to obtain the required information and keep the required record	minor
154	6	135(3)	Failure of the specified person or entity to keep the required record	minor
155	6.1	136(1)	Failure of the specified person or entity to take reasonable measures to determine whether the specified person or entity is acting on behalf of a third party	minor

156	6	136(2)	Failure of the specified person or entity to take reasonable measures to obtain the required information and keep the required record	minor
157	6	136(3)	Failure of the specified person or entity to keep the required record	minor
158	6.1	137(1)	Failure of the specified casino to take reasonable measures to determine whether the specified person or entity is acting on behalf of a third party	minor
159	6	137(2)	Failure of the specified casino to take reasonable measures to obtain the required information and keep the required record	minor
160	6	137(3)	Failure of the specified casino to keep the required record	minor
161	6.1	138(1) and (1.1)	Failure of the specified person or entity to obtain the required information	minor
162	6.1	138(2)	Failure of the specified person or entity to take reasonable measures to confirm the accuracy of the specified information	minor
163	6	138(3)	Failure of the specified person or entity to keep the required record	minor
164	6.1	138(4)(a)	Failure of the specified person or entity to take reasonable measures to verify the identity of the specified person	serious
165	9.6(3)	138(4)(b)	Failure of the specified person or entity to take the special measures	serious
166	6	138(5)	Failure of the specified person or entity to determine whether a not-for-profit organization is a prescribed entity and to keep the required record	minor
167	6	139	Failure of the specified trust company to keep the required record concerning an <i>inter vivos</i> trust	minor
168	6	144	Failure to keep a copy of the report sent to the Centre	minor

169	6	145	Failure of the specified person or entity to keep the required record	minor
170	6	146(1)	Failure of the specified person or entity to keep the required record	minor
171	6	148(1)	Failure of the specified person or entity to keep a required record for the prescribed period	minor
172	6	149	Failure to keep a record in the prescribed manner	minor
173	9.6(1)	156(1)(a)	Failure of the specified person or entity to appoint a person to be responsible for the implementation of a compliance program, or in the case of a person, taking the responsibility for implementing the program	serious
174	9.6(1)	156(1)(b)	Failure of the specified person or entity to develop and apply the specified compliance policies and procedures	serious
175	9.6(1)	156(1)(c) and (2)	Failure of the specified person or entity to assess and document the risk referred to in subsection 9.6(2) of the Act, taking into consideration prescribed factors	serious
176	9.6(1)	156(1)(d) and (e)	Failure of the specified person or entity to develop and maintain the specified program and to deliver training	serious
177	9.6(1)	156(1)(f) and (3)	Failure of the specified person or entity to institute and document the specified plan within the prescribed period	serious
178	9.6(1)	156(4)	Failure of the specified entity to report within the prescribed period	serious

**116 The heading of Part 3 of the schedule to the French version of the Regulations is replaced by the following:**

Loi sur le recyclage des produits de la criminalité et le financement des activités terroristes et Règlement sur la déclaration des opérations douteuses — recyclage des produits de la criminalité et financement des activités terroristes

**117 Items 1 to 8 of Part 3 of the schedule to the Regulations are replaced by the following:**

Item	Column 1	Column 2	Column 3	Column 4
	<b>Provision of Proceeds of Crime (Money Laundering) and Terrorist Financing Act</b>	<b>Provision of Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations</b>	<b>Short-form Description</b>	<b>Classification of Violation</b>
1	7	9(1)	Failure to make the specified report containing the required information	serious
2	7	9(2)	Failure to send the report within the prescribed period	serious
3	7.1	10	Failure to make the specified report containing the required information and to send it immediately	very serious
4	7 and 7.1	12	Failure to send the specified report electronically, in accordance with guidelines prepared by the Centre	serious
5	6	12.1(1)	Failure to keep a copy of the report submitted to the Centre for the prescribed period	minor

**118 Part 4 of the schedule to the Regulations is repealed.**

## Coming into Force

**119 (1) Subject to subsections (2) and (3), these Regulations come into force on the day on which subsection 408(1) of the *Budget Implementation Act, 2017, No. 1*, chapter 20 of the Statutes of Canada, 2017, comes into force.**

**(2) Section 39 comes into force on the day on which these Regulations are registered.**

**(3) Section 3, subsections 6(1) to (3) and sections 50 to 98, 100 to 105, 111 and 112 come into force on the day on which subsection 256(2) of the *Economic Action Plan 2014 Act, No. 1*, chapter 20 of the Statutes of Canada, 2014, comes into force.**

## SCHEDULE

(Sections 47 and 49)

## **SCHEDULE 1**

(Paragraph 7(1)(a), sections 18 and 25, paragraphs 30(1)(a) and 33(1)(a), sections 39, 48, 54, 60 and 66, paragraph 70(1)(a), section 78, subsection 131(3) and section 152)

### **Report with Respect to Receipt of Cash**

#### **PART A**

##### **Information with Respect to Reporting Person or Entity and Place of Business Where Cash Is Received**

- 1\* Person's or entity's name
- 2\* Type of person or entity, as described in any of paragraphs 5(a) to (h.1) and (k) of the Act, or, if person or entity is referred to in paragraph 5(i), (j) or (l) of the Act, type of prescribed business, profession or activity referred to in that paragraph
- 3\* Identification number assigned to person or entity by Centre
- 4\* Number that identifies place of business
- 5\* Address of place of business
- 6\* Contact person's name
- 7 Contact person's email address
- 8\* Contact person's telephone number

#### **PART B**

##### **Information with Respect to Transaction**

- 1\* Date of transaction or night deposit indicator
- 2\* Time of transaction
- 3\* Posting date, if different from date of transaction
- 4\* Type and amount of each fiat currency involved
- 5\* Method by which transaction conducted
- 6 Exchange rates used
- 7 Purpose of transaction
- 8 Source of cash involved
- 9 Name of every person or entity that is source of cash involved and their account number or policy number or, if no account number or policy number, identifying number
- 10\* Following details of remittance of, or in exchange for, cash received:
  - (a) method of remittance
  - (b) if remittance is in funds, type and amount of each type of funds involved
  - (c) if remittance is not in funds, type of remittance and its value, if different from amount of cash received

(d) name of every person or entity that is involved in remittance and their account number or policy number or, if no account number or policy number, identifying number

## **PART C**

### **Account and Reference Number Information**

- 1\* Every account number and other equivalent reference number connected to receipt of cash or remittance
- 2\* Type of account
- 3\* Branch number, institution number and similar numbers connected to account or reference number
- 4\* Name of each account holder
- 5\* Type of fiat currency of account
- 6 Date account opened

## **PART D**

### **Information with Respect to Person or Entity That Conducts Transaction That Does Not Involve Deposit into Business Account**

- 1\* Person's or entity's name
- 2\* Person's or entity's address
- 3 Person's or entity's email address
- 4 Person's or entity's telephone number
- 5\* Nature of person's or entity's principal business or their occupation
- 6\* Identification number assigned to person or entity by reporting person or entity
- 7\* Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information
- 8\* Jurisdiction and country of issue of document or other information
- 9 In the case of a person,
  - (a) their alias
  - (b)\* their date of birth
  - (c) their country of residence
  - (e) their employer's name
- 10\* In the case of an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number

## **PART E**

## **Information with Respect to Person or Entity That Conducts Transaction That Involves Deposit into Business Account Other than Night Deposit or Quick Drop**

1\* Person's or entity's name

## **PART F**

### **Information with Respect to Person or Entity on Whose Behalf Transaction is Conducted**

1\* Person's or entity's name

2\* Person's or entity's address

3 Person's or entity's email address

4 Person's or entity's telephone number

5\* Nature of person's or entity's principal business or their occupation

6 Identification number assigned to person or entity by reporting person or entity

7 Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information

8 Jurisdiction and country of issue of document or other information

9\* Relationship of person or entity to person or entity conducting transaction

10 In the case of a person,

(a) their alias

(b) their date of birth

(c) their country of residence

(d) their employer's name

11 In the case of an entity,

(a) name of each person — up to three — who is authorized to bind entity or to act with respect to account

(b)\* its registration or incorporation number and jurisdiction and country of issue of that number

## **PART G**

### **Information with Respect to Beneficiary**

1\* Beneficiary's name

2 Beneficiary's address

3 Beneficiary's email address

4 Beneficiary's telephone number

5 Nature of beneficiary's principal business or their occupation

6 Identification number assigned to beneficiary by reporting person or entity

7 Type of document or other information used to identify beneficiary, or to verify their identity, and number of document or number associated with information

8 Jurisdiction and country of issue of document or other information

9 Relationship of beneficiary to person or entity conducting transaction

10 If beneficiary is a person,

- (a) their alias
- (b) their date of birth
- (c) their country of residence
- (d) their employer's name

11 If beneficiary is an entity,

- (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
- (b) its registration or incorporation number and jurisdiction and country of issue of that number

## **SCHEDULE 2**

(Paragraphs 7(1)(b), 30(1)(b) and (d), 33(1)(b) and (d) and 70(1)(b), subsection 131(3) and section 152)

### **Report with Respect to Initiation of Electronic Funds Transfers**

#### **PART A**

##### **Information with Respect to Electronic Funds Transfer**

1 Number that identifies initiation of electronic funds transfer

2\* Type of electronic funds transfer (SWIFT or non-SWIFT)

3\* Date on which electronic funds transfer is initiated

4\* Time at which electronic funds transfer is initiated

5\* Amount of funds transferred

6\* Type and amount of each fiat currency involved in initiation

7 Exchange rates used

8 In the case of a SWIFT message, additional payment information fields required in message

9 Source of funds involved in initiation

10 Name of every person or entity that is source of funds involved and their account number or policy number or, if no account number or policy number, identifying number

11 Following details of remittance of, or in exchange for, funds finally received, if obtained in ordinary course of business:

- (a) method of remittance
- (b) if remittance is in funds, type and amount of each type of funds involved
- (c) if remittance is not in funds, type of remittance and its value, if different from amount of funds finally received
- (d) name of every person or entity involved in remittance and their account number or policy number or, if no account number or policy number, identifying number

## **PART B**

### **Account and Reference Number Information**

- 1\* Every account number and other equivalent reference number connected to electronic funds transfer
- 2\* Type of account
- 3\* Branch number, institution number and similar numbers connected to account or reference number
- 4\* Name of each account holder
- 5\* Type of fiat currency of account
- 6 Date account opened

## **PART C**

### **Information with Respect to Person Who Requests Initiation of Electronic Funds Transfer**

- 1\* Person's name
- 2 Person's alias
- 3\* Person's date of birth
- 4\* Person's address
- 5 Person's country of residence
- 6 Person's email address
- 7 Person's telephone number
- 8\* Nature of person's principal business or their occupation
- 9 Identification number assigned to person by reporting person or entity
- 10\* Type of document or other information used to identify person, or to verify their identity, and number of document or number associated with information
- 11\* Jurisdiction and country of issue of document or other information
- 12 Name of person's employer
- 13 Type of device used by person who makes request online
- 14 Number that identifies device
- 15 Internet Protocol address used by device
- 16 Person's user name
- 17 Date and time of person's online session in which request is made

## **PART D**

### **Information with Respect to Entity That Requests Initiation of Electronic Funds Transfer**

- 1\* Entity's name
- 2\* Entity's address
- 3 Entity's telephone number
- 4\* Nature of entity's principal business
- 5 Identification number assigned to entity by reporting person or entity
- 6\* Name of each person — up to three — who is authorized to bind entity or to act with respect to account
- 7\* Type of document or other information used to identify entity, or to verify its identity, and number of document or number associated with information
- 8\* Jurisdiction and country of issue of document or other information
- 9 Type of device used by entity that makes request online
- 10 Number that identifies device
- 11 Internet Protocol address used by device
- 12 Entity's user name
- 13 Date and time of entity's online session in which request made

## **PART E**

### **Information with Respect to Holder of Account From Which Funds are Withdrawn (if Different from Person or Entity in Part C or D)**

- 1\* Account holder's name
- 2\* Account holder's address
- 3 Account holder's email address
- 4 Account holder's telephone number
- 5\* Nature of account holder's principal business or their occupation
- 6 Identification number assigned to account holder by reporting person or entity
- 7\* Type of document or other information used to identify account holder, or to verify their identity, and number of document or number associated with information
- 8\* Jurisdiction and country of issue of document or other information
- 9\* Relationship of account holder to person or entity that requests withdrawal of funds
- 10 If account holder is a person,
  - (a) their alias
  - (b)\* their date of birth
  - (c) their country of residence
  - (d) their employer's name
- 11\* If account holder is an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number

## **PART F**

### **Information with Respect to Person or Entity on Whose Behalf Initiation of Electronic Funds Transfer Is Requested**

- 1\* Person's or entity's name
- 2 Person's or entity's address
- 3 Person's or entity's email address
- 4 Person's or entity's telephone number
- 5 Nature of person's or entity's principal business or their occupation
- 6 Identification number assigned to person or entity by reporting person or entity
- 7 Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information
- 8 Jurisdiction and country of issue of document or other information
- 9\* Relationship of person or entity to person or entity that requests initiation of electronic funds transfer
- 10 In the case of a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (d) their employer's name
- 11 In the case of an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number

## **PART G**

### **Information with Respect to Person or Entity That Initiates Electronic Funds Transfer**

- 1\* Person's or entity's name
- 2\* Person's or entity's address
- 3\* If person or entity is a member of SWIFT, their Bank Identification Code or Business Entity Identifier
- 4 Any other identification number assigned to person or entity in respect of their electronic funds transfer activities
- 5\* Number that identifies person's or entity's place of business
- 6\* Contact person's name
- 7 Contact person's email address
- 8\* Contact person's telephone number

## **PART H**

## **Information with Respect to Every Person or Entity That Sends or Is To Send Electronic Funds Transfer Initiated by Another Person or Entity**

1\* Person's or entity's name

2\* Person's or entity's address

3\* If person or entity is a member of SWIFT, their Bank Identification Code or Business Entity Identifier

4 Any other identification number assigned to person or entity in respect of their electronic funds transfer activities

5 Relationship of person or entity to person or entity that initiates electronic funds transfer

6 Relationship of person or entity to person or entity that finally receives or is to finally receive electronic funds transfer

## **PART I**

### **Information with Respect to Person or Entity That Finally Receives or Is To Finally Receive Electronic Funds Transfer**

1\* Person's or entity's name

2\* Person's or entity's address

3\* If person or entity is a member of SWIFT, their Bank Identification Code or Business Entity Identifier

4 Any other identification number assigned to person or entity in respect of their electronic funds transfer activities

5 Type of person or entity as described, or similar to those described, in section 5 of the Act

6 Number that identifies person's or entity's place of business

## **PART J**

### **Information with Respect to Every Other Person or Entity That Is Involved in Effecting Electronic Funds Transfer That Is a SWIFT Message**

1\* Person's or entity's name

2\* Person's or entity's address

3\* If person or entity is a member of SWIFT, their Bank Identification Code or Business Entity Identifier

4 Any other identification number assigned to person or entity in respect of their electronic funds transfer activities

5 Relationship of person or entity to person or entity that initiates electronic funds transfer

6 Relationship of person or entity to person or entity that sends or is to send electronic funds transfer

7 Relationship of person or entity to person or entity that finally receives or is to finally receive electronic funds transfer

## **PART K**

## Information with Respect to Beneficiary

- 1\* Beneficiary's name
- 2 Beneficiary's address
- 3 Beneficiary's email address
- 4 Beneficiary's telephone number
- 5 Nature of beneficiary's principal business or their occupation
- 6 Identification number assigned to beneficiary by reporting person or entity
- 7 Type of document or other information used to identify beneficiary, or to verify their identity, and number of document or number associated with information
- 8 Jurisdiction and country of issue of document or other information
- 9 User name of beneficiary that receives payment online
- 10 If beneficiary is a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (d) their employer's name
- 11 If beneficiary is an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number

## PART L

### Information with Respect to Person or Entity on Whose Behalf Beneficiary Is To Receive Remittance

- 1 Person's or entity's name
- 2 Person's or entity's address
- 3 Nature of person's or entity's principal business or their occupation
- 4 Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information
- 5 Relationship of person or entity to beneficiary
- 6 In the case of a person, their date of birth
- 7 In the case of an entity, its registration or incorporation number and jurisdiction and country of issue of that number

## SCHEDULE 3

(Paragraphs 7(1)(c), 30(1)(c) and (e), 33(1)(c) and (e) and 70(1)(c), subsection 131(3) and section 152)

### Report with Respect to Final Receipt of Electronic Funds Transfers

## **PART A**

### **Information with Respect to Electronic Funds Transfer**

- 1 Number that identifies final receipt of electronic funds transfer
- 2\* Type of electronic funds transfer (SWIFT or non-SWIFT)
- 3\* Date on which electronic funds transfer finally received
- 4\* Time at which electronic funds transfer finally received
- 5\* Amount of funds finally received
- 6\* Type and amount of each fiat currency involved in final receipt
- 7 Exchange rates used
- 8 In the case of a SWIFT message, additional payment information fields required in message
- 9 Source of funds, if obtained in ordinary course of business
- 10 If obtained in ordinary course of business, name of every person or entity that is source of funds involved and their account number or policy number or, if no account number or policy number, identifying number
- 11\* Following details of remittance of, or in exchange for, funds finally received:
  - (a) method of remittance
  - (b) if remittance is in funds, type and amount of each type of funds involved
  - (c) if remittance is not in funds, type of remittance and its value, if different from amount of funds finally received
  - (d) name of every person or entity involved in remittance and their account number or policy number or, if no account number or policy number, identifying number

## **PART B**

### **Account and Reference Number Information**

- 1\* Every account number and other equivalent reference number connected to electronic funds transfer
- 2 Type of account
- 3 Branch number, institution number and similar numbers connected to account or reference number
- 4 Name of each account holder
- 5 Type of fiat currency of account
- 6 Date account opened

## **PART C**

### **Information with Respect to Person Who Requests Initiation of Electronic Funds Transfer**

- 1\* Person's name

- 2 Person's alias
- 3 Person's date of birth
- 4\* Person's address
- 5 Person's country of residence
- 6 Person's email address
- 7 Person's telephone number
- 8 Nature of person's principal business or their occupation
- 9 Identification number assigned to person by reporting person or entity
- 10 Type of document or other information used to identify person, or to verify their identity, and number of document or number associated with information
- 11 Jurisdiction and country of issue of document or other information
- 12 Name of person's employer
- 13 Type of device used by person who makes request online
- 14 Number that identifies device
- 15 Internet Protocol address used by device
- 16 Person's user name
- 17 Date and time of person's online session in which request is made

## **PART D**

### **Information with Respect to Entity That Requests Initiation of Electronic Funds Transfer**

- 1\* Entity's name
- 2\* Entity's address
- 3 Entity's telephone number
- 4 Nature of entity's principal business
- 5 Identification number assigned to entity by reporting person or entity
- 6 Name of each person — up to three — who is authorized to bind entity or to act with respect to account
- 7 Type of document or other information used to identify entity, or to verify its identity, and number of document or number associated with information
- 8 Jurisdiction and country of issue of document or other information
- 9 Type of device used by entity that makes request online
- 10 Number that identifies device
- 11 Internet Protocol address used by device
- 12 Entity's user name
- 13 Date and time of entity's online session in which request is made

## **PART E**

## **Information with Respect to Holder of Account From Which Funds Are Withdrawn (if Different from Person or Entity in Part C or D)**

- 1\* Account holder's name
- 2\* Account holder's address
- 3 Account holder's email address
- 4 Account holder's telephone number
- 5 Nature of account holder's principal business or their occupation
- 6 Identification number assigned to account holder by reporting person or entity
- 7 Type of document or other information used to identify account holder, or to verify their identity, and number of document or number associated with information
- 8 Jurisdiction and country of issue of document or other information
- 9 Relationship of account holder to person or entity that requests withdrawal of funds
- 10 If account holder is a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (e) their employer's name
- 11 If account holder is an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number

## **PART F**

### **Information with Respect to Person or Entity on Whose Behalf Initiation of Electronic Funds Transfer Is Requested**

- 1 Person's or entity's name
- 2 Person's or entity's address
- 3 Nature of person's or entity's principal business or their occupation
- 4 Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information
- 5 Relationship of person or entity to person or entity that requests initiation of electronic funds transfer
- 6 In the case of a person, their date of birth
- 7 In the case of an entity, its registration or incorporation number and jurisdiction and country of issue of that number

## **PART G**

### **Information with Respect to Person or Entity That Initiates Electronic Funds Transfer**

1\* Person's or entity's name

2\* Person's or entity's address

3\* If person or entity is a member of SWIFT, their Bank Identification Code or Business Entity Identifier

4 Any other identification number assigned to person or entity in respect of their electronic funds transfer activities

5 Number that identifies person's or entity's place of business

## **PART H**

### **Information with Respect to Every Person or Entity That Sends Electronic Funds Transfer Initiated by Another Person or Entity**

1\* Person's or entity's name

2\* Person's or entity's address

3\* If person or entity is a member of SWIFT, their Bank Identification Code or Business Entity Identifier

4 Any other identification number assigned to person or entity in respect of their electronic funds transfer activities

5 Relationship of person or entity to person or entity that initiates electronic funds transfer

6 Relationship of person or entity to person or entity that finally receives or is to finally receive electronic funds transfer

## **PART I**

### **Information with Respect to Person or Entity That Finally Receives Electronic Funds Transfer**

1\* Person's or entity's name

2\* Person's or entity's address

3\* If person or entity is a member of SWIFT, their Bank Identification Code or Business Entity Identifier

4 Any other identification number assigned to person or entity in respect of their electronic funds transfer activities

5\* Type of person or entity, as described in section 5 of the Act

6\* Number that identifies place of business where person or entity finally receives electronic funds transfer

7\* Contact person's name

8 Contact person's email address

9\* Contact person's telephone number

## **PART J**

## **Information with Respect to Every Other Person or Entity That Is Involved in Effecting Electronic Funds Transfer That Is a SWIFT Message**

- 1\* Person's or entity's name
- 2\* Person's or entity's address
- 3\* If person or entity is a member of SWIFT, their Bank Identification Code or Business Entity Identifier
- 4 Any other identification number assigned to person or entity in respect of their electronic funds transfer activities
- 5 Relationship of person or entity to person or entity that initiates electronic funds transfer
- 6 Relationship of person or entity to person or entity that sends electronic funds transfer
- 7 Relationship of person or entity to person or entity that finally receives electronic funds transfer

## **PART K**

### **Information with Respect to Beneficiary**

- 1\* Beneficiary's name
- 2\* Beneficiary's address
- 3 Beneficiary's email address
- 4 Beneficiary's telephone number
- 5 Nature of beneficiary's principal business or their occupation
- 6 Identification number assigned to beneficiary by reporting person or entity
- 7\* Type of document or other information used to identify beneficiary, or to verify their identity, and number of document or number associated with information
- 8\* Jurisdiction and country of issue of document or other information
- 9 User name of beneficiary that receives payment online
- 10 If beneficiary is a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (e) their employer's name
- 11 If beneficiary is an entity,
  - (a)\* name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b)\* its registration or incorporation number and jurisdiction and country of issue of that number

## **PART L**

### **Information with Respect to Person or Entity on Whose Behalf Beneficiary Is to Receive Remittance**

- 1\* Person's or entity's name

- 2 Person's or entity's address
- 3 Person's or entity's email address
- 4 Person's or entity's telephone number
- 5 Person's or entity's principal business or occupation
- 6 Identification number assigned to person or entity by reporting person or entity
- 7 Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information
- 8 Jurisdiction and country of issue of document or other information
- 9\* Relationship of person or entity to beneficiary
- 10 In the case of a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (d) their employer's name
- 11 In the case of an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number

## **SCHEDULE 4**

(Paragraph 7(1)(d), sections 19 and 26, paragraphs 30(1)(f) and 33(1)(f), sections 40, 49, 55, 61 and 67, paragraph 70(1)(d), section 79, subsection 131(3) and section 152)

### **Report with Respect to Receipt of Virtual Currency**

#### **PART A**

##### **Information with Respect to Reporting Person or Entity and Place of Business Where Virtual Currency Is Received**

- 1\* Person's or entity's name
- 2\* Type of person or entity, as described in any of paragraphs 5(a) to (h.1) and (k) of the Act, or, if person or entity is referred to in paragraph 5(i), (j) or (l) of the Act, type of prescribed business, profession or activity referred to in that paragraph
- 3\* Identification number assigned to person or entity by Centre
- 4\* Number that identifies place of business
- 5\* Address of place of business
- 6\* Contact person's name
- 7 Contact person's email address
- 8\* Contact person's telephone number

## **PART B**

### **Information with Respect to Transaction**

- 1\* Date of transaction
- 2\* Time of transaction
- 3\* Type and amount of each virtual currency involved
- 4\* Method by which transaction conducted
- 5\* Exchange rates used
- 6\* Transaction identifiers, including sending and receiving addresses
- 7 Purpose of transaction
- 8 Source of virtual currency, if obtained in the ordinary course of business
- 9 If obtained in the ordinary course of business, name of every person or entity that is source of virtual currency involved and their account number or policy number or, if no account number or policy number, identifying number
- 10\* Following details of remittance of, or in exchange for, virtual currency received:
  - (a) method of remittance
  - (b) if remittance is in virtual currency, type and amount of each virtual currency involved
  - (c) if remittance is not in virtual currency, type of remittance and its value, if different from amount of virtual currency received
  - (d) name of every person or entity involved in remittance and their account number or policy number or, if no account number or policy number, identifying number

## **PART C**

### **Account and Reference Number Information**

- 1\* Every account number and other equivalent reference number connected to receipt of virtual currency or remittance
- 2\* Type of account
- 3\* Branch number, institution number and similar numbers connected to account or reference number
- 4\* Name of each account holder
- 5\* User name of each account holder
- 6\* Type of fiat currency or virtual currency of account
- 7 Date account opened

## **PART D**

### **Information with Respect to Person Who Conducts Transaction and Who Is Client of Reporting Entity**

- 1\* Person's name

- 2 Person's alias
- 3\* Person's date of birth
- 4\* Person's address
- 5 Person's country of residence
- 6 Person's email address
- 7 Person's telephone number
- 8\* Nature of person's principal business or their occupation
- 9\* Identification number assigned to person by reporting person or entity
- 10\* Type of document or other information used to identify person, or to verify their identity, and number of document or number associated with information
- 11\* Jurisdiction and country of issue of document or other information
- 12 Name of person's employer
- 13 Type of device used by person who conducts transaction online
- 14 Number that identifies device
- 15 Internet Protocol address used by device
- 16 Person's user name
- 17 Date and time of person's online session in which request is made

## **PART E**

### **Information with Respect to Person Who Conducts Transaction and Is Not Client of Reporting Entity**

- 1 Person's name
- 2 Person's alias
- 3 Person's date of birth
- 4 Person's address
- 5 Person's country of residence
- 6 Person's email address
- 7 Person's telephone number
- 8 Nature of person's principal business or their occupation
- 9 Identification number assigned to person by reporting person or entity
- 10 Type of document or other information used to identify person, or to verify their identity, and number of document or number associated with information
- 11 Jurisdiction and country of issue of document or other information
- 12 Name of person's employer
- 13 Type of device used by person who conducts transaction online
- 14 Number that identifies device
- 15 Internet Protocol address used by device

16 Person's user name

17 Date and time of person's online session in which request is made

## **PART F**

### **Information with Respect to Entity That Conducts Transaction and Is Client of Reporting Entity**

1\* Entity's name

2\* Entity's address

3 Entity's telephone number

4\* Nature of entity's principal business

5\* Identification number assigned to entity by reporting person or entity

6\* Name of each person — up to three — who is authorized to bind entity or to act with respect to account

7\* Type of document or other information used to identify entity, or to verify its identity, and number of document or number associated with information

8\* Jurisdiction and country of issue of document or other information

9\* Entity's registration or incorporation number and jurisdiction and country of issue of that number

10 Type of device used by entity that conducts transaction online

11 Number that identifies device

12 Internet Protocol address used by device

13 Entity's user name

14 Date and time of entity's online session in which transaction is conducted

## **PART G**

### **Information with Respect to Entity That Conducts Transaction and Is Not Client of Reporting Entity**

1 Entity's name

2 Entity's address

3 Entity's telephone number

4 Nature of entity's principal business

5 Identification number assigned to entity by reporting person or entity

6 Name of each person — up to three — who is authorized to bind entity or to act with respect to account

7 Type of document or other information used to identify entity, or to verify its identity, and number of document or number associated with information

8 Jurisdiction and country of issue of document or other information

9 Entity's registration or incorporation number and jurisdiction and country of issue of that number

10 Type of device used by entity that conducts transaction online

- 11 Number that identifies device
- 12 Internet Protocol address used by device
- 13 Entity's user name
- 14 Date and time of entity's online session in which transaction is conducted

## **PART H**

### **Information with Respect to Person or Entity on Whose Behalf Transaction Is Conducted**

- 1\* Person's or entity's name
- 2\* Person's or entity's address
- 3 Person's or entity's email address
- 4 Person's or entity's telephone number
- 5 Nature of person's or entity's principal business or their occupation
- 6 Identification number assigned to person or entity by reporting person or entity
- 7 Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information
- 8 Jurisdiction and country of issue of document or other information
- 9\* Relationship of person or entity to person or entity that requests transfer
- 10 In the case of a person,
  - (a) their alias
  - (b) their date of birth
  - (c) their country of residence
  - (d) their employer's name
- 11 In the case of an entity,
  - (a) name of each person — up to three — who is authorized to bind entity or to act with respect to account
  - (b) its registration or incorporation number and jurisdiction and country of issue of that number

## **PART I**

### **Information with Respect to Beneficiary**

- 1\* Beneficiary's name
- 2\* Beneficiary's address
- 3 Beneficiary's email address
- 4 Beneficiary's telephone number
- 5 Nature of beneficiary's principal business or their occupation
- 6 Identification number assigned to beneficiary by reporting person or entity

7\* Type of document or other information used to identify beneficiary, or to verify their identity, and number of document or number associated with information

8\* Jurisdiction and country of issue of document or other information

9 Beneficiary's user name

10 If beneficiary is a person,

(a) their alias

(b) their date of birth

(c) their country of residence

(d) their employer's name

11\* If beneficiary is an entity,

(a) name of each person — up to three — who is authorized to bind entity or to act with respect to account

(b) its registration or incorporation number and jurisdiction and country of issue of that number

## **SCHEDULE 6**

(Section 71, subsection 131(3) and section 152)

### **Report with Respect to Casino Disbursements**

#### **PART A**

##### **Information with Respect to Reporting Person or Entity and Place of Business Where Disbursement Is Made**

1\* Person's or entity's name

2\* Identification number assigned to person or entity by Centre

3\* Number that identifies place of business

4\* Address of place of business

5\* Contact person's name

6 Contact person's e-mail address

7\* Contact person's telephone number

#### **PART B**

##### **Information with Respect to Disbursement**

1\* Date of disbursement

2\* Time of disbursement

3\* Type and amount of disbursement

4\* If disbursement is in funds, type and amount of each type of funds involved

5\* If disbursement is not in funds, type of disbursement and its value

6\* Method by which disbursement is made

7\* Name of every person or entity involved in disbursement and their account number or policy number or, if no account number or policy number, identifying number

8\* Type of transaction in which disbursement occurs

9\* Purpose of disbursement

## **PART C**

### **Account and Reference Number Information**

1\* Every account number and other equivalent reference number connected to transaction in which disbursement occurs

2\* Type of account

3\* Branch number, institution number and similar numbers connected to account or reference number

4\* If account is casino account, address of casino where account is located

5\* Name of each account holder

6\* Type of fiat currency of account

7 Date account opened

## **PART D**

### **Information with Respect to Person Who Requests Disbursement**

1\* Person's name

2 Person's alias

3\* Person's date of birth

4\* Person's address

5 Person's country of residence

6 Person's email address

7 Person's telephone number

8\* Nature of person's principal business or their occupation

9 Identification number assigned to person by casino

10\* Type of document or other information used to identify person, or to verify their identity, and number of document or number associated with information

11\* Jurisdiction and country of issue of document or other information

12 Name of person's employer

13 Type of device used by person who requests disbursement online

14 Number that identifies device

15 Internet Protocol address used by device

16 Person's user name

17 Date and time of person's online session in which disbursement is requested

## **PART E**

### **Information with Respect to Entity That Requests Disbursement**

1\* Entity's name

2\* Entity's address

3 Entity's telephone number

4\* Nature of entity's principal business

5 Identification number assigned to entity by casino

6\* Name of each person — up to three — who is authorized to bind entity or to act with respect to account

7\* Type of document or other information used to identify entity, or to verify its identity, and number of document or number associated with information

8\* Jurisdiction and country of issue of document or other information

9 Type of device used by entity that makes request online

10 Number that identifies device

11 Internet Protocol address used by device

12 Entity's user name

13 Date and time of entity's online session in which disbursement is requested

## **PART F**

### **Information with Respect to Person or Entity on Whose Behalf Disbursement Is Requested**

1\* Person's or entity's name

2\* Person's or entity's address

3 Person's or entity's email address

4 Person's or entity's telephone number

5\* Nature of person's or entity's principal business or their occupation

6 Identification number assigned to person or entity by casino

7 Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information

8 Jurisdiction and country of issue of document or other information

9\* Relationship of person or entity to person or entity that requests disbursement

10 In the case of a person,

(a) their alias

(b) their date of birth

(c) their country of residence

(d) their employer's name

11 In the case of an entity,

(a) name of each person — up to three — who is authorized to bind entity or to act with respect to account

(b\*) its registration or incorporation number and jurisdiction and country of issue of that number

## **PART G**

### **Information with Respect to Person or Entity That Receives Disbursement (if Different from Person or Entity in Part D, E or F)**

1\* Person's or entity's name

2\* Person's or entity's address

3 Person's or entity's email address

4 Person's or entity's telephone number

5 Nature of person's or entity's principal business or their occupation

6 Identification number assigned to person or entity by casino

7 Type of document or other information used to identify person or entity, or to verify their identity, and number of document or number associated with information

8 Jurisdiction and country of issue of document or other information

9\* Relationship of person or entity to person or entity that requests disbursement

10 Relationship of person or entity to person or entity on whose behalf disbursement is requested

11 User name of person or entity that receives payment online

12 In the case of a person,

(a) their alias

(b) their date of birth

(c) their country of residence

(d) their employer's name

13 In the case of an entity,

(a) name of each person — up to three — who is authorized to bind entity or to act with respect to account

(b) its registration or incorporation number and jurisdiction and country of issue of that number

## **REGULATORY IMPACT ANALYSIS STATEMENT**

*(This statement is not part of the Regulations.)*

### **Executive summary**

**Issues:** In 2015–16, the Financial Action Task Force (FATF) evaluated Canada’s Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Regime for compliance with its standards, and identified a number of deficiencies that Canada needs to address. In addition, in 2014 and 2017, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (the Act) was amended through the *Economic Action Plan 2014 Act, No. 1* and the *Budget Implementation Act, 2017, No. 1* to strengthen the AML/ATF Regime. Regulatory changes are needed to operationalize some of the legislative changes, strengthen Canada’s AML/ATF Regime, and ensure its measures are aligned with the FATF standards.

**Description:** The amendments to the regulations <sup>6</sup> strengthen Canada’s AML/ATF Regime by updating customer due diligence requirements; regulating businesses dealing in virtual currency; updating the schedules to the regulations; including foreign money service businesses (MSB) in Canada’s AML/ATF Regime; updating beneficial ownership reporting requirements in suspicious transaction reports; clarifying a number of existing requirements; and making minor technical amendments.

**Cost-benefit statement:** The amendments will result in an estimated \$1,867,698 (present value [PV]) in benefits and \$69,868,122 (PV) in costs, for a net cost of \$68,000,424 (PV) over a 10-year period in 2012 dollars. There are substantial qualitative benefits associated with the amendments that cannot be monetized. The amendments strengthen Canada’s AML/ATF Regime and improve compliance with the FATF international standards. Meeting these standards improves the integrity of the global AML/ATF framework. Furthermore, the amendments will positively impact Canada’s international reputation, and will lead to regulatory efficiencies with other countries’ anti-money laundering and anti-terrorist financing regimes, making it easier for Canadian businesses to operate internationally.

**“One-for-One” Rule and small business lens:** The amendments will result in a total annualized administrative cost increase on businesses, estimated at \$464,586. The annualized administrative cost increase per affected business is estimated at approximately \$20. A majority of the amendments, costed at \$463,098, are exempt from the requirement to offset under the “One-for-One” Rule, as they implement non-discretionary obligations. However, the amendments to the *Cross-border Currency and Monetary Instruments Reporting Regulations* will result in an estimated \$1,488 total annualized administrative cost increase on businesses (\$24 per business, for approximately 62 affected businesses) that will need to be offset under the “One-for-One” Rule.

The amendments impact small businesses; therefore, the small business lens applies.

**Domestic and international coordination and cooperation:** The amendments enhance the quality and scope of the Financial Transactions and Reports Analysis Centre of Canada’s (FINTRAC) disclosures of financial intelligence to law enforcement and other disclosure recipients, which will better assist them in their investigations.

Canada’s AML/ATF Regime is largely consistent with international standards set by the FATF. Although the standards set by the FATF are not legally binding, as a member, Canada is obligated to implement them and to submit to a peer evaluation of their effective implementation. Canada’s last mutual evaluation took place in 2015–16. The FATF’s report outlined a number of deficiencies, which some of the amendments will help to address.

## Background

### Canada’s AML/ATF Regime

The core elements of Canada’s AML/ATF Regime are set out in the Act. The Act applies to designated financial and non-financial entities (known as “reporting entities” <sup>7</sup>) that provide access to the financial system and may therefore be susceptible to abuse by criminals seeking to integrate the proceeds of

their crimes into the legitimate economy.

The Act sets out obligations that broadly fall into the following four categories: record keeping; customer due diligence requirements, such as the verification of the identity of designated persons and entities (e.g. clients with whom the reporting entities conduct business); reporting of suspicious and other prescribed financial transactions (e.g. large cash transactions); and the establishment and implementation of an internal compliance program. The *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* (the Regulations) set out how reporting entities are to fulfill these obligations.

## **FATF**

Canada is a founding member of the FATF, an intergovernmental body that sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist activity financing and other related threats to the integrity of the international financial system. Although the standards set by the FATF are not legally binding, as a member, Canada is obligated to implement them and to submit to a peer evaluation of their effective implementation.

Not meeting this commitment could lead to a number of sanctions, from enhanced scrutiny measures to public listing and, in the extreme, suspension of membership from the FATF. Furthermore, non-compliance could cause serious reputational harm to Canada's financial sector and subject Canadian financial institutions to increased regulatory burden when dealing with foreign counterparts or when doing business overseas.

In 2012, the FATF took steps to enhance its standards. Canada's last mutual evaluation took place in 2015–16. Although Canada's AML/ATF Regime is largely consistent with the FATF's standards, the evaluation report outlined a number of deficiencies that Canada needs to address. One of the deficiencies raised by FATF evaluators was compliance with "customer due diligence" requirements (e.g. no requirement to check the source of wealth, or to identify the beneficiary of a life insurance payout).

Customer due diligence measures require that a reporting entity verify the identity of their client, understand the nature of the business relationship, and conduct ongoing monitoring. Strong due diligence measures allow for more effective ongoing monitoring of clients, and help reporting entities to be satisfied that the transactions and/or activities are in line with what they know about their clients. Reporting entities who know their clients and their activities are better able to assess the money laundering and terrorist activity financing risk level of those clients, and to identify and report any suspicious transactions conducted by those clients.

Other deficiencies identified by the FATF include not having a requirement to assess new technologies before their launch and no coverage of open loop prepaid cards, of foreign MSBs, or of businesses dealing in virtual currencies.

The outcome of this evaluation was that Canada became subject to what is referred to as the "enhanced follow-up process." This FATF process exists for countries with deficiencies in their AML/ATF regimes. Currently, Canada is required to report annually on its progress toward addressing the deficiencies identified in the 2015–16 mutual evaluation. A number of these deficiencies stem from Canada's AML/ATF Regime not reflecting the ongoing modernization of the financial sector.

## **Modernization of the financial sector**

Financial technology, or "FinTech," refers to companies using technology to make financial services more effective and efficient. The various business models used to support or deliver new payment method services (e.g. prepaid cards, Internet and mobile payment services) have the advantage of helping people withdraw and convert funds more quickly than through traditional channels, including conducting international transactions in real time. While providing benefits to consumers, the new business models can complicate monitoring as well as make it difficult for authorities to follow the money trail. Also, transactions conducted through the Internet allow a certain degree of anonymity that can potentially be exploited by money launderers or terrorist activity financiers.

The Act and the associated regulations were originally intended for traditionally offered financial services, and “brick and mortar” institutions. With the financial industry increasingly moving to the digital world, it is necessary to update the legal framework to ensure no loopholes emerge (e.g. prepaid cards, virtual currency, foreign MSBs) that could be exploited by criminals without stifling innovation in the financial sector.

### **Prepaid cards**

Open-loop prepaid cards (i.e. cards that run on a payment card network and are not restricted for use only at a particular merchant or a group of merchants, such as a shopping centre gift card) provide access to funds that are paid in advance by the cardholder or a third party. These cards are not necessarily connected to a bank account, and the verification of cardholder identity varies from one financial institution to another. The wide variety of funding options also means that the origins of funds are difficult to trace and it is difficult to ascertain whether or not the money is from a legitimate source (e.g. some cards can be anonymously loaded with cash at a third party reseller location, such as a Canada Post office).

### **Virtual currency**

The evolving financial services landscape is further influenced by virtual currencies, especially decentralized digital payment systems, like Bitcoin, that operate outside the traditional financial system. A virtual currency is a medium of exchange that allows for value to be held and exchanged in an electronic, non-physical manner; is not a fiat currency (i.e. the official currency of a country); has the intended purpose of being exchanged for real and virtual goods and services; and allows peer-to-peer transfers.

Virtual currencies can be “centralized,” in that they are issued and controlled by a single company or entity, or “decentralized,” in that there is no central authority that creates or manages them (e.g. Bitcoin). Rather, these tasks are managed collectively by the network of some virtual currency users.

In addition, virtual currencies can be “convertible” or “non-convertible,” depending on whether they can be exchanged for funds. Convertible virtual currencies are vulnerable to abuse for money laundering and terrorist activity financing purposes because they allow greater levels of anonymity, or in some cases complete anonymity, when compared to traditional non-cash payment methods. Virtual currencies can be accessed globally via online or mobile systems. They allow for the rapid transfer of funds within or across borders, oftentimes without any intermediary; are generally characterized by non-face-to-face customer relationships; and can circumvent the physical “brick and mortar” financial system entirely. Due to these characteristics, virtual currencies are increasingly being used to facilitate fraud and cybercrime, and to purchase illicit goods and services on the dark Web.

### **Foreign MSBs**

The Internet and new payment methods provide an opportunity for foreign entities without a place of business in Canada to offer MSB services in Canada. These businesses are at risk of being exploited by money launderers and/or terrorist financiers, but the current AML/ATF framework was not envisioned to capture transactions conducted using non-traditional, Internet-based methods. This represents a gap in Canada’s legal framework and an uneven playing field for Canadian domestic competitors, who are required to abide by the Act.

## **Issues**

First established in 2000–01, Canada’s AML/ATF Regime must regularly adapt and evolve to changes in its operating environment (e.g. to account for technological advancements like virtual currency or in response to ongoing modernization of the financial sector).

The Act was amended through the *Economic Action Plan 2014 Act, No. 1* and the *Budget Implementation Act, 2017, No. 1* to strengthen the AML/ATF Regime and align it with international standards. In 2015–16, the FATF evaluated Canada’s AML/ATF Regime, and identified a number of

deficiencies.

Regulatory changes are needed to operationalize some of the legislative changes, close loopholes in Canada's AML/ATF Regime, and address a number of the deficiencies outlined by the FATF.

## Objectives

The amendments will

- strengthen Canada's ability to combat money laundering and terrorist activity financing activities;
- operationalize changes to the Act and close gaps in Canada's AML/ATF Regime;
- help improve reporting entities' compliance with regulatory requirements;
- help improve the monitoring and enforcement efforts of FINTRAC;
- improve Canada's compliance with international standards; and
- adopt minor technical changes.

## Description

The amendments make the following changes:

- The regulatory amendments update the requirements for reporting entities to perform customer due diligence and help bring them in line with FATF recommendations.
- Currently, reporting entities may conduct their own identity verification or rely on information collected by an agent or an affiliate. This provision is expanded to allow a reporting entity to rely on customer identification information that has already been obtained by other reporting entities. To rely on identity verification information from a third party, a reporting entity is required to obtain information on the method of identity verification used and the information referred to as soon as feasible, among other requirements (i.e. be satisfied that the information is valid and current).

A reporting entity can also rely on identity verification information from a foreign affiliate. To do so, the reporting entity is required to assess the level of risk associated with the country where the third party operates (e.g. is it a member of the FATF, does the country have a similar AML/ATF regime in place). These measures increase flexibility for reporting entities when carrying out customer identity verification and decrease duplication of efforts.

- The life insurance sector has been issuing loans (e.g. mortgages, loans against the amount of an insurance policy) for quite some time. Currently, this sector is not subject to the same record keeping, reporting, and customer due diligence requirements with respect to similar products as other financial entities <sup>8</sup> (e.g. the requirement to keep client information records or records related to customer due diligence for loan accounts). The amendments require the life insurance sector to follow these requirements, and ensure that the life insurance sector is treated the same as other reporting entities under Canada's AML/ATF Regime that offer similar loan products.
- Anonymity of ownership and control can facilitate money laundering and terrorist activity financing, as well as complicate the seizure of the proceeds of crime during investigations. Beneficial owners are the persons who directly or indirectly own or control 25% or more of a company. However, the legal owners of a company or trust may not be the actual persons who own or control the company or trust (i.e. it might be necessary to search through several layers of information to uncover the ultimate owners).

The collection and verification of beneficial ownership information by reporting entities is an important step in mitigating the risk of money laundering and terrorist activity financing and ultimately in protecting the integrity of Canada's financial system. Currently, when a company wants to open an account, the Regulations require reporting entities to obtain its beneficial ownership information; to take reasonable measures to confirm the accuracy of this information; and to keep

the information up to date on an ongoing basis when the risk is high. However, the Regulations do not explicitly state that reporting entities must take steps to confirm the accuracy of new information as it comes in or as it is updated over time. The amendments make this requirement explicit.

- The amendments exempt financial entities from the requirement to conduct customer identification for certain low-risk customers (e.g. large companies that are listed on the Toronto Stock Exchange). For example, the reporting entity would not have to confirm that the company exists, as long as they are satisfied that the corporation exists (i.e. it is common knowledge) and are confident that every person who deals with them on behalf of the corporation is actually authorized to do so. However, all other requirements apply, including record keeping, ongoing monitoring and reporting.

- In June 2016, the Regulations were amended to require reporting entities to keep a record of any “reasonable measures” they have taken in cases where they were unsuccessful in meeting certain obligations. The Act and the Regulations explicitly state when reasonable measures must be taken to meet an obligation. For example, when a reporting entity asks a client whether they are a politically exposed person <sup>9</sup> (PEP) or the head of an international organization and they refuse to answer, the reporting entity must record that the client was asked, the date the question was asked and that the client refused to answer. These actions represent the “reasonable measures taken.”

Following the coming into force of these new requirements in June 2017, it was determined (through stakeholder feedback) that this measure is too onerous, and imposes a significant administrative burden on reporting entities. This amendment repeals the requirement to keep a record of the unsuccessful reasonable measures taken.

- The Regulations currently require that documents used to verify customer identity be “original, valid and current” and must not include a scanned or photocopied document. The prohibition on the use of scanned/photocopied documents is repealed, and the requirement for an original document is amended to require instead an “authentic, valid and current” document.

- Life insurance brokers or agents can act as a facilitator between other life insurance brokers or agents and life insurance companies. These entities are referred to as managing general agents (MGAs), where they act as facilitators between brokers and insurers, typically offering services to assist with contracting of insurance agents and commission payments, facilitate the flow of information between insurer and agent, and providing training to, and compliance oversight of, insurance agents.

Currently, when a life insurance broker or agent is acting on behalf of another life insurance broker, agent or company, it is subject to the requirements of the Act and its regulations as a reporting entity even though they do not insure risks. The amendments clarify that when a life insurance broker or agent is acting in the capacity of a managing general agency agreement or associate general agent, it is not a reporting entity.

The amendments help address and close the gaps that exist in Canada’s AML/ATF Regime, including regulating new business models and technologies and addressing new emerging risks.

- MSBs will now include domestic and foreign businesses that are “dealing in virtual currency.” These “dealing in” activities include virtual currency exchange services and value transfer services. As required of all MSBs, persons and entities dealing in virtual currencies would need to fulfill all obligations, including implementing a full compliance program and registering with FINTRAC. In addition, any reporting entity in any sector that receives \$10,000 or more in virtual currency (e.g. receiving deposits, any form of payment) would have record keeping, identification and reporting obligations.

These amendments serve to mitigate the money laundering and terrorist activity financing vulnerabilities of virtual currency in a way that is consistent with the existing legal framework, while not unduly hindering innovation. For this reason, the amendments are targeted at persons or entities engaged in the business of dealing in virtual currencies, and not virtual currencies themselves.

- Prepaid payment products (e.g. prepaid cards) are treated similarly to bank accounts for the purposes of the regulations. Therefore, financial entities issuing prepaid payment products are subject to customer due diligence requirements (e.g. verifying the identity of their clients, keeping records, and reporting suspicious transactions related to a prepaid payment product account) similar

to when a bank account is being opened. The amendments do not apply to issuers of products restricted to use at a particular merchant or group of merchants, such as a shopping centre gift card.

- Domestic MSBs (i.e. a business in Canada that offers the following services to the public: foreign exchange dealing, money transferring and/or cashing or selling money orders, travellers' cheques or anything similar, as well as dealing in virtual currencies) are captured as reporting entities by the Act and its regulations. However, similar foreign businesses that offer these same financial services directly to people located in Canada are not currently subject to obligations under the Act or Regulations. The amendments provide obligations for foreign businesses that direct (e.g. target, advertise, have a Canadian domain name) and provide services to people located in Canada, but do not have a place of business in Canada, such as those offering such services through the Internet.

This change ensures that domestic and foreign MSBs are required to fulfill the same obligations (e.g. register with FINTRAC, exercise customer due diligence, report transactions, and keep records) for the same activities.

Furthermore, the amendments ensure that a foreign MSB's registration is revoked if, after having been issued an administrative monetary penalty (AMP) for non-compliance, it fails to pay the penalty associated with it, thus making it ineligible to do business in Canada. Canadian financial entities are prohibited from opening or maintaining an account for, or having a correspondent banking relationship with, an unregistered foreign MSB.

As part of their compliance program, reporting entities are required to conduct a risk assessment of their vulnerability to money laundering and terrorist activity financing. The criteria (e.g. an entity's business relationships, products, delivery channels or geographic locations) that must be considered in this risk assessment are listed in the Regulations. This list is amended to make it clear that the assessment of products and their delivery channels must be included in an assessment of the risks associated with the use of new technologies prior to their launch.

- Currently, low-risk activities for dealers in precious metals and stones, such as manufacturing jewellery, are exempt from reporting obligations. This exemption is expanded to capture other types of manufacturing processes that may also involve the use or consumption of precious metals and stones (e.g. diamonds used to manufacture drill bits), consistent with the original policy intent.
- Accountants are captured by the Act's record keeping and identity verification requirements when they undertake certain activities on behalf of their clients. The types of activities (e.g. receiving or paying funds; purchasing or selling securities, real properties or business assets) that trigger these requirements are listed in the Regulations. The Regulations are amended to clarify that accountants who are authorized to provide bankruptcy services or act as an insolvency practitioner would not be subject to the requirements of the Act.
- The Regulations require that reporting entities treat multiple cash transactions and electronic funds transfers (EFTs) performed by or on behalf of the same client within a 24-hour period as a single transaction when they total \$10,000 or more. However, the existing regulatory provision specifies that only transactions that are less than \$10,000 be included in this aggregation. This has resulted in complex transaction monitoring to exclude cash transactions of \$10,000 or more.

The amendments clarify that multiple transactions performed by an individual or entity within a 24-hour period are considered as a single transaction for reporting purposes when they total \$10,000 or more, and that only one report should be submitted to capture all transactions within a 24-hour period that collectively meet or surpass this threshold. The new formula simplifies the way reporting entities submit reports under the 24-hour rule.

The amendments also ensure that the 24-hour rule applies to beneficiaries of multiple transactions (e.g. where deposits or transfers are received by the same person and the aggregate amount over a 24-hour period is \$10,000 or more). In addition, these amendments clarify that any cash transactions that a reporting entity receives in the aggregate amount of \$10,000 or more, regardless of its corporate structure, must be reported.

- The amendments require certain reporting entities (e.g. financial entities, securities dealers, and money services businesses) to take reasonable measures to determine the sources of a politically

exposed person's wealth. The amount of a client's accumulated funds or wealth should appear to be reasonable and consistent with the information provided, and doubts about the origin of such funds or wealth have to be satisfied before a reporting entity proceeds with the relationship or permits transactions to occur.

- Currently, when a reporting entity has reasonable grounds to suspect that a financial transaction is related to the commission or attempted commission of a money laundering or terrorist activity financing offence, it has 30 days to file a suspicious transaction report with FINTRAC. "Reasonable grounds to suspect" are determined by what is reasonable in that particular reporting entity's circumstances, including normal business practices and systems within their industry.

The *Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations* are modified to clarify the policy intent for this requirement and align it with international standards. After taking certain measures (such as conducting an assessment of the transaction) to be able to establish that there are reasonable grounds to suspect that the transaction is related to the commission or attempted commission of a money laundering or terrorist activity financing offence, the suspicious transaction report must be submitted to FINTRAC as soon as practicable. In practice, this means that the report would only be filed after a reporting entity has taken appropriate measures to establish that there are reasonable grounds for suspicion. This is already the current standard practice for many reporting entities; however, it must be clarified in the regulatory text for legal certainty and to clarify the expectation that suspicious transaction reports must be submitted promptly.

- Currently, the Regulations only require that the prescribed reporting entities (e.g. financial entities, casinos, money services businesses) that send an EFT (i.e. a wire transfer) document information about the transaction. Reporting entities that are intermediaries in a transaction (i.e. that send EFTs that are initiated by other reporting entities) or that receive an EFT are now required to keep records of, and include information about the transaction. This change ensures that this information remains with the electronic funds transfer throughout the payment chain, and ensures that reporting entities have all of the relevant transaction information to detect and report suspicious transactions. The amendments improve compliance, monitoring and enforcement efforts.
- There are seven schedules to the Regulations that set out the types of information that reporting entities have to provide to FINTRAC. With the widespread prevalence of online financial transactions between consumers and financial intermediaries, and the emergence of new technologies that facilitate online transactions, there is a need to update these schedules to require reporting entities to submit information that reflects current practices (e.g. online identifiers and email addresses).
- MSBs must renew their registration with FINTRAC every two years, on the anniversary of the original registration, and provide supporting documentation to support the renewal. *The Proceeds of Crime (Money Laundering) and Terrorist Financing Registration Regulations* are amended to provide flexibility for when the registration renewal is to take place during the two-year period and reduce the type of information that needs to be submitted (e.g. fax number).

Finally, the following technical amendments are also adopted:

- repealing and replacing obsolete references in the regulatory text;
- improving the organization of the text, making it easier for regulatees to find and understand the requirements that apply to them;
- updating the schedules to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations* to reflect new and updated obligations (e.g. to include businesses dealing in virtual currency); and
- updating the reference to the "Canadian Institute of Chartered Accountants" in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations* to "Chartered Professional Accountants of Canada," in light of the recent process of unification of the accounting profession.

### ***Additional amendments (not part of the draft amendments published in the Canada Gazette, Part I) — Cross-border currency reporting***

There are currently requirements to provide information (through declaration forms) on currency and monetary instruments (e.g. cash, cheques) crossing the border when the total amount equals or exceeds \$10,000. Through the Department of Finance Canada's internal review of the *Cross-border Currency and Monetary Instruments Reporting Regulations* (associated with the transportation of currency into and out of Canada), it was found that improvements could be made to the declaration forms to clarify the overall movement of currency. These amendments require that new information be provided by individuals, couriers, and companies (e.g. armoured car companies) involved in the transportation of currencies and monetary instruments across the border. Travellers will be required to fill out three out of four fields <sup>10</sup> in the existing declaration forms, and courier and armoured car companies involved in the transportation of currencies and monetary instruments will be required to fill out seven out of nine additional fields with information that should already be known during their ordinary course of business. These changes would allow FINTRAC to receive and analyze additional information on the movement of currency across the border that would be validated at the border by the Canada Border Services Agency as delegated under Part II of the Act.

	<b>New Additional Information Requested</b>
<b>Individual travellers</b>	Dates of travel; transit destinations; purpose of import; purpose of export
<b>Couriers and armoured car companies</b>	Full name and address of entity shipped to/from; ultimate origin of funds; transit points; ultimate destination of funds; purpose of import; purpose of export; nature of business; country of registration; full name and permanent address of person or entity shipped to/from including information on intermediaries where applicable

## **Regulatory and non-regulatory options considered**

### ***Maintain status quo***

Maintaining the status quo was determined not to be viable, given that without these regulatory changes, deficiencies in Canada's AML/ATF Regime would remain in place. This would compromise the integrity of Canada's financial system and the security and safety of Canadians at home and abroad. Furthermore, not addressing deficiencies in compliance with FATF standards would have significant adverse consequences for Canada.

### ***Non-regulatory options***

Canada's AML/ATF Regime is set in legislation and regulations. To close loopholes and address the deficiencies identified by the FATF, there is no other option available but to amend the regulations.

### **Benefits and costs**

<b>Costs, Benefits and Distribution</b>		<b>10-Year PV Total 2019–2028 (2012 Price Year)</b>	<b>Annualized Average</b>
A. Quantified impacts			
<b>Benefits</b>			
<i>Measure</i>	<i>Stakeholder</i>		
Simplified customer due diligence	Industry	\$277,998	\$39,581
Repeal of requirement to document reasonable measures taken		\$1,413,701	\$201,279
Low-risk customer due diligence for dealers in precious metals and stones and accountants		\$175,999	\$25,058
<b>Total benefits</b>		<b>\$1,867,698</b>	<b>\$265,918</b>
<b>Costs</b>			
<i>Measure</i>	<i>Stakeholder</i>		
24-hour rule	Industry	\$8,285,547	\$1,179,676
Verifying beneficial ownership information accuracy		\$453,728	\$64,601
CDD for life insurance companies with regard to loans		\$1,051,261	\$149,676
Assessing the risk of new developments before launch		\$6,198,170	\$882,480
Source of wealth of politically exposed persons		\$2,183,778	\$310,921
Customer due diligence for prepaid cards		\$2,778,903	\$395,653
Updated reporting schedules		\$39,911,124	\$5,682,446
Requirements for businesses dealing in virtual currency		\$270,112	\$38,458

Cross-border currency reporting	Industry	\$16,784	\$2,390
	Individuals (travellers across the border)	\$126,744	\$18,046
Updates to IT systems and compliance program	Government (FINTRAC)	\$8,591,971	\$1,223,303
<b>Total costs</b>		<b>\$69,868,122</b>	<b>\$9,947,650</b>
<b>Net costs</b>		<b>\$68,000,424</b>	<b>\$9,681,732</b>

## B. Qualitative impacts

### Positive impacts

A strong and effective AML/ATF Regime acts as a deterrent to crime and therefore improves the safety of Canadians and the integrity of Canada's financial system. In turn, this increases confidence in Canada's financial system, making it an attractive place to invest and do business. Investors seek investment opportunities in locations that have a relatively low crime environment and that are politically and economically stable, among other factors. The willingness of businesses and individuals to invest in Canada could be negatively affected if Canada were viewed as weak on combating money laundering and terrorist activity financing or if Canada were to have a reputation for being a safe haven for raising terrorist funds.

A strong reputation with regards to an effective AML/ATF Regime helps Canadian financial institutions avoid burdensome regulatory hurdles and additional costs when dealing with their foreign counterparts or doing business overseas.

## Costs

As a result of these amendments, reporting entities are expected to carry an estimated \$54 million (PV) in compliance costs and \$7.1 million (PV) in administrative costs for an estimated \$61.1 million (PV) in total costs over a 10-year period (or \$8.7 million annually). There are approximately 30 000 reporting entities, all of which are businesses. Non-reporting entities (i.e. armoured truck companies) impacted by the amendments to the *Cross-border Currency and Monetary Instruments Reporting Regulations* will see an increase in administrative costs in the amount of \$16,784 (PV), while individuals travelling across the border will face a \$126,744 (PV) cost.

These costs primarily stem from internal information management and information technology (IM/IT) system changes that would be required to support the implementation of these amendments (e.g. to account for the changes to the 24-hour rule); the associated updates that would be required to reporting entities' internal policies and procedures (e.g. to improve the accuracy of beneficial ownership information); and the provision of additional documents to FINTRAC if asked in a compliance examination (e.g. to fulfill the changes being made to the schedules to the Regulations).

While there have been a number of changes between the draft and final versions of the Regulations, this variance does not affect the costing estimates. This is because much of the relief provided by the changes to the draft amendments alleviates compliance burden stemming from the Act, and was therefore not monetized (e.g. the time no longer required to determine and input "purpose of transfer" for EFTs) nor included in the cost-benefit analysis presented at the prepublication stage. Furthermore, stakeholders have informed Department of Finance Canada officials that the costs associated with updating IM/IT systems and internal procedures are the same despite any reductions in reporting

requirements reflected in the final version of the amendments. Reporting entities advised that the costs are generally fixed for large IM/IT updates that serve to map the various elements of the amendments, and that reducing the number of mandatory fields might only marginally reduce the costs. While implementation of the amendments will be phased in, reporting entities will begin assuming costs immediately in preparation for their coming into force one or two years later.

### **Resource implications for the Government of Canada**

Additional costs will be incurred by FINTRAC to operationalize and enforce these amendments in order to adapt FINTRAC's IT systems and enhance its compliance program. Budget 2019 provided FINTRAC with \$9.7 million (2019 dollars) over 5 years and \$0.5 million (2019 dollars) per year ongoing to implement the regulatory amendments, covering all of the systems-related costs. FINTRAC will be re-allocating \$15.9 million over 4 years beginning in 2019–2020 from existing reference levels in support of this initiative. This translates to \$8,591,971 (PV) of costs over 10 years (2012 dollars, PV).

### **Benefits**

The Department of Finance Canada has estimated that the amendments will introduce \$1.9 million (PV) in total cost savings to business over 10 years. The majority of other benefits, however, cannot be quantified. These include reputational, economic and national security benefits.

The amendments strengthen Canada's AML/ATF Regime and enhance its effectiveness by improving customer due diligence standards; closing loopholes; improving compliance, monitoring and enforcement; and strengthening information sharing. The amendments also enhance the quality and scope of FINTRAC disclosures of financial intelligence to law enforcement and disclosure recipients, which should better assist them in their investigations. Strong AML/ATF policies help to deter and detect money laundering and terrorist activity financing offences.

The amendments also improve compliance with the FATF international standards and help Canada meet the necessary requirements to exit the enhanced follow-up process. Meeting these standards improves the integrity of the global AML/ATF framework, positively impacts Canada's international reputation, and can lead to regulatory efficiencies with other countries' AML/ATF regimes, making it easier for Canadian businesses to operate internationally. The methodology and assumptions used to calculate the costing estimates are available upon request.

### **“One-for-One” Rule**

Canada's obligations to meet the FATF's international standards are non-discretionary in nature (due to the potential for punitive consequences in the event Canada fails to meet them). Other jurisdictions' perception of Canada has tangible impacts on Canadian businesses. If Canada is not aligned with the FATF standards or is perceived by its international peers as making insufficient progress on its AML/ATF Regime generally, there could be negative reputational consequences for Canada's financial sector, as well as increased costs for Canadian financial institutions.

By its nature, including the need to be aligned with FATF standards and effectively detecting and deterring crimes, Canada's legislative and regulatory framework for combating money laundering and terrorist activity financing imposes an unavoidable burden on reporting entities.

The total net annualized administrative cost increase for affected businesses is estimated at \$464,586. The annualized administrative cost increase per affected business is estimated to be \$20. As Canada is required to make the majority of these amendments, costed at \$463,098, in order to comply with FATF standards, they are considered non-discretionary in nature and are therefore exempt from the requirement to offset under the “One-for-One” Rule. This means that an equal amount of administrative burden would not have to be offset two years after these amendments are made.

However, the amendments to the *Cross-border Currency and Monetary Instruments Reporting Regulations*, which are not related to Canada complying with its international obligations, will result in an estimated \$1,488 total annualized administrative cost increase on businesses (\$24 per business, for

approximately 62 affected businesses) and are therefore considered an IN under the “One-for-One” Rule. Therefore, these amounts will need to be offset within two years under the “One-for-One” Rule. The impacted businesses have not been consulted on the “One-for-One” Rule calculations, beyond the scope of the consultation that occurred during the prepublication comment period.

These costs were estimated by using the Treasury Board Secretariat’s Regulatory Cost Calculator and the relevant monetization parameters for “One-for-One” Rule reporting.

## Small business lens

The amendments impact small businesses; therefore, the small business lens applies. It is assumed that roughly 24 000 small businesses are impacted by this proposal. The total incremental administrative and compliance costs imposed on small businesses are estimated at \$54,088,046 ([PV], \$7,700,922 annualized average), which is equivalent to \$326 per small business impacted (PV).

These costs stem from internal IM/IT systems changes required to support the implementation of these amendments; the associated updates to reporting entities’ internal policies and procedures; and the additional reporting of information and provision of documents to FINTRAC.

Finance Canada is not able to provide a flexibility analysis for small businesses because the amendments are being made to comply with FATF standards, which, while not legally binding, Canada is expected to follow. Finance Canada recognizes that businesses, irrespective of size, will require time to implement these changes and will therefore provide a phased implementation approach for compliance with the new requirements. While this does not constitute a special consideration for small businesses alone, it should be noted that impacts on business, of which small businesses constitute approximately 80%, have been considered in establishing compliance requirements.

Furthermore, a number of amendments are being introduced to reduce regulatory burden on all businesses. Only a fraction of the burden relief has been quantified, as most of the burden being offset stems from requirements that are in the Act and not directly in the regulations.

- The repeal of the requirement to keep a record of the unsuccessful reasonable measures taken decreases the number of records a reporting entity must produce and retain.
- The flexibility for when an MSB must renew its registration and the reduction in the amount of information that needs to be submitted greatly simplifies the registration process, as MSBs no longer have to follow a formula to determine the registration timeline.
- The expansion of the exemption for low-risk activities for dealers in precious metals and stones to capture additional types of manufacturing processes involving the use or consumption of precious metals and stones decreases the number of records and reports these entities must produce and submit.
- The exemption for accountants who only act as a trustee in bankruptcy services or as an insolvency practitioner from being subject to the requirements of the Act eliminates the need for them to produce records and submit reports, among other requirements.
- The ability for a reporting entity to rely on customer identification that has already been performed by other unaffiliated entities decreases duplication of efforts, and speeds up the customer due diligence process.
- The exemption for reporting entities from the requirement to conduct customer due diligence for certain low-risk customers decreases the number of records that must be produced, and speeds up the customer due diligence process.
- The repeal of the prohibition on the use of scanned or photocopied documents addresses the challenge of identifying clients in an online, or non–face-to-face, context. The Regulations currently prohibit the use of scanned or photocopied documents, which, as reporting entities have informed Finance Canada, greatly complicates the on-boarding of customers in an online environment.

- The exemption of MGAs from the requirements of the Act eliminates the need for them to produce records and submit reports, among other requirements.

## Consultation

In December 2011, Finance Canada released a formal consultation paper on its website. The paper covered a wide range of proposed measures that serve to strengthen Canada's AML/ATF framework, and was open for public comment for a period of 71 days. Over 50 submissions were received from a wide range of reporting sectors and industry associations representing financial entities (banks, credit unions and trust companies), life insurance companies, securities dealers, MSBs, accountants, lawyers, casinos, real estate agents and dealers in precious metals and stones. A large majority of the submissions were supportive of the proposed measures, and some submissions included additional proposals. Finance Canada had follow-up meetings with private sector representatives to discuss their submissions.

Due to the high volume of measures proposed in the consultation paper, implementation of the required changes was divided into two sets of regulatory amendments. The first set of amendments was made to the regulations in 2016, and was published in the *Canada Gazette*, Part II, on June 29, 2016. This proposal represents the second set of amendments to the Regulations.

From 2013 to 2015, Finance Canada implemented a targeted consultation strategy on both sets of the proposed amendments, which was supported by the use of discussion papers and informal discussions with key reporting entities (e.g. financial entities) impacted by the proposed amendments. In 2015–16, additional consultations were undertaken with financial institutions regarding virtual currency regulatory policy proposals.

In 2018–2019, proposed amendments to the three schedules of the *Cross-border Currency and Monetary Instruments Reporting Regulations* were broadly discussed at the Advisory Committee on Money Laundering and Terrorist Financing. <sup>11</sup> Financial institutions and armoured car companies who are involved in the courier and shipping of currency were also invited to comment on the proposed changes. The feedback received indicated support for these changes, or were neutral.

### **Publication in the Canada Gazette, Part I**

The amendments were published in the *Canada Gazette*, Part I, on June 9, 2018, followed by a 90-day comment period that ended on September 7, 2018. Finance Canada used the prepublication consultation period as an opportunity to engage stakeholders, address their questions and concerns regarding the amendments, and gather preliminary feedback. This process allowed stakeholders to provide more in-depth submissions at the end of the consultation period.

Finance Canada, in collaboration with FINTRAC and the Office of the Superintendent of Financial Institutions, hosted more than 30 meetings over 90 days with all reporting entity sectors. At the end of the consultation period, Finance Canada received 48 unique submissions from a diverse range of stakeholders, including law enforcement agencies, and reporting entities (i.e. financial entities, life insurance companies, securities dealers, money services businesses, accountants).

The policy intent of the amendments was generally well received by stakeholders, who expressed support for strengthening Canada's anti-money laundering and anti-terrorist financing regime. Stakeholders also expressed concerns related to implementation, with respect to privacy rights, administrative burden, the balance between prescriptive and risk-based regulatory requirements, as well as the potential for negative impacts to Canadian consumers and Canada's competitiveness. These are outlined below.

The constructive engagement from industry during the prepublication consultations has enabled Finance Canada and FINTRAC to better understand the practical implications of the amendments. As a result of this engagement and the formal submissions received, Finance Canada, in collaboration with FINTRAC, has made a number of changes to the draft version of the amendments to address concerns raised by stakeholders.

## **Changes following prepublication**

### **1. Single transaction definition**

**Comments from financial entities:** The feedback received indicated that many of the reporting entities supported the addition of aggregating transactions on the beneficiary of a financial transaction (e.g. EFTs or cash). That said, stakeholders indicated that extended third party scenarios (e.g. where two or more beneficiaries might receive transfers on behalf of another third party) under the 24-hour rule would be too difficult to implement and/or impossible to monitor.

**Change:** In response to the comments, the extended third party scenarios have been removed as the Department explores alternative risk-based measures to better monitor these types of transactions.

### **2. Electronic funds transfers**

#### **a. Purpose of transaction**

**Comments from financial entities, MSBs:** The draft amendments introduced a requirement for reporting entities to provide a “purpose of transaction” for prescribed EFTs. Reporting entities indicated that a blanket requirement to collect information on the reason the EFT was being sent at the \$1,000 threshold was too burdensome. It was also noted that asking this question could raise privacy concerns from clients, impact timely service quality, and potentially have adverse effects on Canada’s competitiveness in the payments sector.

**Change:** Following in-depth consultations with industry, the requirement to determine the purpose of all international and threshold EFTs has been removed, as it would be too onerous for reporting entities to comply with.

#### **b. SWIFT MT-103**

**Comments from banks:** The draft amendments removed the reference to “SWIFT MT-103 messages” <sup>12</sup> from the definition of an EFT to make the Regulations more technologically neutral. The change was flagged as a concern by stakeholders because it was perceived as an expansion of the types of transfers that would be subject to AML/ATF obligations.

**Change:** The reference to “SWIFT MT-103 messages” has been re-introduced to provide clarity for stakeholders and the term “and their equivalent” was added to provide regulatory flexibility as SWIFT transitions to adopt the ISO 20022 standard <sup>13</sup> and replace the MT-103 message type.

### **3. Life insurance companies**

#### **a. Loan products**

**Comments from life insurance companies:** Stakeholders noted that some products that are commonly referred to as “policy loans” and “advance death benefits” could inadvertently be interpreted to mean a loan product under the proposed amendments. While the industry uses the term loan, these products are not actually loans, but merely advances on life insurance policies which clients are contractually entitled to.

**Change:** In response to stakeholder feedback and to clarify the policy intent, the amendments were changed to exclude non-collateralized loans, as well as low-risk collateralized loans (i.e. loans secured by the value of an insurance policy), such as those issued for the sole purpose of funding treatment of a terminal illness or those that are used for the sole purpose of funding the life insurance policy.

#### **b. Third parties**

**Comments from life insurance companies:** Stakeholders expressed concern with the draft amendments that require an insurer to keep an information record in respect of the “person or entity that makes or is to make the payment and every person or entity on whose behalf the payment is made.” Life insurance companies noted that this proposed language could require identity verification and other obligations with respect to a third party with whom they did not have a business relationship (e.g. the payor of a policy who is not the policy holder).

**Change:** As a result of stakeholder feedback, the amendments were modified to clarify that the information record be created for the applicant or policy holder, who has a business relationship with the life insurance company. Accordingly, reporting entities would be required to keep an information record related to the applicant/policy holder and not the third party payor (unless the payor is also the applicant/policy holder).

### ***c. Beneficiaries***

**Comments from life insurance companies:** Stakeholders were concerned that the proposed requirement to identify the beneficiary prior to issuing the life insurance payout would conflict with other statutes (e.g. at the provincial/territorial level).

**Change:** The requirement was amended to exclude circumstances beyond the reporting entity’s control, due to which they cannot identify the beneficiary in the prescribed time period, to avoid any potential conflict between the Regulations and the requirements set out in provincial or territorial insurance legislation. For example, provincial insurance legislation requires the payment of a claim within 30 days after the insurer receives proof of the right of the claimant to receive payment. The changes would allow life insurance companies to issue the payment while they continue to identify the beneficiary.

## ***4. Prepaid payment products and accounts***

**Comments from financial entities, MSBs, prepaid service providers:** Stakeholders indicated that certain prepaid cards, such as those that are issued under corporate rebate programs, government, or emergency relief programs, and where the general public cannot load or reload funds onto the prepaid payment account themselves, should not be subject to the AML/ATF requirements because they do not represent a high risk for money laundering. The proposed requirements to complete identity verification for each individual authorized user would significantly increase costs to employers and retailers, and reduce cardholders’ ability to reload and reuse their prepaid card in an efficient and convenient way.

**Change:** The burden has been mitigated by exempting low-risk products as suggested by industry stakeholders. The amendments have been modified to exclude prepaid payment products that are part of a corporate retail rebate program, that can only be funded or reloaded by a public body, or that can only be funded or reloaded by a non-profit agency or registered charity for the purposes of humanitarian aid relief.

## ***5. Records and reporting schedules***

**Comments from financial entities, MSBs, payment service providers, casinos:** The feedback received expressed concern with the breadth of information required to be kept or reported. Stakeholders asked that the scope of the information be scaled back to reduce burden and costs. Specifically:

- That certain items proposed in the draft amendments be repealed from both record keeping requirements as well as reporting Schedules, such as new “telephone number” and “every other known detail” requirements; and
- That the “if known” concept be articulated differently, to clarify that the information is only applicable if it was “obtained in the ordinary course of business.” “Obtained in the ordinary course of business” presents a lower threshold for the reporting entities to meet, and therefore is a less burdensome requirement.

**Change:** The amendments have been modified to remove items from both record keeping and reporting obligations to reduce burden and reverted, in most cases, to pre-existing obligations. For example, the following items have been removed:

- broad items such as “every other known detail;”
- purpose of transaction for EFTs;
- new telephone number and new date of birth requirements;
- a record outlining the reasons a reporting entity was concerned with tipping off clients that a suspicious transaction or attempted suspicious transaction was going to be reported; and
- signature cards, intended use, and operating agreement for prepaid payment products and credit cards.

## ***6. Suspicious transaction and terrorist property reports***

**Comments from financial entities, MSBs, payment service providers, securities dealers, real estate sector:** The feedback received indicated that the requirement for reporting entities to send a suspicious transaction report within three days after the day on which measures were taken to establish that there were reasonable grounds to suspect that the transaction or attempted transaction was related to the commission of a money laundering offence or a terrorist activity financing offence would not be feasible. Stakeholders recommended that the timing be changed to account for different contexts (e.g. “as soon as practicable” or “promptly”) and that language be clarified to state “measures completed” instead of “measures taken.”

**Change:** To meet the requirements of the FATF and to balance stakeholder concerns, the timing has been changed to “as soon as practicable” and the language has been clarified. In addition, the Terrorist Property Report requirement in the Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations was also amended to describe a time period rather than prescribe a set number of days (i.e. “immediately”).

## ***7. Confirming the existence of an entity***

**Comments from financial entities, life insurance companies, real estate sector:** The feedback received indicated that obtaining certificates of corporate status and other records issued within the previous year in order to confirm the existence of an entity is overly restrictive. It was recommended that the requirement that a document be less than a year old be repealed and allow for reporting entities to rely on authentic, valid and current documents. Stakeholders also indicated that the requirement to “prove” the existence of a corporation that is being identified is problematic as it is a higher standard to meet, and recommended that the word “confirm” be used instead.

**Change:** The amendments have been modified to remove the requirement for documents to be less than a year old, and allow for reporting entities to rely on authentic, valid and current records. In addition, the requirement to “prove” the existence of a corporation that is being identified has been changed to the requirement to “confirm” existence.

## ***8. Virtual currency***

### ***a. Definition***

**Comment from virtual currency businesses and financial entities:** The feedback received indicated that the proposed definition for virtual currency was too vague and that it should align more closely to FATF standards. According to the FATF Interpretive Note for Recommendation 15, <sup>14</sup> “for the purposes of applying the FATF Recommendations, countries should consider virtual assets as ‘property,’ ‘proceeds,’ ‘funds,’ ‘funds or other assets,’ or other ‘corresponding value.’ Countries should apply the relevant measures under the FATF Recommendations to virtual assets and virtual asset service providers.”

**Change:** Based on stakeholder recommendations, the regulations were amended to clarify the definition as it relates to crypto-specific technology, mirroring language from FATF's recent work. The amendments were modified to define virtual currency as "(a) a digital representation of value that can be used for payment or investment purposes, that is not a fiat currency and that can be readily exchanged for funds or for another virtual currency that can be readily exchanged for funds; (b) or a private key of a cryptographic system that enables a person or entity to have access to a digital representation of value referred to in paragraph (a)."

## 9. Scope of activities

**Comment from financial entities, money services businesses, payment service providers and virtual currency exchanges:** The feedback received indicated that the scope of the activities captured by the draft amendments would be cumbersome. Consequently, stakeholders recommended that "transfer" reporting obligations (the requirement to file a report every time a transfer of virtual currency occurs) be repealed while maintaining some form of record keeping for these transactions.

**Change:** While all reporting entities will need to report the receipt of Can\$10,000 of virtual currency, similar to large cash transactions, the amendments were modified to repeal the mandatory reporting obligations for virtual currency transfers that total Can\$10,000 equivalent or more while Finance Canada officials are awaiting the completion of the changes to the FATF guidance. This will allow Finance to assess the best approach to mitigate the risks posed by virtual currency transactions to be aligned with the FATF standards as they relate to EFTs and wire-like transactions (like virtual currency).

**Summary:** While reporting entities have expressed concern with the implementation costs associated with the proposed amendments (e.g. those associated with updating their procedures, policies and systems and training their staff), overall, they are supportive of the intent and need for these changes.

## Rationale

Money laundering and terrorist activity financing are a threat to the integrity of Canada's financial system and the security and safety of Canadians at home and abroad. Money laundering supports and perpetuates criminal activity by legitimizing the proceeds of crime. It can help criminals to harness more economic and social power, creating the right incentives for criminals to engage in more criminal activity.

Terrorist activity financing can pose a serious threat to Canada's national security and to Canada's domestic and international interests. Terrorist activity financing supports and sustains the activities of domestic and international terrorists that can result in terrorist attacks in Canada or abroad, causing destruction and loss of life. Furthermore, the economic consequences to Canada of terrorist activity financing can be significant if the funds raised are used to carry out a terrorist attack in Canada or against Canada's interests abroad.

A robust legislative and regulatory framework helps to prevent and deter money laundering and terrorist activity financing by ensuring that entities that provide access to the financial system know their customers and are vigilant. For example, the records that are kept by reporting entities, as required by the Act and its regulations, are available to police forces (upon procurement of a proper warrant) when investigating money laundering offences or to police forces and law enforcement and national security agencies when investigating terrorist activity financing offences. Such information could assist in the investigation, apprehension, and prosecution of money launderers and terrorist financiers.

The amendments strengthen Canada's AML/ATF Regime by aligning it with international standards, closing loopholes and ensuring it reflects ongoing changes in the operating environment (i.e. in response to FinTech and the ongoing modernization of the financial sector). They also help to address the deficiencies identified by the FATF.

## Implementation, enforcement and service standards

Under the Act, FINTRAC is designated as Canada's financial intelligence unit and the regulator responsible for administering and enforcing the Act and regulations.

FINTRAC's responsibilities include the overall supervision of reporting entities to determine compliance with the Act and regulations. Under the Act, reporting entities are required to comply with FINTRAC's information demands and to give all reasonable assistance when FINTRAC carries out its compliance responsibilities.

FINTRAC has developed preliminary guidance for the amendments, and has undertaken preliminary consultations on them. Upon coming into force of the amendments, FINTRAC will update its guidance documents (existing and new) and policy interpretations to set out its expectations for how obligations are to be met as well as undertake outreach activities to ensure that new and current reporting entities are aware of the new requirements. FINTRAC's guidance documents are available on its website. FINTRAC would be responsible for enforcing the obligations and would scope them into their compliance examinations and processes. Should non-compliance be identified, FINTRAC could impose administrative monetary penalties or take other enforcement actions.

## Coming into force

During the prepublication consultation period, stakeholders notified Finance Canada officials that a 12-month delay in the coming into force of the amendments would be insufficient to comply with given the scope of the new requirements and changes required to IT systems.

Stakeholders suggested a phased implementation strategy, similar to the 2016 amendments to the Regulations, where measures that were relieving in nature were brought into force first, followed by those which increased obligations for reporting entities at a later date. Reporting entities have identified a number of implementation challenges, notably related to reporting and record keeping information systems that will drive up internal costs due to the changes they must adopt to their IT systems.

To respond to these concerns, the amendments will take effect in three phases to reduce the compliance burden on reporting entities, as follows:

- *Authentic identification measure*: the prohibition on the use of scanned or photocopied documents will be repealed and take effect upon registration of the amendments. This measure is burden-relieving for reporting entities and facilitates customer on-boarding in an online environment as reporting entities would be able to use scans, photocopies, and electronic means of verifying identification;
- *Virtual currency dealers*: the 2014 legislative amendments for virtual currency dealers will be brought into force on June 1, 2020. The 2014 legislative amendments require virtual currency dealers to register as money services businesses and comply with other legislative obligations, such as suspicious transaction reporting and implementing a compliance program. The remaining virtual currency dealers obligations stemming from this regulatory package will come into force on June 1, 2021; and,
- All other regulatory amendments stemming from this regulatory package will come into force on June 1, 2021.

The amendments to the *Cross Border Currency and Monetary Instruments Reporting Regulations* will come into force on June 1, 2020.

## Contact

Lynn Hemmings  
Acting Director General  
Financial Systems Division  
Financial Sector Policy Branch  
Department of Finance  
90 Elgin Street

Ottawa, Ontario

K1A 0G5

Email: [fin.fc-cf.fin@canada.ca](mailto:fin.fc-cf.fin@canada.ca)

---

## Footnotes

[a](#) S.C. 2017, c. 20, s. 434

[b](#) S.C. 2006, c. 12, s. 40

[c](#) S.C. 2000, c. 17; S.C. 2001, c. 41, s. 48

[1](#) SOR/2001-317; SOR/2002-185, s. 1

[2](#) SOR/2002-184

[3](#) SOR/2002-412

[4](#) SOR/2007-121

[5](#) SOR/2007-292

[6](#) There are five regulations associated with the Act: the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*; the *Cross-border Currency and Monetary Instruments Reporting Regulations*; the *Proceeds of Crime (Money Laundering) and Terrorist Financing Administrative Monetary Penalties Regulations*; the *Proceeds of Crime (Money Laundering) and Terrorist Financing Registration Regulations*; and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations*.

[7](#) Section 5 of the Act lists the persons and entities to whom the Act applies. The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) lists the reporting entities as including the following: accountants; British Columbia notaries; casinos; dealers in precious metals and stones; financial entities; life insurance companies, brokers and agents; money services businesses; real estate developers, brokers and sales representatives; securities dealers; and agents of the Crown that accept deposit liabilities, sell money orders to the public or engage in the sale of precious metals to the public.

[8](#) Under the PCMLTFA, financial entities include all Canadian banks, foreign banks in Canada, and full service and lending foreign bank branches in Canada; financial services cooperatives, savings and credit unions and caisses populaires that are regulated by a provincial Act; trust companies and loan companies; departments, agents and mandataries of the Crown that accept deposit liabilities when providing financial services to the public.

- 9 Politically exposed persons (PEPs) are foreign or domestic persons who are, or have been, entrusted with prominent public functions. PEPs include heads of state, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations and important political party officials. Because of their prominent and influential positions, and their increased possible access to large sums of funds, PEPs may pose a greater risk for money laundering or terrorist activity financing.
- 10 Different fields will apply when currency is imported vs. exported (i.e. “purpose of import” vs. “purpose of export”).
- 11 The Advisory Committee on Money Laundering and Terrorist Financing is a high-level discussion forum of public and private sector representatives to address emerging issues and provide general advice for Canada’s overall anti-money laundering and anti-terrorist financing policy.
- 12 SWIFT is a messaging network that financial institutions use to securely transmit information and instructions through a standardized system of codes. SWIFT MT-103 is a payment message type/format used specifically for cross border/international wire transfers.
- 13 ISO 20022 is an information management methodology for electronic data interchange between financial institutions.

<http://www.fatf-gafi.org/publications/fatfrecommendations/documents/regulation-virtual-assets-interpretive-note.html>

---