

MEMBER REGULATION



INVESTMENT DEALERS
ASSOCIATION OF CANADA

notice



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

Contact:

L. Boyce: (416) 943-6903 – lboyce@ida.ca

MR0188(rev)

Revised January 8, 2003

December 23, 2002

ATTENTION:
Ultimate Designated Persons
Chief Financial Officers
Panel Auditors

Distribute internally to:

- Corporate Finance
- Credit
- Institutional
- Internal Audit
- Legal & Compliance
- Operations
- Registration
- Regulatory Accounting
- Research
- Retail
- Senior Management
- Trading desk
- Training

Cross Border Currency and Monetary Instruments Reporting Regulations

The Cross-border Currency and Monetary Instruments Reporting Regulations (“the Regulations”) under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act, 2000* (“the Act”) become effective January 6, 2003. The Regulations are appended (Attachment A), as are the relevant sections of the Act (Attachment B).

The Regulations require the reporting to the Canada Customs and Revenue Agency (“CCRA”) of all cash and monetary instruments in excess of \$10,000 Canadian, or the equivalent in a foreign currency, being imported to or exported from Canada, whether in person, by courier or through the mails.

The Regulations cover only physical movement of currency and monetary instruments, not electronic transfers through depositories’ book-based systems.

“Monetary instruments” includes stocks, bonds, debentures, treasury bills and negotiable instruments such as bank drafts, cheques, promissory notes, travellers’ cheques and money orders in bearer or other form such that title to them passes on delivery. Not included are warehouse receipts or bills of lading, negotiable instruments bearing restrictive endorsements or a stamp for the purposes of clearing, or any unendorsed negotiable instrument payable to a named person.

Reports must be in writing, contain a declaration that the statements in them are true, accurate and complete and be signed and dated by the person noted below. They must contain the information in the relevant schedule, as follows:

Schedule 1 (CCRA Form E677) for anyone carrying currency or monetary instruments over \$10,000 on their person or in their baggage *on their own behalf*.

Schedule 2 (CCRA Form E667) for

- anyone sending currency or monetary instruments over \$10,000 into or out of Canada by courier;
- the importer on notice of the retention by CCRA of unreported currency or monetary instruments under section 14(2) of the Act if the exporters address is not known;

- anyone carrying currency or monetary instruments over \$10,000 on their person or in their baggage *on behalf of another person or entity*. The report must be signed and dated by the person carrying the currency or monetary instruments.

Schedule 3 (CCRA Form E668) for imports or exports on a conveyance (such as by courier) arriving at or departing from Canada, to be made by the person in charge of the conveyance.

Importation

Members should ensure that any party known to be sending to them currency or monetary instruments in excess of \$10,000¹ is made aware of the reporting requirement and procedure.

In general terms, reports regarding currency or monetary instruments being carried into the country must be made without delay to the customs office at the place of importation by the person or courier transporting them, or to the nearest customs office if the customs office at the point of importation is not open for business at the time.

If the currency or monetary instruments are being transshipped to another destination in Canada where the report will be made, they must not leave the conveyance unless they are transferred under customs control to another conveyance for departure to the other destination or to a designated holding area to await transshipment.

For importation by mail, the report must be included in the package containing the currency or monetary instruments and a custom declaration must be attached to the outside of the package indicating that it contains currency or monetary instruments.

Exportation

A report on currency or monetary instruments being transported out of Canada by a person must be made without delay at the customs office at the point of exportation or, if that office is not open for business, the nearest customs office that is open for business at that time.

A report on currency or monetary instruments being exported by mail must be included in the package and copy of the report must be mailed or submitted, either in advance or at the time of mailing, to the customs office nearest the point of mailing.

Search, Seizure, Penalties and Forfeiture

Unreported currency or monetary instruments disclosed to a customs officer by a person or entity can be retained by a customs officer under section 14 of the Act. CCRA must give a retention notice to the person or entity. If the import or export was by mail, the report must be sent by registered mail to the last known address of the exporter if known, or of the importer if the exporter's address is not known.

Within the retention period given in the retention notice the importer or exporter must make a report or advise customs of its intention to not to proceed further with importing or exporting the currency or monetary instruments. Otherwise, the currency or monetary instruments become forfeit.

¹ Through the remainder of this notice, references to "currency and monetary instruments" are assumed to refer to amounts in excess of \$10,000 Canadian.

The Act gives customs officers the authority to search persons, conveyances and baggage and open mail if they have reason to believe that they contain unreported currency or monetary instruments. Unreported currency or monetary instruments being imported into Canada can be seized by the CCRA under section 18(1) of the Act.

CCRA can return currency or monetary instruments seized under section 18(1) of the Act to the person from whom they were seized or the lawful owner on payment of a penalty of \$250 for the first seizure or \$2,500 for subsequent seizures. The penalties increase if there is any concealment or a false statement is made regarding the currency or monetary instruments, as described in section 18 of the Regulations. CCRA need not return them if they have reasonable grounds to believe that the currency or monetary instruments are the proceeds of crime.

Sections 25 to 35 of the Act outline procedures to apply for the return of currency or monetary instruments after they have become forfeit.

Implications for Members

Members should develop and implement procedures to ensure that any securities, notes or other monetary instruments being sent outside of Canada for any reason are reported to CCRA as required. All accounting, credit, cage and stock transfer personnel who may be involved in sending to clients, financial institutions or transfer agents outside the country any securities, cheques or drafts that fall within the definition of monetary instruments must be made aware of the reporting requirements.

Members should also notify and provide training and support to sales personnel to enable them to inform and assist clients outside of Canada who may want to send securities, notes, cheques or drafts that fall within the definition of monetary instruments to the Member for deposit, sale, redemption or transfer.

CCRA Procedures and Forms

CCRA procedures and forms for reporting cross border movements of currency and monetary instruments can be found on CCRA's Web site at [Cross Border Currency Reporting](#). Attached to this notice are excerpts from the Web site material (Attachment C) and copies of the relevant forms (Attachments D, E and F).