Anti-money laundering and terrorist financing

Things to know

- Canada's anti-money laundering and terrorist financing laws are primarily contained in two statutes: the *Criminal Code* and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTA).
- The *Criminal Code* applies to all individuals and businesses.
- Under the *Criminal Code*, it is an offence to knowingly deal with any property or provide or facilitate any financial or related service for any terrorist activity or any terrorist group or "listed person" (i.e., a person or entity on a government or other agency list). The test for "knowledge" includes not being wilfully blind.
- The PCMLTA applies to "reporting entities". These entities include financial institutions, credit unions, life insurance companies, loan companies, securities dealers, foreign exchange dealers, money services business, casinos, real estate brokers and developers.
- Under PCMLTA, reporting entities have four main obligations:
  1) establish a compliance program,
  2) identify and verify clients,
  3) maintain certain specified records, and
  4) report certain specified transactions.
- Consequences of non-compliance with the *Criminal Code* and PCMLTA are severe, and include substantial fines and imprisonment.

USEFUL RESOURCES

Government of Canada

- Financial Transactions and Reports Analysis Centre of Canada

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- Canadian government publishes wide-ranging amendments to anti-money laundering laws
- Canadian anti-money laundering law: What you need to know about compliance program requirements

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Things to do

CONFIRM APPLICATION OF RULES

- Review your business activities and confirm whether it is subject to PCMLTA and what activities, if any, could result in non-compliance.
- Monitor regulatory developments. The anti-money laundering laws are in flux and are expected to be expanded in scope to cover additional businesses and entities.

COMPLIANCE PROGRAM

- If you are subject to the PCMLTA or conduct any activities that could result in non-compliance with the Criminal Code, you need to have a robust compliance program to ensure that regulatory requirements are being met.
- If you have a compliance program in place already, you should carefully review your program to confirm that it meets regulatory requirements and expectations.
- You should carefully review your business activities and arrangements with third parties to mitigate the risk of non-compliance.

RELATED TOPICS

- Anti-corruption, bribery and enforcement
- Sanctions laws in Canada

Need more info?

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