

DEALERS IN PRECIOUS METALS AND STONES

Legislative requirements effective December 30, 2008



The following summary of the legislative requirements under the PCMLTFA applies to you if you are a dealer in precious metals and stones.

A dealer in precious metals and stones means an individual or an entity that buys or sells precious metals, precious stones or jewellery, in the course of its business activities. You are subject to the requirements listed below if you ever engage in the purchase or sale of precious metals, precious stones or jewellery in an amount of \$10,000 or more in a single transaction. In other words, you are not subject to these requirements if you engage only in purchases or sales of less than \$10,000 per transaction.

The purchases or sales referred to above exclude those carried out for, connected with, or for the purpose of:

- manufacturing jewellery;
- extracting precious metals or precious stones from a mine; or
- cutting or polishing precious stones.

In other words, if all of your purchases and sales are related to these manufacturing, extracting, cutting or polishing activities, you are not subject to these requirements.

If you are an agent of the Crown (i.e. a government department or an agent of her Majesty in right of Canada or of a province), you are also considered a dealer in precious metals and stones and subject to the requirements listed below if you ever sell precious metals to the public in an amount of \$10,000 or more in a single transaction.

Precious metals include gold, silver, palladium or platinum whether in coins, bars, ingots, granules or in any other similar form. Precious stones include diamonds, sapphires, emeralds, tanzanite, rubies or alexandrite. Jewellery means objects made of precious metals, precious stones or pearls intended for personal adornment.

If you are an employee of a reporting entity, these requirements are the responsibility of your employer except with respect to reporting suspicious transactions and terrorist property, which is applicable to both.

REPORTING

Suspicious Transactions

You must report where there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering offence or a terrorist activity financing offence.

See *Guideline 2: Suspicious Transactions* and *Guideline 3: Submitting Suspicious Transaction Reports to FINTRAC*

Terrorist Property

You must report where you know that there is property in your possession or control that is owned or controlled by or on behalf of a terrorist or a terrorist group.

See *Guideline 5: Submitting Terrorist Property Reports to FINTRAC*

Large Cash Transactions

You must report large cash transactions involving amounts of \$10,000 or more received in cash.

See *Guideline 7: Submitting Large Cash Transaction Reports to FINTRAC*

RECORD KEEPING

You must keep the following records:

- Large cash transaction records
- Copies of suspicious transaction reports

See *Guideline 6I: Record Keeping and Client Identification for Dealers in Precious Metals and Stones*

ASCERTAINING IDENTITY

You must take specific measures to identify the following individuals:

- Any individual who conducts a large cash transaction
- Any individual for whom you have to send a suspicious transaction report (reasonable measures and exceptions apply)

THIRD PARTY DETERMINATION

Where a large cash transaction record is required, you must take reasonable measures to determine whether the individual is acting on behalf of a third party.

In cases where a third party is involved, you must obtain specific information about the third party and their relationship with the individual providing the cash.

See *Guideline 6I: Record Keeping and Client Identification for Dealers in Precious Metals and Stones*

COMPLIANCE REGIME

The following five elements must be included in a compliance regime:

- The appointment of a compliance officer
- The development and application of written compliance policies and procedures
- The assessment and documentation of risks of money laundering and terrorist financing and measures to mitigate high risks
- Implementation and documentation of an ongoing compliance training program
- A documented review of the effectiveness of policies and procedures, training program and risk assessment

See *Guideline 4: Implementation of a Compliance Regime*

