

Amendments to Anti-Money Laundering Legislation in Force February 1



Bulletin

January 28, 2014

On February 1, 2014, amendments to the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations will come into force for registrants. These amendments will alter the information firms will need to collect from new clients going forward. The changes include the following:

1. For clients set-up as a trust, firms will have to collect the names and addresses of all trustees, and all known beneficiaries and settlors of the trust. Previously, firms were only required to collect the names and addresses of persons who owned or controlled, directly or indirectly, 25% or more of the trust.
2. When collecting beneficial ownership information on a non-individual client, the firm will be required to maintain a record indicating the measures taken to confirm the accuracy of the information. If the firm is unable to obtain and confirm beneficial ownership information, it must treat the client as “high-risk”, thereby taking reasonable measures to keep client identification up-to-date, conducting ongoing monitoring to detect suspicious transactions, and mitigate any risks that may arise.
3. The firm must conduct “ongoing monitoring” of the business relationship for all clients, including recording the purpose and intended nature of the business relationship. This ongoing monitoring requires keeping the client identification information up-to-date (including beneficial ownership information and intended use of the account), reassessing the client’s risk on a regular basis and determining whether the client’s transactions are consistent with information obtained about the client.

FINTRAC, the regulator responsible for regulating securities dealers in Canada, stated that the guidelines regarding the implementation of these amendments would be released prior to the amendments coming into force. As of the date of this blog post, the guidelines have not been released.

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