

MONEY SERVICES BUSINESSES

The following summary of the legislative requirements under the PCMLTFA applies to you if you are a money services business. A money services business means an individual or an entity that is engaged in the business of any of the following activities:

- foreign exchange dealing;
 - remitting or transmitting funds by any means or through any individual, entity or electronic funds transfer network; or
 - issuing or redeeming money orders, traveller's cheques or other similar negotiable instruments.
- This does not include redeeming cheques payable to a named individual or entity. In other words, cashing cheques made out to a particular individual or entity is not included.

Money service businesses include alternative money remittance systems (such as Hawala, Hundi or Chitti), etc.

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*

Electronic funds transfers

You must report international electronic funds transfers of \$10,000 or more that you send or receive. These include 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
- Client information records for entities with which you have an ongoing service agreement
- Foreign currency exchange transaction tickets
- Client credit files
- Internal memoranda about services to clients
- Copies of official corporate records (including binding provisions)
- Records for the sale of travellers' cheques, money orders or other similar instruments in the amount of \$3,000 or more
- Records for money orders cashed in the amount of \$3,000 or more
- Records about individuals who sign an ongoing service agreement on behalf of an entity
- Lists of employees authorized to order transactions under ongoing service agreements
- Copies of suspicious transaction reports
- Records for the remittance or transmission of \$1,000 or more and include information with certain transfers
- Beneficial ownership records

See *Guideline 6C: Record Keeping and Client Identification for Money Services Businesses*

ASCERTAINING IDENTITY

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

- Any individual who conducts a large cash transaction
- Any individual who conducts a transaction of \$3,000 or more for the issuance or redemption of traveller's cheques, money orders or other similar negotiable instruments
- Any individual who conducts a foreign currency exchange transaction of \$3,000 or more
- Any entity for which you have to keep a client information record (including reasonable measures to obtain beneficial ownership information)
- Any individual who conducts a transaction for the remittance or transmission of \$1,000 or more by any means or through any individual or entity
- Any individual for whom you have to send a suspicious transaction report (reasonable measures and exceptions apply)

POLITICALLY EXPOSED FOREIGN PERSON

You have to take reasonable measures to determine whether you are dealing with a politically exposed foreign person for certain electronic funds transfers of \$100,000 or more. You also have to keep records and take additional measures.

See *Guideline 6C: Record Keeping and Client Identification for Money Services Businesses*

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. When a client information record is created, you must take reasonable measures to determine whether the client is acting on behalf of a third party. In cases where a third party is involved, you must obtain and keep specific information about the third party and their relationship with the individual providing the cash or the client.

See *Guideline 6C: Record Keeping and Client Identification for Money Services Businesses*

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*

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