

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

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### PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT

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P.C. 2002-781 9 May, 2002

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

<sup>a</sup> S.C. 2001, c. 41, s. 73<sup>b</sup> S.C. 2000, c. 17; 2001, c. 41, s. 48

### PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING REGULATIONS

#### INTERPRETATION

**1.** (1) For the purposes of the Act and in these Regulations, "casino" means a person or entity that is licensed, registered, permitted or otherwise authorized to do business under any of paragraphs 207(1)(a) to (g) of the *Criminal Code* and that conducts its business activities in a permanent establishment

(a) that the person or entity holds out to be a casino and in which roulette or card games are carried on; or

(b) where there is a slot machine, which, for the purposes of this definition, does not include a video lottery terminal.

It does not include a person or entity that is a registered charity as defined in subsection 248(1) of the *Income Tax Act* and is licensed, registered, permitted or otherwise authorized to carry on business temporarily for charitable purposes, if the business is carried out in the establishment of the casino for not more than two consecutive days at a time under the supervision of the casino.

(2) The following definitions apply in these Regulations.

"accountant" means a chartered accountant, a certified general accountant or a certified management accountant. (*comptable*)

"accounting firm" means an entity that is engaged in the business of providing accounting services to the public and has at least one partner, employee or administrator that is an accountant. (*cabinet d'expertise comptable*)

"Act" means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. (*Loi*)

"annuity" has the same meaning as in subsection 248(1) of the *Income Tax Act*. (*rente*)

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

"CICA Handbook" means the handbook prepared and published by the Canadian Institute of Chartered Accountants, as amended from time to time. (*Manuel de l'ICCA*)

"client credit file" means a record that relates to a credit arrangement with a client and includes the name, address and financial capacity of the client, the terms of the credit arrangement, the nature of the principal business or occupation of the client, the name of the business, if any, and the address of the client's business or place of work. (*dossier de crédit*)

"client information record" means a record that sets out a client's name and address and the nature of the client's principal business or occupation. (*dossier-client*)

"deferred profit sharing plan" has the same meaning as in subsection 248(1) of the *Income Tax Act*. (*régime de participation différée aux bénéfices*)

"deposit slip" means a record that sets out the date of a deposit, the holder of the account in whose name the deposit is made, the number of the account, the amount of the deposit and any part of the deposit that is made in cash. (*relevé de dépôt*)

"electronic funds transfer" means the transmission -- through any electronic, magnetic or optical device, telephone instrument or computer -- of instructions for the transfer of funds, other than the transfer of funds within Canada. In the case of SWIFT messages, only SWIFT MT 100 and SWIFT MT 103 messages are included. (*télévirement*)

"employees profit sharing plan" has the same meaning as in subsection 248(1) of the *Income Tax Act*. (*régime de participation des employés aux bénéfices*)

"financial entity" means an authorized foreign bank within the meaning of section 2 of the *Bank Act* in respect of its business in Canada or a bank to which that Act applies, a cooperative credit society, savings and credit union or caisse populaire that is regulated by a provincial Act, an association that is regulated by the *Cooperative Credit Associations Act*, a company to which the *Trust and Loan Companies Act* applies and a trust company or loan company regulated by a provincial Act. It includes a department or agent of Her Majesty in right of Canada or of a province where the department or agent is carrying out an activity referred to in section 45. (*entité financière*)

"funds" means cash, currency or securities, or negotiable instruments or other financial instruments, in any form, that indicate a person's or an entity's title or interest in them. (*fonds*)

"*inter vivos* trust" means a personal trust, other than a trust created by will. (*fiducie entre vifs*)

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

(a) as the case may be

(i) if the amount is received for deposit by a financial entity, the name of each person or entity in whose account the amount is deposited, or

(ii) in any other case, the name of the person from whom the amount is in fact received, their address and the nature of their principal business or occupation, if the information is not readily obtainable from other records that the recipient keeps and retains under these Regulations;

(b) the date of the transaction;

(c) where the transaction is a deposit that is made during normal business hours of the recipient, the time of the deposit or, where the transaction is a deposit that is made by means of a night deposit before or after those hours, an indication that the deposit was a night deposit;

(d) the number of any account that is affected by the transaction, and the type of that account, the full name of any person or entity that holds the account and the currency in which account transactions are conducted;

(e) the purpose and details of the transaction, including other persons or entities involved and the type of transaction (such as cash, electronic funds transfer, deposit, currency exchange or the purchase or cashing of a cheque, money order, traveller's cheque or banker's draft);

(f) whether the cash is received by armoured car, in person, by mail or in any other way; and

(g) the amount and currency of the cash received. (*relevé d'opération importante en espèces*)

"legal firm" means an entity that is engaged in the business of providing legal services to the public. (*cabinet juridique*)

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

"life insurance company" means a life company or foreign life company to which the *Insurance Companies Act* applies or a life insurance company regulated by a provincial Act. (*société d'assurance-vie*)

"money services business" means a person or entity that is engaged in the business of remitting funds or transmitting funds by any means or through any person, entity or electronic funds transfer network, or of issuing or redeeming money orders, traveller's cheques or other similar negotiable instruments. It includes a financial entity when it carries out one of those activities with a person or entity that is not an account holder. (*entreprise de transfert de fonds ou de vente de titres négociables*)

"public body" means

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

(b) an incorporated city, town, village, metropolitan authority, township, district, county, rural municipality or other incorporated municipal body or an agent of any of them; and

(c) an organization that operates a public hospital and that is designated by the Minister of National Revenue as a hospital authority under the *Excise Tax Act*, or any agent of such an organization. (*organisme public*)

"real estate broker or sales representative" means a person or entity that is registered or licensed under provincial legislation in respect of the sale or purchase of real estate. (*courtier ou agent immobilier*)

"registered pension plan" has the same meaning as in subsection 248(1) of the *Income Tax Act*. (*régime de pension agréé*)

"registered retirement income fund" has the same meaning as in subsection 248(1) of the *Income Tax Act*. (*fonds enregistré de revenu de retraite*)

"securities dealer" means a person or entity that is authorized under provincial legislation to engage in the business of dealing in securities or to provide portfolio management or investment counselling services. (*courtier en valeurs mobilières*)

"senior officer", in respect of an entity, means, if applicable,

(a) a director of the entity who is one of its full-time employees;

(b) the entity's chief executive officer, chief operating officer, president, secretary, treasurer, controller, chief financial officer, chief accountant, chief auditor or chief actuary, or any person who performs any of those functions; or

(c) any other officer who reports directly to the entity's board of directors, chief executive officer or chief operating officer. (*cadre dirigeant*)

"signature" includes an electronic signature. (*signature*)

"signature card", in respect of an account, means any record that is signed by a person who is authorized to give instructions in respect of the account. (*fiche-signature*)

"SWIFT" means the Society for Worldwide Interbank Financial Telecommunication. (*SWIFT*)

"transaction ticket" means a record respecting a foreign currency exchange transaction -- which may take the form of an entry in a transaction register -- that sets out

(a) the date, amount and currency of the purchase or sale;

(b) the method, amount and currency of the payment made or received; and

(c) in the case of a transaction of \$3,000 or more that is carried out by a person, the name and address of that person. (*fiche d'opération*)

"trust company" means a trust company to which the *Trust and Loan Companies Act* applies or a trust company regulated by a provincial Act. (*société de fiducie*) SOR/2002-184, s. 72; SOR/2003-358, s. 4.

## GENERAL

### *Foreign Currency*

**2.** Where a transaction is carried out by a person or entity in a foreign currency, the amount of the transaction shall, for the purposes of these Regulations, be converted into Canadian dollars based on

(a) the official conversion rate of the Bank of Canada for that currency as published in the Bank of Canada's *Daily Memorandum of Exchange Rates* that is in effect at the time of the transaction; or

(b) if no official conversion rate is set out in that publication for that currency, the conversion rate that the person or entity would use for that currency in the normal course of business at the time of the transaction.

### *Single Transactions*

**3.** In these Regulations, two or more cash transactions or electronic funds transfers of less than \$10,000 each that are made within 24 consecutive hours and that total \$10,000 or more are considered to be a single transaction of \$10,000

or more if

(a) where a person is required to keep a large cash transaction record or to report an electronic funds transfer in accordance with these Regulations, the person knows that the transactions or transfers are conducted by, or on behalf of, the same person or entity; and

(b) where an entity is required to keep a large cash transaction record or to report an electronic funds transfer in accordance with these Regulations, an employee or a senior officer of the entity knows that the transactions or transfers are conducted by, or on behalf of, the same person or entity.

### *Sending Reports*

**4.** (1) A report that is required to be made to the Centre shall be sent electronically in accordance with guidelines for report submissions 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 for report submissions that are prepared by the Centre, if the sender does not have the technical capabilities to send the report electronically.

### *Reporting Time Limits*

**5.** (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 not later than five working days after the day of the transfer.

(2) A report in respect of a transaction for which a large cash transaction record must be kept and retained under these Regulations shall be sent to the Centre

(a) within 30 days after the transaction, where the transaction occurs on the day on which this section comes into force or within 12 months after that day; or

(b) in any other case, within 15 days after the transaction.

### *Transactions Conducted by Employees or Agents*

**6.** (1) Where a person who is subject to the requirements of 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 who is responsible for meeting those requirements.

(2) Where a person or entity who is subject to the requirements of these Regulations, other than a life insurance broker or agent, is an agent of or is authorized to act on behalf of another person or entity referred to in any of paragraphs 5(a) to (l) of the Act, it is that other person or entity rather than the agent or the authorized person or entity, as the case may be, that is responsible for meeting those requirements.

**7.** For the purposes of these Regulations, a person acting on behalf of their employer is considered to be acting on behalf of a third party except when the person is depositing cash into the employer's account.

### *Third Party Determination*

**8.** (1) Every person or entity that is required to keep a large cash transaction record under these Regulations shall take reasonable measures to determine whether the individual who in fact gives the cash in respect of which the record is kept is acting on behalf of a third party.

(2) Where the person or entity determines that the individual is acting on behalf of a third party, the person or entity shall keep a record that sets out

(a) the third party's name and address and the nature of the principal business or occupation of the third party, if the third party is an individual;

(b) if the third party is an entity, the third party's name and address and the nature of the principal business of the third party, and, if the entity is a corporation, the entity's incorporation number and its place of issue; and

(c) the nature of the relationship between the third party and the individual who gives the cash.

(3) Where the person or entity is not able to determine whether the individual is acting on behalf of a third party but there are reasonable grounds to suspect that the individual is doing so, the person or entity shall keep a record that

(a) indicates whether, according to the individual, the transaction is being conducted on behalf of a third party; and

(b) describes the reasonable grounds to suspect that the individual is acting on behalf of a third party.

**9.** (1) Subject to subsection (4), every person or entity that is required to keep a signature card or an account operating agreement in respect of an account under these Regulations, or would be required to do so if not for subsection 23(2), shall, at the time that the account is opened, take reasonable measures to determine whether the account is to be used by or on behalf of a third party.

(2) Subject to subsections (5) and (6), where the person or entity determines that the account is to be used by or on behalf of a third party, the person or entity shall keep a record that sets out

(a) the third party's name and address and the nature of the principal business or occupation of the third party, if the third party is an individual;

(b) if the third party is an entity, the third party's name and address and the nature of the principal business of the third party, and, if the entity is a corporation, the entity's incorporation number and its place of issue; and

(c) the nature of the relationship between the third party and the account holder.

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

(a) indicates whether, according to the individual who is authorized to act in respect of the account, the account is to be used by or on behalf of a third party; and

(b) describes the reasonable grounds to suspect that the individual is acting on behalf of a third party.

(4) Subsection (1) does not apply in respect of an account where the 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 where 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 of Canada, or would be required to do so if not for subsection 23(2), and where

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

(b) the account is in a country that is not a member of the Task Force referred to in paragraph (a) but has implemented the recommendations of the Task Force relating to customer identification and, at the time that the account is opened, the securities dealer has obtained written assurance from the entity where the account is located that the country has implemented those recommendations; or

(c) the account is in a country that is not a member of the Task Force referred to in paragraph (a) and has not implemented the recommendations of the Task Force relating to customer identification but, at the time that the account is opened, the securities dealer has ascertained the identity of all third parties relating to the account as described in paragraph 64(1)(c).

(6) Subsection (2) does not apply where

(a) the account is opened by a legal counsel, an accountant or a real estate broker or sales representative; and

(b) the person or entity has reasonable grounds to believe that the account is to be used only for clients of the legal counsel, accountant or real estate broker or sales representative, as the case may be.

**10.** (1) Every person or entity that is required to keep a client information record under these Regulations in respect of a client shall, at the time that the client information record is created, take reasonable measures to determine whether the client is acting on behalf of a third party.

(2) Where the person or entity determines that the client is acting on behalf of a third party, the person or entity shall keep a record that sets out

(a) the third party's name and address and the nature of the principal business or occupation of the third party, if the third party is an individual;

(b) if the third party is an entity, the third party's name and address and the nature of the principal business of the third party, and, if the entity is a corporation, the entity's incorporation number and its place of issue; and

(c) the relationship between the third party and the client.

(3) Where the person or entity is not able to determine that the client in respect of whom the client information record is kept is acting on behalf of a third party but there are reasonable grounds to suspect that the client is so acting, the person or entity shall keep a record that

(a) indicates whether, according to the client, the transaction is being conducted on behalf of a third party; and

(b) describes the reasonable grounds to suspect that the client is acting on behalf of a third party.

**11.** A trust company that is required to keep a record in respect of an *inter vivos* trust in accordance with these Regulations shall keep a record that sets out the name and address and the nature of the principal business and occupation, of each of the beneficiaries that are known at the time that the trust company becomes a trustee for the trust.

## REPORTING OF FINANCIAL TRANSACTIONS AND RECORD KEEPING

### *Financial Entities*

**12.** (1) Subject to subsection (5), section 50 and subsection 52(1), every financial entity shall report the following transactions and information to the Centre:

(a) the receipt from a client of an amount in cash of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 1, unless the cash is received from another financial entity or a public body;

(b) the sending out of Canada, at the request of a client, of an electronic funds transfer of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 2 or 5, as the case may be; and

(c) the receipt from outside Canada of an electronic funds transfer, sent at the request of a client, of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 3 or 6, as the case may be.

(2) For greater certainty, paragraph (1)(b) does not apply when the financial entity sends an electronic funds transfer to a person or entity in Canada, even if the final recipient is outside Canada.

(3) Paragraph (1)(b) applies in respect of a financial entity that orders a person or entity to which subsection (1), 24(1) or 28(1) applies to send an electronic funds transfer out of Canada, at the request of a client, unless it provides that person or entity with the name and address of that client.

(4) For greater certainty, paragraph (1)(c) does not apply when the financial entity receives an electronic funds transfer from a person or entity in Canada, even if the initial sender is outside Canada. SOR/2002-184, s. 73; SOR/2003-358, s. 5.

(5) [Repealed, SOR/2003-358, s. 5]

**13.** Subject to subsection 52(2), every financial entity shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that is received from a client in the course of a single transaction, unless the cash is received from another financial entity or a public body.

**14.** Every financial entity shall keep the following records:

(a) where it opens an account, a signature card in respect of each account holder for that account;

(b) where it opens an account 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 the account;

(c) where it opens an account in the name of a person or of an entity other than a corporation, a record of the name and address and the nature of the principal business or occupation of the person or entity, as the case may be;

(d) every account operating agreement that it creates in the normal course of business;

(e) a deposit slip in respect of every deposit that is made to an account;

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

(g) a copy of every account statement that it sends to a client, if the information in the statement is not readily obtainable from other records that are kept and retained by it under these Regulations;

(h) every cleared cheque that is drawn on, and a copy of every cleared cheque that is deposited to, an account, unless

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

(ii) the following conditions are met, namely,

- (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 any particular cheque is recorded, and
- (D) the microfilm or electronic medium is retained for a period of at least five years;

(i) every client credit file that it creates in the normal course of business; and

(j) a transaction ticket in respect of every foreign currency exchange transaction.

**15.** (1) Every trust company shall, in addition to the records referred to in sections 13 and 14, 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 the nature of the principal business or occupation of the settlor; and

(c) where the trust is an institutional trust and the settlor is a corporation, a copy of the part of official corporate records that contains any provision relating to the power to bind the settlor in respect of the trust.

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

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

**16.** Part 1 of the Act applies to life insurance brokers or agents.

**17.** Subject to subsection 52(1), every life insurance company or life insurance broker or agent who receives from a client an amount in cash of \$10,000 or more in the course of a single transaction shall report the transaction to the Centre, together with the information referred to in Schedule 1, except

(a) if the amount is received from a financial entity or a public body; or

(b) in respect of transactions referred to in subsection 62(1).

**18.** Subject to subsection 52(2), every life insurance company or life insurance broker or agent shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that is received from a client in the course of a single transaction, unless

(a) the cash is received from a financial entity or a public body; or

(b) the transaction is a transaction referred to in subsection 62(1).

**19.** (1) Subject to subsection (3), every life insurance company or life insurance broker or agent shall keep a client information record for every purchase from it of an immediate or deferred annuity or of a life insurance policy for which the client may pay \$10,000 or more over the duration of the annuity or policy, irrespective of the means of payment.

(2) Subject to subsection (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 client information record shall be kept in respect of the applicant for the policy or annuity.

(3) Subsections (1) and (2) do not apply to a purchase of

(a) an exempt policy as defined in subsection 306(1) of the *Income Tax Regulations*, as it read on May 1, 1992; or

(b) a group life insurance policy that does not provide for a cash surrender value or a savings component.

**20.** Every life insurance company or life insurance broker or agent who keeps a client information record in respect of a corporation in accordance with subsection 19(1) shall also keep 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 with the life insurance company or life insurance broker or agent, if the copy of that part is obtained in the normal course of business.

## *Securities Dealers*

**21.** Subject to subsection 52(1), every securities dealer who receives from a client an amount in cash of \$10,000 or more in the course of 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 a public body.

**22.** Subject to subsection 52(2), every securities dealer shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that is received from a client in the course of a single transaction, unless the cash is received from a financial entity or a public body.

**23.** (1) Subject to subsection (2), every securities dealer shall keep the following records:

(a) in respect of every account that the securities dealer opens, a signature card, an account operating agreement or an account application that

(i) bears the signature of the person who is authorized to give instructions in respect of the account, and

(ii) sets out the account number, where that person's identity was ascertained pursuant to subparagraph 64(1)(c)(ii);

(b) where the securities dealer opens an account 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 that account;

(c) where the securities dealer opens an account in the name of a person or of an entity other than a corporation, a record of the name and address and the nature of the principal business or occupation of the person or entity, as the case may be;

(d) every new account application, confirmation of purchase or sale, guarantee, trade authorization, power of attorney and joint account agreement, and all correspondence that pertains to the operation of accounts, that the securities dealer creates in the normal course of business; and

(e) a copy of every statement that the securities dealer sends to a client, if the information in the statement is not readily obtainable from other records that the securities dealer keeps and retains under these Regulations.

(2) Paragraph (1)(a) does not apply in respect of an account in the name of, or in respect of which instructions are authorized to be given by, a financial entity or another securities dealer. SOR/2003-358, s. 6.

## *Persons or Entities Engaged in the Business of Foreign Exchange Dealing*

**24.** (1) Subject to subsection 52(1), every person or entity engaged in the business of foreign exchange dealing shall report the following transactions and information to the Centre:

(a) the receipt from a client of an amount in cash of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 1, unless the cash is received from a financial entity or a public body;

(b) the sending out of Canada, at the request of a client, of an electronic funds transfer of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 2 or 5, as the case may be; and

(c) the receipt from outside Canada of an electronic funds transfer, sent at the request of a client, of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 3 or 6, as the case may be.

(2) For greater certainty, paragraph (1)(b) does not apply when the person or entity engaged in the business of foreign exchange dealing sends an electronic funds transfer to a person or an entity in Canada, even if the final recipient is outside Canada.

(3) Paragraph (1)(b) applies in respect of a person or entity engaged in the business of foreign exchange dealing that orders a person or entity to which subsection (1), 12(1) or 28(1) applies to send an electronic funds transfer out of Canada, at the request of a client, unless it provides that person or entity with the name and address of that client.

(4) For greater certainty, paragraph (1)(c) does not apply when the person or entity engaged in the business of foreign exchange dealing receives an electronic funds transfer from a person or an entity in Canada, even if the initial sender is outside Canada. SOR/2002-184, s. 74; SOR/2003-358, s. 7.

**25.** Subject to subsection 52(2), every person or entity engaged in the business of foreign exchange dealing shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that is received from a client in the course of a single transaction, unless the amount is received from a financial entity or a public body.

**26.** Every person or entity engaged in the business of foreign exchange dealing shall keep the following records:

(a) every client information record that is created for the purpose of an ongoing business relationship between the

person or entity and a client;

(b) where a client information record is created in respect of a client that 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 transactions with the person or entity, if the copy of that part is obtained in the normal course of business;

(c) a transaction ticket in respect of every foreign currency exchange transaction;

(d) every client credit file that the person or entity creates in the normal course of business; and

(e) every internal memorandum that the person or entity receives or creates in the normal course of business and that concerns account operations.

### *Money Services Businesses*

**27.** (1) Every money services business is subject to Part 1 of the Act when it engages in any of the following activities:

(a) remitting funds or transmitting funds by any means or through any person, entity or electronic funds transfer network; or

(b) issuing or redeeming money orders, traveller's cheques or other similar negotiable instruments.

(2) For greater certainty, paragraph (1)(b) does not apply in respect of the redemption of any cheque payable to a named person or entity.

**28.** (1) Subject to subsection 52(1), every money services business shall report the following transactions and information to the Centre:

(a) the receipt from a client of an amount in cash of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 1, unless the cash is received from a financial entity or a public body;

(b) the sending out of Canada, at the request of a client, of an electronic funds transfer of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 2 or 5, as the case may be; and

(c) the receipt from outside Canada of an electronic funds transfer, sent at the request of a client, of \$10,000 or more in the course of a single transaction, together with the information referred to in Schedule 3 or 6, as the case may be.

(2) For greater certainty, paragraph (1)(b) does not apply when the money services business sends an electronic funds transfer to a person or an entity in Canada, even if the final recipient is outside Canada.

(3) Paragraph (1)(b) applies in respect of a money services business that orders a person or entity to which subsection (1), 12(1) or 24(1) applies to send an electronic funds transfer out of Canada, at the request of a client, unless it provides that person or entity with the name and address of that client.

(4) For greater certainty, paragraph (1)(c) does not apply when the money services business receives an electronic funds transfer from a person or an entity in Canada, even if the initial sender is outside Canada. SOR/2002-184, s. 75; SOR/2003-358, s. 8.

**29.** Subject to subsection 52(2), every money services business shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that is received from a client in the course of a single transaction, unless the cash is received from a financial entity or a public body.

**30.** Every money services business shall keep the following records in respect of any of the activities referred to in section 27:

(a) every client information record that is created for the purpose of an ongoing business relationship between the money services business and a client;

(b) where a client information record is in respect of a client that 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 transactions with the money services business, if the copy of that part is obtained in the normal course of business;

(c) where \$3,000 or more is received in consideration of the issuance of traveller's cheques, money orders or other similar negotiable instruments, a record of the date, the amount received, the name and address of the person who in fact gives the amount and whether the amount received was in cash, cheques, traveller's cheques, money orders or other similar negotiable instruments;

(d) where money orders of \$3,000 or more are cashed, a record of the name and address of the person cashing the money orders and the name of the issuer of the money orders; and

(e) where \$3,000 or more is remitted or transmitted by any means or through any person, entity or electronic funds

transfer network, a record of the name and address of the client who initiated the transaction.

### *Legal Counsel and Legal Firms*

**31.** (1) Subject to subsection (2), every legal counsel and every legal firm is subject to Part 1 of the Act when they engage in any of the following activities on behalf of any person or entity, including the giving of instructions on behalf of any person or entity in respect of those activities:

- (a) receiving or paying funds, other than those received or paid in respect of professional fees, disbursements, expenses or bail;
- (b) purchasing or selling securities, real properties or business assets or entities; or
- (c) transferring funds or securities by any means.

(2) Subsection (1) does not apply in respect of a legal counsel when they engage in any of the activities referred to in that subsection on behalf their employer.

**32.** Subject to subsection 52(1), every legal counsel and every legal firm that, while engaging in an activity described in section 31, receives an amount in cash of \$10,000 or more in the course of 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 a public body.

**33.** Subject to subsection 52(2), every legal counsel and every legal firm shall, while engaging in an activity described in section 31, keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that they receive in the course of a single transaction, unless the cash is received from a financial entity or a public body.

### *Accountants and Accounting Firms*

**34.** (1) Subject to subsections (2) and (3), every accountant and every accounting firm is subject to Part 1 of the Act when they

- (a) engage in any of the following activities on behalf of any person or entity, namely,
  - (i) receiving or paying funds,
  - (ii) purchasing or selling securities, real properties or business assets or entities, or
  - (iii) transferring funds or securities by any means;
- (b) give instructions on behalf of any person or entity in respect of any activity referred to in paragraph (a); or
- (c) receive professional fees in respect of any activity referred to in paragraph (a) or in respect of any instructions referred to in paragraph (b).

(2) Subsection (1) does not apply in respect of an accountant when they engage in any of the activities referred to in paragraph (1)(a), (b) or (c) on behalf of their employer.

(3) For greater certainty, subsection (1) does not apply in respect of audit, review or compilation engagements, carried out in accordance with the recommendations set out in the CICA Handbook.

**35.** Subject to subsection 52(1), every accountant and every accounting firm that, while engaging in an activity described in section 34, receives an amount in cash of \$10,000 or more in the course of a single transaction shall report the transaction to the Centre, together with the information set out in Schedule 1, unless the cash is received from a financial entity or a public body.

**36.** Subject to subsection 52(2), every accountant and every accounting firm, while engaging in an activity described in section 34, shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that they receive in the course of a single transaction, unless the cash is received from a financial entity or a public body.

### *Real Estate Brokers or Sales Representatives*

**37.** Every real estate broker or sales representative is subject to Part 1 of the Act when they engage in any of the following activities on behalf of any person or entity in the course of a real estate transaction:

- (a) receiving or paying funds;
- (b) depositing or withdrawing funds; or

(c) transferring funds by any means.

**38.** Subject to subsection 52(1), every real estate broker or sales representative who, while engaging in an activity described in section 37, receives an amount in cash of \$10,000 or more in the course of 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 a public body.

**39.** Subject to subsection 52(2), every real estate broker or sales representative, while engaging in an activity described in section 37, shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that they receive in the course of a single transaction, unless the cash is received from a financial entity or a public body.

### *Casinos*

**40.** Subject to subsection 52(1), every casino shall report to the Centre the receipt of an amount in cash of \$10,000 or more in the course of a single transaction, together with the information set out in Schedule 1, unless the amount is received from a financial entity.

**41.** (1) Subject to subsection 52(2), every casino shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that it receives in the course of a single transaction, unless the amount is received from a financial entity.

(2) For greater certainty, the transactions in respect of which a casino is required to keep large cash transaction records in accordance with subsection (1) include the following transactions involving an amount in cash of \$10,000 or more:

- (a) the sale of chips, tokens or plaques;
- (b) front cash deposits;
- (c) safekeeping deposits;
- (d) the repayment of any form of credit, including repayment by markers or counter cheques;
- (e) bets of currency; and
- (f) sales of the casino's cheques.

**42.** (1) Subject to section 44, every casino shall keep a large cash disbursement record in respect of each of the following transactions in the course of which the total amount of cash disbursed is \$10,000 or more:

- (a) the redemption of chips, tokens or plaques;
- (b) front cash withdrawals;
- (c) safekeeping withdrawals;
- (d) advances on any form of credit, including advances by markers or counter cheques;
- (e) payments on bets, including slot jackpots;
- (f) payments to a client of funds received for credit to that client or any other client;
- (g) the cashing of cheques or other negotiable instruments; and
- (h) reimbursements to clients of travel and entertainment expenses.

(2) For the purpose of subsection (1), the large cash disbursement record shall set out

- (a) the name of the person to whom the disbursement is made;
- (b) the person's address and the nature of their principal business or occupation; and
- (c) the date and nature of the disbursement.

**42.1** Any transaction described in section 40, 41 or 42 that occurs in the course of the business, temporarily conducted for charitable purposes in the establishment of a casino by a registered charity carried on for not more than two consecutive days at a time under the supervision of the casino, shall be reported by the supervising casino. SOR/2003-358, s. 9.

**43.** Every casino shall keep the following records:

- (a) with respect to every client account that it opens,

- (i) a signature card in respect of each account holder,
  - (ii) every account operating agreement that is received or created in the normal course of business,
  - (iii) a deposit slip in respect of every deposit that is made to the account, and
  - (iv) every debit and credit memo that is received or created in the normal course of business;
- (b) where it opens a client account in respect of 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 account;
- (c) where it opens a client account in the name of a person or of an entity other than a corporation, a record of the name and address and the nature of the principal business or occupation of the person or entity, as the case may be;
- (d) with respect to every extension of credit to a client of \$3,000 or more, an extension of credit record that indicates
- (i) the client's name and address and the nature of the principal business or occupation of the client,
  - (ii) the terms and conditions of the extension of credit, and
  - (iii) the date and amount of the extension of credit; and
- (e) with respect to every foreign currency exchange transaction of \$3000 or more, a transaction ticket.

**44.** A casino is not required to keep a large cash disbursement record if the information that is required to be found in it is readily obtainable from other records that must be kept and retained by the casino under these Regulations.

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

#### Acceptance of Deposit Liabilities

**45.** Every department and agent of Her Majesty in right of Canada or of a province is subject to Part 1 of the Act when it accepts deposit liabilities in the course of providing financial services to the public.

#### Sale or Redemption of Money Orders

**46.** Every department and agent of Her Majesty in right of Canada or of a province is subject to Part 1 of the Act when it sells or redeems money orders in the course of providing financial services to the public.

**47.** Subject to subsection 52(1), every department and agent of Her Majesty in right of Canada or of a province that, while engaging in an activity referred to in section 46, receives from a client an amount in cash of \$10,000 or more in the course of 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 a public body.

**48.** Subject to subsection 52(2), every department and agent of Her Majesty in right of Canada or of a province, while engaging in an activity referred to in section 46, shall keep a large cash transaction record in respect of every amount in cash of \$10,000 or more that it receives from a client in the course of a single transaction, unless the amount is received from a financial entity or a public body.

**49.** Every department and agent of Her Majesty in right of Canada or of a province that engages in an activity referred to in section 46 shall keep the following records in respect of that activity:

- (a) every client information record that is created for the purpose of an ongoing business relationship between the department or agent and a client;
- (b) where the client 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 agent;
- (c) where the department or agent receives \$3,000 or more in consideration of the issuance of money orders or other similar negotiable instruments, a record of the date, the amount received, the name and address of the person who in fact gives the amount and whether the amount is in cash, cheques, traveller's cheques, money orders or other similar negotiable instruments; and
- (d) where money orders of \$3,000 or more are cashed, a record of the name and address of the person cashing the money orders and the name of the issuer of the money orders.

#### *Exceptions*

**50.** (1) A financial entity is not required to report transactions under paragraph 12(1)(a) in respect of a business of a client, if the following conditions are met:

(a) subject to subsection (2), the client is a corporation that carries on that 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), 51322, 51331, 61121 or 61131 of the *North American Industry Classification System* as that sector or code read on January 31, 2003;

(b) the client has had

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

(ii) an account in respect of that business with a financial entity other than the one referred to in subparagraph (i), for a continuous period of 24 months ending immediately before the client opened an account with that financial entity;

(c) the financial entity has records that indicate that the client has deposited \$10,000 or more in cash into that account on an average of at least twice in every week for the preceding 12 months;

(d) the cash deposits made by the client are consistent with its usual practice in respect of the business;

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

(f) subject to subsection 52(1), the financial entity has provided to the Centre the information set out in Schedule 4.

(2) Paragraph (1)(a) does not apply to a corporation that carries on a business related to pawnbroking or a corporation whose principal business is the sale of vehicles, vessels, farm machinery, aircraft, mobile homes, jewellery, precious gems or metals, antiquities or art.

(3) A financial entity that, in accordance with subsection (1), chooses not to report transactions of more than \$10,000 shall report to the Centre any change in the following information, within 15 days after the change is made:

(a) the name and address of the client;

(b) the nature of the client's business; and

(c) the client's incorporation number.

(4) A financial entity that, in accordance with subsection (1), chooses not to report transactions of more than \$10,000 shall, at least once every 12 months,

(a) verify that the conditions referred to in subsection (1) are still met in respect of each client; and

(b) send a report to the Centre setting out the name and address of each client, together with the name of a senior officer of the financial entity who has confirmed that the conditions referred to in subsection (1) are still being met in respect of each client. SOR/2003-358, s. 10.

**51.** Where a person or entity maintains a list of clients for the purposes of subsection 9(3) of the Act, the list must contain the name and address of each client and be kept in paper form or in a form referred to in section 68.

**52.** (1) The requirement to report information set out in Schedules 1 to 6 does not apply to a person or entity in respect of information set out in an item of any of those Schedules 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 that a person or entity keep or retain a large cash transaction record or include information in it does not apply if the information that must be found in the record is readily obtainable from other records that the person or entity is required to keep or retain under these Regulations.

(3) Despite subsection (1), for the application of section 3, the requirement to report information set out in Schedules 1 to 6 does not apply to a person or entity in respect of information set out in an item of any of those Schedules that is marked with an asterisk if, after taking reasonable measures to do so, the person or entity is unable to obtain the information.

(4) For greater certainty, Schedules 2 and 3 apply only to SWIFT members sending or receiving SWIFT messages. SOR/2003-358, s. 11.

## ASCERTAINING IDENTITY

### *Persons or Entities Required to Keep Large Cash Transaction Records*

**53.** Subject to subsection 63(1), every person or entity that is required to keep and retain a large cash transaction record under these Regulations shall ascertain, in accordance with paragraph 64(1)(d), the identity of every individual with whom the person or entity conducts a transaction in respect of which that record must be kept, other than a deposit to a business account or by means of an automated banking machine. SOR/2003-358, s. 12.

### *Financial Entities*

**54.** (1) Subject to subsections 62(2) and (4) and section 63, every financial entity shall

(a) in accordance with paragraph 64(1)(a), ascertain the identity of every person who signs a signature card in respect of an account that the financial entity opens, except in the case of a business account the signature card of which is signed by more than three persons authorized to act with respect to the account, if the financial entity has ascertained the identity of at least three of those persons;

(b) in accordance with paragraph 64(1)(a), ascertain the identity of every person who requests an electronic funds transfer of \$3,000 or more, unless the person has signed a signature card in respect of an account held with the financial entity or is authorized to act with respect to such an account;

(c) in accordance with paragraph 64(1)(a), ascertain the identity of every person who conducts a foreign currency exchange transaction of \$3,000 or more with the financial entity, unless the person has signed a signature card in respect of an account held with it;

(d) in accordance with section 65, confirm the existence of and ascertain the name and address of every corporation for which the financial entity opens an account and the names of the corporation's directors; and

(e) in accordance with section 66, confirm the existence of every entity, other than a corporation, for which the financial entity opens an account.

(2) For the purpose of paragraph (1)(a), where the person who signs a signature card is under 12 years of age, the financial entity shall ascertain the identity of the father, mother or guardian of the person in accordance with paragraph 64(1)(a). SOR/2003-358, s. 13.

**55.** Subject to subsection 62(4) and section 63, every trust company shall, in addition to complying with section 54,

(a) in accordance with paragraph 64(1)(a), ascertain the identity of every person who is the settlor of an *inter vivos* trust in respect of which the company is required to keep records under section 15;

(b) in accordance with section 65, confirm the existence of and ascertain the name and address of every corporation that is the settlor of an institutional trust in respect of which the company is required to keep records in accordance with section 15;

(c) in accordance with section 66, confirm the existence of every entity, other than a corporation, that is the settlor of an institutional trust in respect of which the company is required to keep records in accordance with section 15;

(d) where an entity is authorized to act as a co-trustee of any trust

(i) confirm the existence of the entity and ascertain its name and address in accordance with section 65 or confirm the existence of the entity in accordance with section 66, as the case may be, and

(ii) in accordance with paragraph 64(1)(a), ascertain 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

(e) in accordance with paragraph 64(1)(a), ascertain the identity of each person who is authorized to act as co-trustee of any trust.

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

**56.** (1) Subject to subsections (2), 62(1), (3) and (4) and 63(1), every life insurance company or life insurance broker or agent shall ascertain, in accordance with paragraph 64(1)(b), the identity of every person who conducts, on the person's own behalf or on behalf of a third party, a transaction with that life insurance company or life insurance broker or agent for which a client information record is required to be kept under section 19.

(2) A life insurance company or life insurance broker or agent is not required to ascertain the identity of a person where there are reasonable grounds to believe that the person's identity has been ascertained in accordance with paragraph 64(1)(b) by another life insurance company or life insurance broker or agent in respect of the same transaction or of a transaction that is part of a series of transactions that includes the original transaction.

(3) Subject to subsections 62(3) and (4) and 63(2), every life insurance company or life insurance broker or agent shall, in accordance with section 65, confirm the existence of and ascertain the name and address of every corporation in

respect of which they are required to keep a client information record and the names of the corporation's directors.

(4) Subject to subsections 62(3) and (4) and 63(3), every life insurance company or life insurance broker or agent shall, in accordance with section 66, confirm the existence of every entity, other than a corporation, in respect of which they are required to keep a client information record.

### *Securities Dealers*

**57.** (1) Subject to subsections (2) and (5), 62(2) and (4) and 63(1), every securities dealer shall ascertain, in accordance with paragraph 64(1)(c), the identity of every person who is authorized to give instructions in respect of an account for which a record must be kept by the securities dealer under subsection 23(1).

(2) Subsection (1) does not apply

(a) to business accounts in respect of which the securities dealer has already ascertained the identity of at least three persons who are authorized to give instructions in respect of the account;

(b) to accounts opened for the deposit and sale of shares from a corporate demutualization, an employee stock purchase plan or the privatization of a Crown corporation;

(c) to registered plan accounts, including locked-in retirement plan accounts, registered retirement savings plan accounts and group registered retirement savings plan accounts;

(d) to employees profit sharing plan accounts and deferred profit sharing plan accounts, unless the accounts are funded in whole or in part by contributions by a person or entity other than the employer;

(e) to dividend reinvestment plan accounts sponsored by a corporation for its investors, unless the accounts are funded in whole or in part by a source other than the corporation; or

(f) to accounts in the name of foreign affiliates of a financial entity.

(3) Subject to subsection 63(2), every securities dealer shall, in accordance with section 65, confirm the existence of and ascertain the name and address of every corporation for which it opens an account, and the names of the corporation's directors.

(4) Subject to subsection 63(3), every securities dealer shall, in accordance with section 66, confirm the existence of every entity, other than a corporation, for which it opens an account.

(5) A securities dealer is not required to ascertain the identity of a person who is authorized to give instructions in respect of an account that is opened for the sale of mutual funds where there are reasonable grounds to believe that the person's identity has been ascertained in accordance with paragraph 64(1)(c) by another securities dealer in respect of

(a) the sale of the mutual funds for which the account has been opened; or

(b) a transaction that is part of a series of transactions that includes that sale. SOR/2003-358, s. 14.

### *Persons or Entities Engaged in the Business of Foreign Exchange Dealing*

**58.** (1) Subject to subsection 63(1), every person or entity that is engaged in the business of foreign exchange dealing shall ascertain, in accordance with paragraph 64(1)(d), the identity of

(a) every individual in respect of whom a client information record is required to be kept or who conducts a transaction on behalf of a person or entity in respect of which a client information record is required to be kept; and

(b) every individual who conducts a transaction of \$3,000 or more with that person or entity and in respect of whom no client information record is kept.

(2) Subject to subsection 63(2), every person or entity that is engaged in the business of foreign exchange dealing shall, in accordance with section 65, confirm the existence of and ascertain the name and address of every corporation in respect of which they keep a client information record and the names of the corporation's directors.

(3) Subject to subsection 63(3), every person or entity that is engaged in the business of foreign exchange dealing shall, in accordance with section 66, confirm the existence of every entity, other than a corporation, in respect of which they keep a client information record.

### *Money Services Businesses*

**59.** Subject to section 63, every money services business shall

(a) in accordance with paragraph 64(1)(d), ascertain the identity of every person who conducts any of the following transactions, if the transaction is for \$3,000 or more and no client information record is kept in respect of that person, namely,

- (i) the issuance or redemption of money orders, traveller's cheques or other similar negotiable instruments, and
- (ii) the remittance or transmission of \$3,000 or more by any means through any person, entity or electronic funds transfer network;

(b) in accordance with paragraph 64(1)(d), ascertain the identity of every person in respect of whom a client information record is required to be kept, with respect to a transaction of \$3,000 or more;

(c) in accordance with section 65, confirm the existence of and ascertain the name and address of every corporation in respect of which a client information record is required to be kept and the names of the corporation's directors; and

(d) in accordance with section 66, confirm the existence of every entity, other than a corporation, in respect of which a client information record is required to be kept.

### *Casinos*

**60.** Subject to subsection 62(2) and section 63, every casino shall

(a) in accordance with paragraph 64(1)(a), ascertain the identity of every person who signs a signature card in respect of an account that the casino opens, except in the case of a business account whose signature card is signed by more than three persons authorized to act with respect to the account, if the casino has ascertained the identity of at least three of those persons;

(b) in accordance with paragraph 64(1)(d), ascertain the identity of every person who conducts a transaction with the casino for which a large cash disbursement record is required to be kept under subsection 42(1);

(c) in accordance with paragraph 64(1)(d), ascertain the identity of every person who conducts a transaction of \$3,000 or more with the casino for which an extension of credit record is required to be kept under paragraph 43(d);

(d) in accordance with paragraph 64(1)(d), ascertain the identity of every person who conducts a foreign currency exchange transaction of \$3,000 or more with the casino for which a transaction ticket is required to be kept under paragraph 43(e);

(e) in accordance with section 65, confirm the existence of and ascertain the name and address of every corporation for which the casino opens an account and the names of the corporation's directors; and

(f) in accordance with section 66, confirm the existence of every entity, other than a corporation, for which the casino opens an account. SOR/2003-358, s. 15.

### *Departments or Agents of Her Majesty in Right of Canada or of a Province that Sell or Redeem Money Orders*

**61.** Subject to section 63, a department or agent of Her Majesty in right of Canada or of a province that engages in an activity referred to in section 46 shall

(a) in accordance with paragraph 64(1)(b), ascertain the identity of every person in respect of whom a client information record is kept under paragraph 49(a);

(b) in accordance with paragraph 64(1)(d), ascertain the identity of every person in respect of whom no client information record is kept and who conducts a transaction that involves an amount of \$3,000 or more for the issuance or redemption of money orders or other similar negotiable instruments;

(c) in accordance with section 65, confirm the existence of and ascertain the name and address of every corporation in respect of which a client information record is kept under paragraph 49(a) and the names of the corporation's directors; and

(d) in accordance with section 66, confirm the existence of every entity, other than a corporation, in respect of which a client information record is kept under paragraph 49(a).

### *Exceptions to Ascertaining Identity*

**62.** (1) Subsection 56(1) does not apply in respect of any of the following transactions:

(a) the purchase 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;

(b) the purchase of a registered annuity policy in respect of an annuity referred to in subsection (5) or a registered retirement income fund;

(c) the purchase of an immediate or deferred annuity that is paid for entirely with the proceeds of a group life insurance policy;

(d) a transaction that is part of a reverse mortgage or of a structured settlement;

(e) 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;

(f) the opening of an employees profit sharing plan account or a deferred profit sharing plan account, unless the account is funded in whole or in part by contributions by a person or entity other than the employer; or

(g) the opening of a dividend reinvestment plan account sponsored by a corporation for its investors, unless the account is funded in whole or in part by a source other than the corporation.

(2) Paragraph 54(1)(a), subsection 57(1) and paragraph 60(a) do not apply if

(a) the person already has an account with the financial entity, the securities dealer or the casino, as the case may be; or

(b) there are reasonable grounds to believe that the account holder is a public body or a corporation that has minimum net assets of \$75 million on its last audited balance sheet and whose shares are traded on a Canadian stock exchange or a stock exchange that is prescribed by section 3201 of the *Income Tax Regulations* and operates in a country that is a member of the Financial Action Task Force on Money Laundering.

(3) Subsections 56(1), (3) and (4) do not apply if the entity in respect of which a client information record is required to be kept is a public body or a corporation referred to in paragraph (2)(b).

(4) Paragraphs 54(1)(a) and 55(b) and (c) and subsections 56(1), (3) and (4) and 57(1) do not apply if the account holder or settlor is a pension fund that is regulated by or under an Act of Parliament or of the legislature of a province.

(5) Subsection 54(1) does not apply in respect of

(a) employees profit sharing plan accounts and deferred profit sharing plan accounts, unless the accounts are funded in whole or in part by contributions by a person or entity other than the employer; or

(b) dividend reinvestment plan accounts sponsored by a corporation for its investors, unless the accounts are funded in whole or in part by a source other than the corporation. SOR/2003-358, s. 16.

**63.** (1) Where a person has ascertained the identity of another person in accordance with section 64, the person is not required to subsequently ascertain that same identity again if they recognize that other person.

(2) Where a person has confirmed the existence of a corporation and ascertained its name and address and the names of its directors in accordance with section 65, the person is not required to subsequently confirm or ascertain that same information.

(3) Where a person has confirmed the existence of an entity other than a corporation in accordance with section 66, the person is not required to subsequently confirm that same information.

(4) Despite paragraphs 54(1)(d) and 55(b), subsections 56(3), 57(3) and 58(3) and paragraphs 59(c), 60(e) and 61(c), the name of a corporation's director need not be ascertained when the corporation is a securities dealer. SOR/2003-358, s. 17.

## MEASURES FOR ASCERTAINING IDENTITY

**64.** (1) The identity of a person shall be ascertained, at the time referred to in subsection (2) and in accordance with subsection (3),

(a) in the cases referred to in paragraphs 54(1)(a) to (c), 55(a), (d) and (e) and 60(a),

(i) by referring to the person's birth certificate, driver's licence, provincial health insurance card (if such use of the card is not prohibited by the applicable provincial law), passport or any similar record, or

(ii) where the person is not physically present when the account is opened or when the trust is established, by confirming that a cheque drawn by the person on an account of a financial entity has been cleared;

(b) in the cases referred to in subsection 56(1) and paragraph 61(a),

(i) by referring to the person's birth certificate, driver's licence, provincial health insurance card (if such use of the card is not prohibited by the applicable provincial law), passport or any similar record, or

(ii) where the person is not physically present when the client information record is created, by confirming that

(A) a cheque drawn by the person on an account of a financial entity has been cleared, or

(B) the person holds an account in the person's name with a financial entity;

(c) in a case referred to in section 57,

(i) by referring to the person's birth certificate, driver's licence, provincial health insurance card (if such use of the card is not prohibited by the applicable provincial law), passport or any similar record, or

(ii) where the person is not physically present when the account is opened, by confirming that

(A) a cheque drawn by the person on an account of a financial entity has been cleared, or

(B) the person holds an account in the person's name with a financial entity; and

(d) in the cases referred to in section 53, subsection 58(1) and paragraphs 59(a) and (b), 60(b) to (d) and 61(b), by referring to the person's birth certificate, driver's licence, provincial health insurance card (if such use of the card is not prohibited by the applicable provincial law), passport or any similar record.

(2) The identity shall be ascertained

(a) in the cases referred to in paragraphs 54(1)(a) and 60(a), before any transaction other than an initial deposit is carried out on an account;

(b) in the cases referred to in section 53, paragraphs 54(1)(b) and (c), subsection 58(1) and paragraphs 59(a) and (b), 60(b) to (d) and 61(b), at the time of the transaction;

(c) in the cases referred to in paragraphs 55(a), (d) and (e), within 15 days after the trust company becomes the trustee;

(d) in the cases referred to in subsection 56(1) and paragraph 61(a), within six months after the client information record is created; and

(e) in the case referred to in section 57, within six months after the account is opened.

(3) A person who ascertains the identity of a person by referring to a document pursuant to subsection (1) shall refer to the original document and not a copy of it.

**65.** (1) The existence of a corporation shall be confirmed and its name and address and the names of its directors shall be ascertained as of the time referred to in subsection (2), by referring to its certificate of corporate status, a record that it is required to file annually under the applicable provincial securities legislation or any other record that ascertains its existence as a corporation. The record may be in paper form or in an electronic version that is obtained from a source that is accessible to the public.

(2) The information referred to in subsection (1) shall be ascertained,

(a) in the case referred to in paragraphs 54(1)(d) and 60(e), before any transaction other than the initial deposit is carried out on the account;

(b) in the cases referred to in paragraphs 55(b) and (d), within 15 days after the trust company becomes the trustee;

(c) in the cases referred to in subsections 56(3) and 58(2) and paragraphs 59(c) and 61(c), within six months after the client information record is created; and

(d) in the case referred to in subsection 57(3), within six months after the opening of the account.

(3) Where the information has been ascertained by referring to an electronic version of a record, the person or entity required to ascertain the information 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.

(4) Where the information has been ascertained by referring to a paper copy of a record, the person or entity required to ascertain the information shall retain the record or a copy of it.

**66.** (1) The existence of an entity, other than a corporation, shall be confirmed as of the time referred to in subsection (2), by referring to a partnership agreement, articles of association or other similar record that ascertains its existence. The record may be in paper form or in an electronic version that is obtained from a source that is accessible to the public.

(2) The existence of the entity shall be confirmed

(a) in the case referred to in paragraphs 54(1)(e) and 60(f), before any transaction other than the initial deposit is carried out on the account;

(b) in the cases referred to in paragraphs 55(c) and (d), within 15 days after the trust company becomes the trustee;

(c) in the cases referred to in subsections 56(4) and 58(3) and paragraphs 59(d) and 61(d), within six months after the client information record is created; and

(d) in the case referred to in subsection 57(4), within six months after the account is opened.

(3) Where the existence of the entity has been confirmed by referring to an electronic version of a record, the person or entity required to confirm that information shall keep a record that sets out the registration number of the entity whose existence is being confirmed, the type of record referred to and the source of the electronic version of the record.

(4) Where the existence of the entity has been confirmed by referring to a paper copy of a record, the person or entity required to confirm that information shall retain the record or a copy of it.

**67.** Every person or entity that is required to ascertain the identity of a person in accordance with any of sections 53 to 61 shall set out on the signature card, client information record, transaction ticket, large cash transaction record, large cash disbursement record, extension of credit record, account operating agreement or account application form, as the case may be,

(a) the date of birth of the person;

(b) the type and reference number of the record that is relied on to ascertain the identity of the person, where the record is a birth certificate, driver's licence, provincial health insurance card, passport or any similar record, and the place of issuance of that record;

(c) the financial entity and account number of the account on which the cheque was drawn, where the clearing of a cheque from a financial entity is relied on to ascertain the identity of the person; and

(d) the financial entity at which an account is held and the number of the account, where the identity of the person is ascertained by confirming that the person holds an account with a financial entity.

## RETENTION OF RECORDS

**68.** Where any record is required to be kept under these Regulations, a copy of it may be kept

(a) in a machine-readable form, if a paper copy can be readily produced from it; or

(b) in an electronic form, if a paper copy can be readily produced from it and an electronic signature of the person who must sign the record in accordance with these Regulations is retained.

**69.** (1) Subject to subsection (2), every person or entity that is required to obtain, keep or create records under these Regulations shall retain those records for a period of at least five years following

(a) in respect of signature cards, account operating agreements, client credit files and account application forms, the day of the closing of the account to which they relate;

(b) in respect of client information records, certificates of corporate status, records that are required to be filed annually under the applicable provincial securities legislation or other similar records that ascertain the existence of a corporation, and records that ascertain the existence of an entity, other than a corporation, including partnership agreements and articles of association, the day on which the last business transaction is conducted; and

(c) in respect of all other records, the day on which they were created.

(2) Where records that an individual keeps under these Regulations are the property of the individual's employer or a person or entity with which the individual is in a contractual relationship, the individual is not required to retain the records after the end of the individual's employment or contractual relationship.

**70.** Every record that is required to be kept under these Regulations shall be retained in such a way that it can be provided to an authorized person within 30 days after a request is made to examine it under section 62 of the Act.

## COMPLIANCE

**71.** (1) For the purposes of paragraph 3(a) of the Act, and to assist the Centre in carrying out its mandate under paragraph 40(e) of the Act, every person or entity to which any of paragraphs 5(a) to (f) of the Act applies shall

implement a regime for complying with the Act and any Regulations made under the Act.

(2) The compliance regime shall include, as far as practicable,

(a) the appointment of a person -- who may be the person referred to in subsection (1) -- who is to be responsible for the implementation of the regime;

(b) the development and application of compliance policies and procedures;

(c) a review of those policies and procedures that is conducted as often as necessary to test their effectiveness by an internal or external auditor of the person or entity or, if it does not have such an auditor, by the person or entity itself; and

(d) where the person or entity has employees or agents or persons authorized to act on behalf of the person or entity, an ongoing compliance training program for those employees, agents or persons.

## AMENDMENTS TO THESE REGULATIONS

**72. to 76.** [Amendments]

### REPEAL

**77. The *Proceeds of Crime (Money Laundering) Regulations*<sup>1</sup> are repealed.**

<sup>1</sup> SOR/93-75

### COMING INTO FORCE

**78.** (1) Subject to subsection (2), these Regulations come into force on June 12, 2002.

(2) The following provisions come into force on the dates indicated:

(a) paragraph 12(1)(a), sections 17, 21, 24, 28, 32, 35, 38, 40, 47, 50 and 51 and Schedules 1 and 4 on January 31, 2003.

(b) sections 72 to 76 and Schedules 5 and 6 on March 31, 2003. SOR/2002-413, s. 1.

### SCHEDULE 1

*(Paragraph 12(1)(a), sections 17 and 21, paragraphs 24(1)(a) and 28(1)(a), sections 32, 35, 38, 40 and 47 and subsection 52(1))*

### LARGE CASH TRANSACTION REPORT

#### PART A -- Information on Place of Business Where Transaction Occurred

1.\* Type of reporting person or entity, as described in paragraphs 5(a) to (h), (k) and (l) of the Act, and, if reporting person or entity is referred to in paragraph 5(i) or (j) of the Act, type of business, profession or activity of reporting person or entity, as described in sections 16, 27, 34, 37, 45 and 46 of these Regulations

2.\* Identification number of place of business where transaction occurred (e.g., institution's identification number, licence number or registration number), if applicable

3.\* Full name of reporting person or entity

4.\* Full address of place of business where transaction occurred

5.\* Name and telephone number of contact person

#### PART B -- Information on Transaction

- 1.\* Date of transaction or night deposit indicator
2. Time of transaction
3. Posting date (if different from above)
- 4.\* Purpose and details of the transaction, including amount of transaction and currency of transaction
- 5.\* Disposition of funds, amount of disposition, currency of disposition and, if applicable, name and number of each other institution and name, account number and policy number of each other person or entity
- 6.\* Method by which the transaction is conducted (in branch or office, ABM, armoured car, mail deposit, courier or other)

#### PART C -- Account Information (if applicable)

- 1.\* Account number
- 2.\* Branch number or transit number
- 3.\* Type of account (personal, business, trust or other)
- 4.\* Full name of each account holder
- 5.\* Type of currency of the account

#### PART D -- Information on Person Conducting Transaction That Is not a Deposit Into a Business Account (if applicable)

- 1.\* Person's full name
- 2.\* Client number provided by reporting person or entity, if applicable
- 3.\* Person's full address
4. Person's personal telephone number
5. Person's country of residence
- 6.\* Person's type of identifier (e.g., driver's licence, birth certificate, provincial health insurance card -- if such use of the card is not prohibited by the applicable provincial law -- or passport) and identifier number
- 7.\* Place of issue of person's identifier (province or state, country)
- 8.\* Person's date of birth
9. Person's business telephone number

10.\* Person's occupation

**PART E -- Information on Person Conducting Transaction That Is a Deposit Into a Business Account Other Than a Night Deposit or a Quick Drop (if applicable)**

1.\* Person's full name

**PART F -- Information on Entity on Whose Behalf Transaction is Conducted (if applicable)**

1.\* Entity's full name

2.\* Entity's incorporation number and place of issue of its incorporation number, if applicable

3.\* Entity's type of business

4.\* Entity's full address

5. Entity's telephone number

6. Full name of each person -- up to three -- who is authorized to bind the entity or act with respect to the account

**PART G -- Information on Person on Whose Behalf Transaction is Conducted (if applicable)**

1.\* Person's full name

2.\* Person's full address

3. Person's personal telephone number

4. Person's business telephone number

5. Person's type of identifier (e.g., driver's licence, birth certificate, provincial health insurance card -- if such use of the card is not prohibited by the applicable provincial law -- or passport) and identifier number

6. Place of issue of person's identifier (province or state, country)

7. Person's date of birth

8. Person's occupation

9. Person's country of residence

10. Relationship of person conducting the transaction to the person on whose behalf the transaction is conducted

SOR/2002-184, s. 76; SOR/2003-358, ss. 18, 19.

SCHEDULE 2  
(Paragraphs 12(1)(b), 24(1)(b) and 28(1)(b) and subsections 52(1), (3) and (4))  
OUTGOING SWIFT MESSAGES REPORT INFORMATION

PART A -- Transaction Information

1. Time indication
- 2.\* Value date
- 3.\* Amount of electronic funds transfer
- 4.\* Currency of electronic funds transfer
5. Exchange rate
6. Transaction type code

PART B -- Information on Client Ordering Payment of Electronic Funds Transfer

- 1.\* Client's full name
- 2.\* Client's full address
- 3.\* Client's account number, if applicable

PART C -- Information on Person or Entity Sending Electronic Funds Transfer (person or entity that sends payment instructions)

- 1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART D -- Information on Person or Entity Ordering Electronic Funds Transfer on Behalf of a Client (ordering institution) (if applicable)

- 1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART E -- Information on Sender's Correspondent (person or entity, other than sending person or entity, acting as reimbursement bank for sender) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART F -- Information on Receiver's Correspondent (person or entity acting as reimbursement bank for receiver) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART G -- Information on Third Reimbursement Institution (receiver's branch, when the funds are made available to it through a financial institution other than sender's correspondent) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART H -- Information on Intermediary Institution (financial institution, between receiver and account with institution, through which transaction must pass) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART I -- Information on Account with Institution (financial institution when other than the receiver that services account for the beneficiary customer) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART J -- Information on Person or Entity Receiving Electronic Funds Transfer (person or entity receiving payment instructions)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART K -- Information on Client to Whose Benefit Payment is Made

1.\* Client's full name

2.\* Client's full address

3.\* Client's account number, if applicable

PART L -- Additional Payment Information

1. Remittance information

2. Details of charges

3. Sender's charges

4. Sender's reference

5. Bank operation code

6. Instruction code

7. Sender-to-receiver information

8. Regulatory reporting

9. Envelope contents

SOR/2003-358, s. 20.

SCHEDULE 3

*(Paragraphs 12(1)(c), 24(1)(c) and 28(1)(c) and subsections 52(1), (3) and (4))*  
INCOMING SWIFT MESSAGES REPORT INFORMATION

PART A -- Transaction Information

1. Time indication

2.\* Value date

3.\* Amount of electronic funds transfer

4.\* Currency of electronic funds transfer

5. Exchange rate

6. Transaction type code

#### PART B -- Information on Client Ordering Payment of Electronic Funds Transfer

1. Client's full name

2. Client's full address

3. Client's account number, if applicable

#### PART C -- Information on Person or Entity Sending Electronic Funds Transfer (person or entity that sends payment instructions)

1. (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

#### PART D -- Information on Person or Entity Ordering Electronic Funds Transfer on Behalf of a Client (ordering institution)

1. (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

#### PART E -- Information on Sender's Correspondent (person or entity, other than sending person or entity, acting as reimbursement bank for sender) (if applicable)

1. (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART F -- Information on Receiver's Correspondent (person or entity acting as reimbursement bank for receiver) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART G -- Information on Third Reimbursement Institution (receiver's branch, when the funds are made available to it through a financial institution other than sender's correspondent) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART H -- Information on Intermediary Institution (financial institution, between receiver and account with institution, through which transaction must pass) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART I -- Information on Account with Institution (financial institution when other than the receiver that services account for the beneficiary customer) (if applicable)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

PART J -- Information on Person or Entity Receiving Electronic Funds Transfer (person or entity receiving payment instructions)

1.\* (a) Bank Identification Code (BIC)

- or -

(b) Full name and full address

**PART K -- Information on Client to Whose Benefit Payment is Made**

1. Client's full name
2. Client's full address
3. Client's account number, if applicable

**PART L -- Additional Payment Information**

1. Remittance information
2. Details of charges
3. Sender's charges
4. Sender's reference
5. Bank operation code
6. Instruction code
7. Sender-to-receiver information
8. Regulatory reporting
9. Envelope contents

SOR/2003-358, s. 21.

**SCHEDULE 4**

*(Paragraph 50(1)(f) and subsection 52(1))*

**INFORMATION TO BE PROVIDED BY FINANCIAL ENTITY CHOOSING NOT TO REPORT  
LARGE CASH TRANSACTION WITH RESPECT TO A CLIENT'S BUSINESS****PART A -- Information on Financial Entity**

- 1.\* Identification number of financial entity where client has account
- 2.\* Full name of financial entity
- 3.\* Full address of financial entity

**PART B -- Information on Client**

- 1.\* Name and address of client

2.\* Nature of client's business

3.\* Incorporation number of client and date and jurisdiction of its incorporation

4.\* Total value and total number of client's cash deposits in respect of that business over the preceding 12 months

#### PART C -- Contact Person at Financial Entity

1.\* Name of contact person

2.\* Telephone number of contact person

SOR/2003-358, s. 22.

### SCHEDULE 5

*(Paragraphs 12(1)(b), 24(1)(b) and 28(1)(b) and subsection 52(1))*

## OUTGOING NON-SWIFT INTERNATIONAL ELECTRONIC FUNDS TRANSFER REPORT INFORMATION

#### PART A -- Transaction Information

1. Time Sent

2.\* Date

3.\* Amount of electronic funds transfer

4.\* Currency of electronic funds transfer

5. Exchange rate

#### PART B -- Information on Client Ordering Payment of Electronic Funds Transfer

1.\* Client's full name

2. Client's full address

3. Client's telephone number

4. Client's date of birth

5. Client's occupation

6.\* Client's account number, if applicable

7. Client's identifier

8. Client's Identifier Number

PART C -- Information on Sender of Electronic Funds Transfer (person or entity that sends payment instructions)

- 1.\* Full name of sending institution
- 2.\* Full address of sending institution

PART D -- Information on Third Party where Client Ordering Electronic Funds Transfer is Acting on Behalf of a Third Party (if applicable)

1. Third party's full name
2. Third party's full address
3. Third party's date of birth
4. Third party's occupation
5. Third party's identifier

PART E -- Information on Receiver of Electronic Funds Transfer (person or entity that receives payment instructions)

1. Full name of receiving institution
2. Full address of receiving institution

PART F -- Information on Client to Whose Benefit the Payment is Made

- 1.\* Client's full name
2. Client's full address
3. Client's telephone number
4. Client's date of birth
5. Client's occupation
- 6.\* Client's account number, if applicable
7. Client's identifier

PART G -- Information on Third Party where Client to Whose Benefit Payment is Made is Acting on Behalf of a Third Party (if applicable)

1. Third party's full name
2. Third party's full address
3. Third party's date of birth
4. Third party's occupation
5. Third party's identifier

SOR/2002-413, s. 2; SOR/2003-358, s. 23.

SCHEDULE 6  
*(Paragraphs 12(1)(c), 24(1)(c) and 28(1)(c) and subsection 52(1))*  
INCOMING NON-SWIFT INTERNATIONAL ELECTRONIC FUNDS TRANSFER REPORT  
INFORMATION

PART A -- Transaction Information

1. Time sent
- 2.\* Date
- 3.\* Amount of electronic funds transfer
- 4.\* Currency of electronic funds transfer
5. Exchange rate

PART B -- Information on Client Ordering Payment of an Electronic Funds Transfer

- 1.\* Client's full name
2. Client's full address
3. Client's telephone number
4. Client's date of birth
5. Client's occupation
- 6.\* Client's account number, if applicable
7. Client's identifier

8. Client's Identifier Number

PART C -- Information on Sender of Electronic Funds Transfer (person or entity that sends payment instructions)

1.\* Full name of sending institution

2.\* Full address of sending institution

PART D -- Information on Third Party where Client Ordering Electronic Funds Transfer is Acting on Behalf of a Third Party (if applicable)

1. Third party's full name

2. Third party's full address

3. Third party's date of birth

4. Third party's occupation

5. Third party's identifier

PART E -- Information on Receiver of Electronic Funds Transfer (person or entity that receives payment instructions)

1.\* Full name of receiving institution

2.\* Full address of receiving institution

PART F -- Information on Client to Whose Benefit the Payment is Made

1.\* Client's full name

2. Client's full address

3. Client's telephone number

4. Client's date of birth

5. Client's occupation

6.\* Client's account number, if applicable

7. Client's identifier

**PART G -- Information on Third Party where Client to Whose Benefit Payment is Made is Acting on Behalf of a Third Party (if applicable)**

1. Third party's full name
  
2. Third party's full address
  
3. Third party's date of birth
  
4. Third party's occupation
  
5. Third party's identifier

SOR/2002-413, s. 3; SOR/2003-358, s. 24.

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