

POLITICALLY EXPOSED FOREIGN PERSON DETERMINATION

WHAT YOU NEED TO KNOW

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), collects, analyzes and discloses financial information and intelligence on suspected money laundering and terrorist financing activities. FINTRAC was created as part of a Canadian government initiative to fight money laundering and terrorist financing, both domestically and internationally. Individuals and entities who must report to FINTRAC are required to know their clients and asking for certain information is one way to do that.

Starting June 23, 2008, financial entities, securities dealers, money services businesses and life insurance companies, brokers and agents have to determine if their clients are politically exposed foreign persons. This is required following changes to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* for enhanced measures to detect and deter money laundering and terrorist financing, including laundering of the proceeds of international corruption.

ARE YOU A POLITICALLY EXPOSED FOREIGN PERSON?

You are a politically exposed foreign person if you hold or you have ever held one of the following offices or positions in or on behalf of a **foreign** country:

- > a head of state or government;
- > a member of the executive council of government or member of a legislature;
- > a deputy minister (or equivalent);
- > an ambassador or an ambassador's attaché or counsellor;
- > a military general (or higher rank);
- > a president of a state-owned company or bank;
- > a head of a government agency;
- > a judge; or
- > a leader or president of a political party in a legislature.

You are also considered a politically exposed foreign person if you are a **family member** of an individual described above. In this context, a family member means one of the following:

- > mother or father;
- > child;
- > spouse or common-law partner;
- > spouse's or common-law partner's mother or father and
- > brother, sister, half-brother or half-sister (that is, any other child of the individual's mother or father).

WHEN WILL THE POLITICALLY EXPOSED FOREIGN PERSON DETERMINATION BE MADE?

You might be asked questions in the following circumstances:

- > You open a new account with a financial entity or a securities dealer, or in certain circumstances, you already have such an account.
- > As the client of a financial entity or a money services business, you are the initiator or the beneficiary of an electronic funds transfer of \$100,000 or more.
- > You make a lump-sum payment of \$100,000 or more for an annuity or a life insurance policy to a life insurance company, broker or agent.

WHAT OTHER INFORMATION WILL BE REQUESTED?

If you are a politically exposed foreign person, you will also be asked about the source of funds that were used for the transaction, or in the case of an account, that have been or are expected to be deposited.

To learn more about the PCMLTFA, FINTRAC and Canada's effort to combat money laundering and terrorist financing activities, visit our Web site: www.fintrac-canafe.gc.ca or call: **1-866-346-8722**