

FINANCIAL ENTITIES

Legislative requirements effective June 23, 2008



The following summary of the legislative requirements under the PCMLTFA applies to you if you are a financial entity. This includes banks, savings and credit unions, caisses populaires, cooperative credit societies, trust and loan companies and agents of the Crown that accept deposit liabilities.

For information about legislative requirements in effect before June 23, 2008, see the applicable guidelines published before 2008.

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. Exceptions are applicable to certain corporate clients.

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

Electronic Funds Transfers

You must report international electronic funds transfers of \$10,000 or more that you send or receive. This includes the transmission of instructions at the request of a client through any electronic, magnetic or optical device, telephone instrument or computer. In the case of SWIFT messages, only SWIFT MT 103 messages are included.

See *Guideline 8: Submitting Electronic Funds Transfer Reports to FINTRAC*

RECORD KEEPING

You must keep the following records:

- Large cash transaction records
- Signature cards
- Copies of official corporate records (binding provisions)
- Account holder information
- Account operating agreements
- Deposit slips
- Debit and credits memos
- Account statements
- Cleared cheques drawn on or deposited to an account
- Client credit files
- Foreign currency exchange transaction tickets
- A copy of the trust deed and settlor's identification (trust companies)
- Intended use of an account (except for credit card accounts)
- Credit card account records
- Copies of the suspicious transaction reports
- Records for the sale of traveller's cheques, money orders or other similar negotiable instruments of \$3,000 or more
- Records for money orders redeemed for \$3,000 or more
- Records for certain funds transfers that you send at the request of a client and include information with certain transfers
- Beneficial ownership records
- Correspondent banking relationship records

See *Guideline 6G: Record Keeping and Client Identification for Financial Entities*

ASCERTAINING IDENTITY

You must take specific measures to identify the following individuals or entities:

- Any individual who signs a signature card or conducts a large cash transaction
- Any individual who conducts a foreign exchange transaction of \$3,000 or more, unless a signed signature card exists
- Any corporation or other entity for which you open an account (including reasonable measures to obtain beneficial ownership information)
- Any settlor or co-trustee (trust companies)
- Any individual for whom you issue or redeem traveller's cheques, money orders or other similar negotiable instruments for \$3,000 or more, unless a signed signature card exists
- Any individual who requests a funds transfer of \$1,000 or more, unless a signed signature card exists
- Any individual for whom you have to send a suspicious transaction report (reasonable measures and exceptions apply)
- Any individual or entity for which you open a credit card account (including reasonable measures to obtain beneficial ownership information)
- Any individual member of a group plan account when contributions to the plan are not made by payroll deductions or by the plan's sponsor

POLITICALLY EXPOSED FOREIGN PERSON

You have to take reasonable measures to determine whether you are dealing with a politically exposed foreign person for new or existing accounts or certain electronic funds transfers of \$100,000 or more. You also have to keep records and take additional measures. See *Guideline 6G: Record Keeping and Client Identification for Financial Entities*

THIRD PARTY DETERMINATION

Where a large cash transaction record is required, or when a signature card or account operating agreement is created, 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, specific information about the third party and their relationship with the individual providing the cash or the account holder must be obtained.

See *Guideline 6G: Record Keeping and Client Identification for Financial Entities*

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*

