



MEMBER REGULATION



notice

ATTENTION:
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Panel Auditors

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Contact:

Larry Boyce
Vice-President, Sales Compliance & Registration
416-943-6903
lboyce@ida.ca

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Changes to Anti-Money Laundering Requirements

On June 27, 2007 the Government of Canada announced the implementation of changes to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act, 2000* (PCMLTFA) and regulations thereunder.¹ Some of the changes were effective June 30, 2007, others are not until June 23, 2008 and one on June 23, 2009.

The purpose of this notice is to outline those changes.

The following attachments contain the amendments to the Act, Regulations and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Suspicious Transaction Reporting Regulations* (STR Regulations) effective June 23, 2008:

- Appendix A is a list of the amendments to the PCMLTFA Regulations effective June 30, 2007.
- Appendix B: a list of changes to the PCMLTFA effective June 23, 2008 relevant to IDA Members.
- Appendix C: the PCMLTFA Regulations showing all of the announced amendments effective June 30, 2007 and June 23, 2008 blacklined (C-1) and plain (C-2);

¹ The announcements were published on June 27, 2007 in the Canada Gazette, Part II. The full text of the announcements can be found in HTML at <http://canadagazette.gc.ca/partII/2007/20070627/html/si64-e.html>, <http://canadagazette.gc.ca/partII/2007/20070627/html/sor121-e.html> and <http://canadagazette.gc.ca/partII/2007/20070627/html/sor122-e.html>, or in pdf <http://canadagazette.gc.ca/partII/2007/20070627/pdf/g2-14113.pdf>, pages 63 to 109 and 470 to 471.

- Appendix D: the STR Regulations showing all of the announced amendments effective June 30, 2007 and June 23, 2008 blacklined.

Please note that all of these are unofficial versions, prepared by IDA Staff to assist Member firms in their preparations to implement the changes.

I. CHANGES EFFECTIVE JUNE 30, 2007.

The only changes affecting Members are to the PCMLTFA Regulations and STR Regulations.

Changes to the PCMLTFA Regulations

Several of the amendments to the PCMLTFA Regulations relate to electronic funds transfers and will not be commented on further as Members generally conduct such transfers through banks.

The only change to the PCMLTFA Regulations of note is to section 52(2). It extends recordkeeping relief previously granted with respect to large cash transaction records to all records required under the PCMLTFA and PCMLTFA Regulations. The actual record need not be maintained if the information it contains is readily obtainable from other records that must be kept under the Act or Regulations.

II. CHANGES EFFECTIVE JUNE 23, 2008 AFFECTING BOTH PCMLTFA AND THE PCMLTFA REGULATIONS OR STR REGULATIONS

The rest of this notice will deal first with:

- significant amendments to both the PCMLTFA Act and PCMLTFA Regulations or STR Regulations; then with
- other pertinent amendments confined to one of the instruments.

All further, unqualified references to the PCMLTFA, PCMLTFA Regulations or STR Regulations are to the amended versions effective June 23, 2008. All further, unqualified references to entities such as, “securities dealers”, “financial entities,” and “life insurance companies” are to those defined in section 5 of the PCMLTFA. These definitions are largely restricted to Canadian entities.

Definition of Securities Dealer

The amended definition of “securities dealing” in section 5(g) of the act now includes “other financial instruments,” making it clear that PCMLTFA also covers Members dealing solely in financial instruments that may fall outside the definition of securities, such as commodity futures - and not only those authorized under provincial legislation to deal in securities. The same change has been made to the definition of “securities dealer” in section 1(2) of the PCMLTFA Regulations.

Reporting of Attempted Suspicious Transactions

Section 7 of the PCMLTFA has been amended to require the reporting of an attempted transaction where there are reasonable grounds to believe it is related to a real or

attempted money laundering or terrorist financing offence. This concept of an “attempted commission” of an offence is also new and applies to both completed and attempted transactions.

The STR Regulations and its related schedules have, therefore, been amended to change references to “transactions” to “transactions or attempted transactions,” references to “financial transactions” to “financial transactions or attempted financial transactions,” and references to “transactions conducted” to “transactions conducted or attempted.”

In addition, two new items have been added to Part B of Schedule 1, which sets out the information to be provided in a Suspicious Transaction Report: items 8 and 9 detailing whether the transaction has been completed and if not, why not.

Section 11 of the STR Regulations making it mandatory to include items of information marked with an asterisk in the accompanying schedules has been amended to waive that requirement in the case of attempted transactions if, after taking reasonable measures, the Member is unable to obtain the information.

Reporting of Terrorist Property to FINTRAC

Members are required under section 83.1 of the *Criminal Code* to disclose to the Royal Canadian Mounted Police (RCMP) and the Canadian Security Intelligence Service (CSIS)

- “the existence of property in their possession or control that they know is owned or controlled by or on behalf of a terrorist group”²; and
- any transactions or proposed transaction related to such property.

Section 7.1(1) of the Act requires that Members file a report on any such disclosure with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

Members are also required to disclose to the RCMP and CSIS the possession of the property of listed persons under section 8 of the Regulations Implementing the United National Resolutions on the Suppression of Terrorism (UNST Regulations).

Section 7.1 of the Act has been amended to require a report to FINTRAC of any disclosures made under section 8 of the UNST Regulations.

The STR Regulations have been amended to include a definition of “listed person,” which has the same meaning as in section 8 of the UNST Regulations. Section 10 of the STR Regulations has been amended to cover reports under section 8 of the UNST Regulations.

Politically Exposed Foreign Persons (PEPs)

New provisions require Members to identify and take special measures in dealing with “PEPs”.³

A PEP is defined as a person who

² *Criminal Code* (R.S., 1985, c. C-46), section 83.1(a)

³ PCMLTFA, section 9.3, PCMLTFA Regulations, section 23 and 57.1

“holds or has held on offices or positions in or on behalf of a foreign state:

- (a) head of state or head of government;
- (b) member of the executive council of government or member of a legislature;
- (c) deputy minister or equivalent rank;
- (d) ambassador or attaché or counsellor of an ambassador;
- (e) military officer with a rank of general or above;
- (f) president of a state-owned company or a state-owned bank;
- (g) head of a government agency;
- (h) judge;
- (i) leader or president of a political party represented in a legislature; or
- (j) holder of any prescribed office or position⁴”

as well as the spouse, common-law partner, child, mother, father, brother, sister spouse’s or common-law partner’s mother or father of any such person⁵.

The definition covers only those holding such positions in a *national* state, not those holding offices in provinces or municipalities. However, some holding such offices might well be considered high-risk clients under the risk assessment requirements in new section 9.6 of the PCMLTFA described below.

New section 57.1 of the Regulations requires Members to take reasonable measures to determine whether a client or prospective client is a PEP. The requirement applies to both new and existing clients, as follows:

- The measures must be applied to all new accounts⁶;
- The measures must be applied to existing accounts holders based on the level of risk that they may be PEPs. The level of risk must be determined by a risk assessment system as described below.⁷

However, it does not apply to accounts that are exempt, as listed in section 62 of the PCMLTFA Regulations and further described below, from identity verification requirements.

When a Member has determined that a client is a PEP – a determination that need be made no more than once⁸ – it must establish the source of any funds deposited or expected to be deposited to the account and obtain the approval of senior management to keep the account open. The determination for new accounts and the receipt of senior management approval must be completed within 14 days of the account being activated. For existing accounts for which the client is found to be a PEP, the approval must be completed within 14 days of the determination that the client is a PEP⁹.

⁴ PCMLTFA. Section 9.3(3)

⁵ PCMLTFA Regulations, Section 1.1. Brother and sister are defined as a child of the person’s mother or father and therefore includes half-brothers or half-sisters.

⁶ PCMLTFA Regulations Section 57.1(1)

⁷ PCMLTFA Regulations Section 57.1(2)

⁸ PCMLTFA Regulations, section 63(5)

⁹ PCMLTFA Regulations, section 67.1

“Senior management” is not itself defined in the PCMLTFA or PCMLTFA Regulations. However, “senior officer” is defined to include:

- a director who is a full-time employee;
- the chief executive officer, chief operating officer, president, secretary, treasurer, controller, chief financial officer, chief accountant, chief auditor or chief actuary or any person who performs any of those functions; or
- any other officer who reports directly to the board of directors, chief executive officer or chief operating officer.¹⁰

Members should ensure that approval for opening or keeping open a PEP account is given by someone in one of those positions.

Upon approval to deal or continue dealing with the PEP, the Member is required to conduct enhanced, ongoing monitoring of the activity in the PEP’s accounts in order to detect transactions required to be reported under the STR Regulations. The nature or development of the enhanced monitoring program should be specified in the Member’s compliance program. The Member can either impose enhanced monitoring for all PEP accounts, or implement a development process under which the enhanced monitoring for any PEP account would be specific to the nature of the account and identity of the PEP.

Development of a Compliance and Risk Assessment Program

The requirement to implement an AML/CFT compliance program, previously found in section 71 of the PCMLTFA Regulations, will be moved into new section 9.6 of PCMLTFA. The new section includes a requirement to develop a system to assess the risk of a money laundering or terrorist financing offence and to take special measures regarding activities that pose a high risk.

The requirements for a compliance regimen have been changed as follows:

- the addition of provisions that AML/CFT compliance policies and procedures be written, kept up to date and approved by a senior officer;¹¹
- the addition of a requirement that the training program for employees or agents be written¹²
- changes to the requirements to audit the AML/CFT compliance program. The required frequency changes from “as often as necessary” to every two years and the review must cover not only the AML/CFT policies and procedures but also the risk assessment and training programs.¹³ Furthermore, the review must be documented and its findings must be reported in writing to a senior officer within 30 days after the assessment, as must any policies and procedures updates since the prior review, along with a status report on implementation of those updates.¹⁴

The risk assessment is part of the compliance program. In a manner appropriate to the Member, it must analyze and document the risks of money laundering or terrorist

¹⁰ PCMLTFA Regulations, section 1(2)

¹¹ PCMLTFA Regulations, section 71(1)(b)

¹² PCMLTFA Regulations, section 71.1(d)

¹³ PCMLTFA Regulations, section 71(1)(e)

¹⁴ PCMLTFA Regulations, section 71(2)

financing activity being conducted through the Member, taking into account the Member's clients, business relationships, products and delivery channels; the location of its business activities and any other relevant factor.¹⁵

“Guidance on the Risk-Based Approach to Combating Money Laundering and Terrorist Financing: High Level Principles and Procedures,” the work of a task force of comprised of public and private sector representatives brought together by the Financial Action Task Force (FATF) which was approved by the FATF Plenary Session in June, 2007 can be found at <http://www.fatf-gafi.org/dataoecd/43/46/38960576.pdf>. In addition to providing high-level guidance on risk factors, it contains references to a wide variety of material on the implementation of risk-based approaches to AML/CFT.

As noted above, one use of the risk assessment system will be to ascertain whether a Member needs to take measures to determine whether an existing client is a PEP. However, it is important to note that the requirements for risk assessment and special measures are not limited to particular clients. A whole line of business or all business done in a particular geographic location might be considered high risk and necessitate the implementation of special risk controls.

Where a Member determines that there is a high risk of AML/CFT activity, it must develop and implement written policies and procedures including:

- reasonable measures to keep client information up-to-date, including information on the officers, directors and beneficial owners of corporate clients;
- reasonable measures for monitoring for suspicious transactions
- measures to mitigate the risks identified in the assessment.¹⁶

III. OTHER CHANGES TO PCMLTFA

Inability to Establish Identity

New section 9.2 of PCMLTFA prohibits a Member from opening an account for a client if the Member cannot establish the client's identity using the means required by the PCMLTFA Regulations.

Application of Requirements to Foreign Subsidiaries and Branches

New sections 9.7 and 9.8, respectively, require Members to ensure that their wholly-owned subsidiaries and branches carrying out activities similar to the Member's in countries that are not members of the FATF develop and implement policies and procedures consistent with the requirements of sections 6, 6.1 and 9.6 of the PCMLTFA.

Sections 6 and 6.1 are general sections requiring compliance with recordkeeping and client identity verification standards found in the PCMLTFA Regulations. Section 9.6 of PCMLTFA is, as described above, the new section requiring the implementation of a risk assessment process and special measures to deal with high money laundering or terrorist financing risks.

¹⁵ PCMLTFA Regulations, section 71(1)(c)

¹⁶ PCMLTFA Regulations, section 71.1

The current member countries of the FATF are Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, the Netherlands, Luxembourg, Mexico, New Zealand, Norway, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

Sections 9.7 and 9.8 do not apply if the laws of the country in which the wholly-owned subsidiary or branch operates do not permit the development or implementation of an otherwise-required particular policy or procedure. In the case of a wholly-owned subsidiary, the Member is required to keep a record showing that the particular policy or procedure would contravene the laws of the country in which it is located.¹⁷ While there is no similar requirement with respect to a branch office, Members would be well advised to keep a similar record if it is a branch office that cannot develop or implement a policy or procedure because of local legal prohibitions.

Offences by Mandataries

Section 79(a) currently holds a Member potentially culpable under sections 75 or 77 of PCMLTFA for the actions of an employee or agent, whether or not the employee or agent has been identified or prosecuted for the offence. This section has been amended to add mandataries to that list.

Section 75 covers contraventions of sections 7 and 7.1 of PCMLTFA, the requirements, respectively, to report suspicious transactions and disclosures under the UNST Regulations.

Section 77 covers contraventions of sections 9(1) and (3) of PCMLTFA. Section 9(1) is the requirement to report prescribed transactions, such as large cash transactions, to FINTRAC. Section 9(3) is the requirement to keep records of transactions that would be reportable to FINTRAC but for an exemption under section 9(2) of PCMLTFA.

IV. OTHER CHANGES TO THE PCMLTFA REGULATIONS

Addition of Date of Birth to Client Information

Changes to the following sections require Members to obtain the client's date of birth in addition to information already required to be obtained:

- The section 1(2) definition of "large cash transaction record" detailing the information required on anyone depositing more than \$10,000 in cash;
- Section 8(2)(a), detailing information to be obtained regarding a third party individual on whose behalf a large cash transaction is conducted;
- Section 9(2), detailing information to be obtained where an account is to be used by or on behalf of a third party;
- Section 23(1)(c), which sets out the information that a Member must obtain when opening an account for an individual;

Information Requirements For Corporations, Charities and Other Entities

¹⁷ PCMLTFA, section 9.7(2)

New section 11.1 of the PCMLTFA Regulations adds requirements to identify the directors, partners and those controlling or owning 25% or more of a corporation or other entity. These requirements do not apply to entities that are exempt from identity verification requirements. The exemptions are found in section 62 of the PCMLTFA Regulations and are more fully described below.

The new section requires a Member, when it confirms the existence of a corporation for which it is opening or has opened an account, to take reasonable measures to obtain the name and occupation of all of the corporation's directors and the name, address and occupation of all individuals who own or control, directly or indirectly, 25% or more of the shares of the corporation. For entities other than a corporation, the Member is required to take reasonable measures to obtain the name, address and occupation of those controlling or owning more than 25% of the entity.

The information obtained must be recorded. If the Member cannot obtain the information, it must record the reason why. Members are reminded that Regulation 1300.1 already requires Members to identify and verify the identity of the beneficial owners of more than 10% of a corporation or other entity opening an account. Furthermore, if the Member is unable to obtain the information within six months of account opening it must restrict the account to liquidating trades and to transfers out of assets until the information has been obtained. These requirements are consistent with and are not superseded by the new PCMLTFA Regulation requirements.

If the client corporation or entity is not-for-profit, the Member must also determine and keep a record of whether the entity is a charity registered under the *Income Tax Act* or, if it is not so registered, whether it solicits charitable financial donations from the public. The Canada Revenue Agency maintains a list of registered charities that can be searched through its web site at <http://www.cra-arc.gc.ca/charities/>.

The information required under section 11.1 must be obtained within 30 days of the opening of the account.¹⁸

Recordkeeping Requirements for New Accounts

Section 23 of the PCMLTFA Regulations establishes the record keeping requirements for Members. The addition of requirements for PEPs and the recording of a new individual client's date of birth have been noted above. The only other addition is a requirement in new subsection 23(1)(a.1) to record the intended use of every new account opened.

The revisions move two items from section 23 to other sections. The requirement to record the account number where a person's identity was verified using bank reference or cheque verification methods has been moved into the general verification recordkeeping requirements in section 67. Section 23(2), which exempts the accounts of financial

¹⁸ The requirements to confirm the identity of a corporation or other entity are found in sections 57(3) and 57(4) of the PCMLTFA Regulations respectively. Section 57(3) also includes a requirement to obtain the names of a corporation's directors. The confirmation required under those sections must, under sections 65(2)(d) and 66(2)(d) respectively, be done within 30 days of account opening, and the Member must take reasonable measures to obtain the section 11.1 information when it is doing that confirmation.

entities and other securities dealers from the account application requirements of section 23(1)(a), has been moved into section 62, which, as described below now, contains all the recordkeeping and customer identification exemptions.

Identification of Persons Conducting Suspicious Transactions

New section 53.1 requires that a Member take reasonable measures to learn the identity of anyone conducting a transaction that must be reported as suspicious. As the STR requirements now include reporting of suspicious attempts, the same measures should be taken even where a transaction is not consummated.

The requirement does not apply if the Member believes that complying with it will alert the client or prospective client that the transaction and related information are the subject of a STR.

Exceptions to Recordkeeping and Ascertaining Identity

As noted above, the amendments move all of the exceptions to recordkeeping and customer identification requirements into section 62. This includes most of the exceptions specific to securities dealers currently found in section 57(2) and (5) of the PCMLTFA Regulations.¹⁹

Revised sections 62(1) and (2) differ in that the former provides exceptions only to the identity verification requirements in sections 57 and 57.1, while the latter also includes exceptions to both the recordkeeping requirements of section 23 and the identity verification requirements of sections 57 and 57.1.

Section 62(1) includes only exceptions already in the current PCMLTFA Regulation:

- business accounts for which three persons authorized to give instruction have already had their identities verified,
- accounts opened to sell mutual funds where there are reasonable grounds to believe that the client's identity has been verified by another dealer, and
- clients who already have accounts with the Member and are simply opening additional accounts.

Because the exceptions in section 62(2) cover both the recordkeeping and identification requirements, the changes remove prior requirements to obtain records regarding clients for whom there were no identity verification requirements. For example, although financial entities and other securities dealers (as defined) are currently exempt under section 23(2) from the section 23(1)(a) requirement to obtain a signature card or account

¹⁹ Current exceptions move as follows: financial entities and other securities dealers: current s.23(2) to new s.62(2)(l); businesses with 3 authorized persons already identified: s.57(2)(a) to s.62(1)(a); accounts for deposit and sale of shares from corporate demutualizations and , privatization of Crown corporations: s.57(2)(b) to s.62(2)(g); registered plan accounts: s.57(2)(c) to s.62(2)(i); employee profit sharing and deferred profit sharing plans (with changes noted in the main text): s.57(2)(d) to s.62(3), foreign affiliates of a financial entity: s.57(2)(f) to s.62(2)(h); sales of mutual funds: s.57(5) to s.62(1)(b)

opening agreement, where the entity or dealer is a corporation Members are still required to obtain corporate information and documents specified in sections 23(1)(b) and complete the corporate verification requirements of section 57(3). With the revisions, these recordkeeping and verification requirements will no longer apply.

The following changes to the exemption regime should be noted:

- The exemptions for accounts opened for the deposit and sale of shares from an employee stock purchase plan, currently in section 57(2) and for employee profit sharing plans and deferred profit sharing plans have been grouped into new section 62(3). In the case of such plans, the Member is not required to keep records on or verify the identity of individual plan members provided that the existence of the plan sponsor has been confirmed and the contributions to the plan come either from the employer or from payroll deductions.
- A new provision restricts the exemption for the opening of accounts for affiliates financial entities to ones whose activities are similar to entities referred to in sections 5(a) to (g) of the PCMLTFA: banks, co-operative credit societies, savings and credit unions, life insurance companies, loan and trust companies, and securities dealers.²⁰
- New exemptions from both recordkeeping and verification requirements have been added for pension funds regulated under Federal or Provincial legislation, life insurance companies and investment funds regulated under Provincial securities legislation.²¹
- There is a new exemption for subsidiaries of exempt corporations²² and public bodies if the subsidiary's financial statements are consolidated with those of the parent;
- There is a new exemption from the recordkeeping and identification requirements where an account is opened solely in the course of providing customer account services to a securities dealer. This provision now clarifies the responsibility for customer identification and verification requirements in introducing/carrying relationships as falling solely on the introducing broker.²³
- A new provision has been added to section 63(1), which currently provides that a Member's employee or agent does not have to verify the identity of an individual again if he or she has already done so once and recognizes the individual. The new provision, section 63(1.1) removes the exception if the employee or agent has doubts about the information collected regarding the individual.

Verifying Identity

The most significant changes to the identity verification requirements for individuals are the timing and the methods available for non face-to-face situations. The revisions require that a Member verify the identity of an individual opening an account *before any*

²⁰ PCMLTFA Regulations, section 62(2)(h)

²¹ PCMLTFA Regulations, sections 62(2)(k) and (l)

²² There is no substantive change to the exception for large public companies, currently in section 62(2)(b), moved to section 62(2)(m) in the revisions

²³ PCMLTFA Regulations, section 62(2)(o)

transactions are conducted other than an initial deposit. The current requirement allows six months after account opening to verify the client's identity.

Verifying Identity in Person using Identification Documents

There is no change to the method for in-person verifications of identity using documents. However, new section 64(3) now makes it clear that the documents viewed must be originals and cannot have expired. The recordkeeping provision has also been changed, slightly, to allow the record of the type, reference number and place of issuance of the piece of identification to be maintained on or with the new account form or signature card. Previously, these had to be entered on the signature card or new account form.²⁴

New section 64.1 adds requirements regarding the use of agents or mandataries to take the in-person verification measures. The Member must first enter into a written agreement or arrangement with the agent or mandatory for the purpose of verifying identity and the Member must obtain from the agent or mandatory the customer information obtained under the agreement.

Non Face-to-Face Verification of Identity

Where the Member or its representative does not verify the client's identity in person, the Member must obtain the individual's name, address and date of birth and use one of two methods to verify the individual's identity:

- Confirm that an affiliate of the Member has verified the client's identity in person in accordance with the in-person requirements. For the purposes of this method, the affiliate must be wholly-owned by the Member, the Member wholly-owned by the affiliate or both wholly-owned by the same entity. The affiliate must be an entity listed in sections 5(a) to (g) of the PFMLTFA²⁵ or a foreign affiliate that carries on activities similar to those entities. The Member must also verify that the name, address and date of birth in the record kept by the affiliate are the same as provided by the individual to the Member.

Where this method is used, the Member must record the name of the affiliate and the type and reference number of the identification document it used for verification.²⁶

- The alternative to the above is to use two out of five methods (listed in Part A of a new Schedule 7) in one of eight allowable combinations. Where this approach is used, the information obtained by the two methods must be consistent with each other and with the information obtained by the Member from the individual.²⁷

The five methods, allowable combinations and recordkeeping requirements are:

²⁴ PCMLTFA Regulation, section 67(a)

²⁵ As noted above, a bank, co-operative credit society, savings or credit union, life insurance company, loan or trust company, or securities dealer

²⁶ PCMLTFA Regulation, section 67(d)

²⁷ PCMLTFA Regulations, section 64(1.3)

Method 1 - Identification Product Method

This method consists of referring to an independent and reliable identification product that is based on the prospective client's personal information and a Canadian credit history of the prospective client of at least six months' duration.

The Member must record the name of the identification product, name of the entity offering the product, its search reference number and the date it was used to verify identity. Regarding the credit file, the Member must record the name of the entity keeping the file and the date of the consultation.

This method can be used in combination with Method 3 – the attestation method, Method 4 – the cleared cheque method or Method 5 – the confirmation of a deposit account method.

Method 2 - Credit File Method

This method consists of obtaining, with the prospective client's permission, his/her name, address and date of birth from a credit file in Canada that has been in existence for at least six months.

The Member must record the name of the entity keeping the file and the date of the consultation.

This method can also be used in combination with Method 3 – the attestation method, Method 4 – the cleared cheque method or Method 5 – the confirmation of a deposit account method.

Method 3 – Attestation Method

This method consists of obtaining a legible photocopy of one of the documents allowed for in-person identification containing on the photocopy an attestation of a commissioner of oaths in Canada or a guarantor in Canada. The attestation must include the name, profession and address of the commissioner or guarantor, his or her signature and the type and number of the identification document.

The guarantor must be engaged in one of the following professions in Canada:

- dentist, medical doctor, chiropractor, judge, magistrate, lawyer, notary (in Quebec), notary public, optometrist, pharmacist, professional accountant (APA, CA, CGA, CMA, PA, or RPA), professional engineer (Eng. in Quebec or P.Eng elsewhere) or veterinarian.

The Member must retain the attestation with the new account form or signature card.²⁸

This method can be used in combination with Method 1 – the Identification Product Method, Method 2 – the Credit File Method, Method 4 – the cleared cheque method or Method 5 – the confirmation of a deposit account method.

Method 4 – Cleared Cheque Method

²⁸ PCMLTFA Regulations, section 67(g)

This method is largely the same as is currently available, but revised to specify that the cheque must be drawn on a *deposit* account at a financial entity (the current PCMLTFA Regulations simply say “an account”) and cannot be drawn on an account exempt from identification and verification requirements under revised section 62 of the PCMLTFA Regulations.

The recordkeeping provisions are unchanged for this method. The Member must record the name of the financial entity and number of the deposit account on which the cheque was drawn.²⁹

This method will no longer stand alone, but must be used in combination with Method 1 – the Identification Product Method, Method 2 – the Credit File Method or Method 3 – the Attestation Method.

Method 5 – Confirmation of Deposit Account Method

This method is largely the same as is currently available, but revised to specify that the account must be a *deposit* account at a financial entity (the current PCMLTFA Regulations simply say “an account”) and cannot be an account exempt from identification and verification requirements under revised section 62 of the PCMLTFA Regulations.

The recordkeeping provisions for this method add a new requirement to record the date of confirmation.³⁰ As under the current PCMLTFA Regulations, the Member must also record the name of the financial entity and number of the deposit account.

This method will no longer stand alone, but must be used in combination with Method 1 – the Identification Product Method, Method 2 – the Credit File Method or Method 3 – the Attestation Method.

Verification of Corporations and Other Entities

There are no changes to methods for verifying the existence of a corporation or other entity; however, the time within which the verification must be has been in both cases been reduced from six months to 30 days after the account is opened³¹.

Change to Large Cash Transaction Report

Schedule 1 –Large Cash Transaction Report, Part B, Item 2 is changed in the revisions to require the posting date of the transaction if it is different from the date of the transaction required under Item 1.

V. OTHER CHANGE TO THE STR REGULATIONS

The only other change to the STR Regulations effective June 23, 2008 is the addition of new section 12.1, which requires that a Member filing a Suspicious Transaction or Attempted Transaction Report keep a copy of it.

²⁹ PCMLTFA Regulations, section 67(b)

³⁰ PCMLTFA Regulations, section 67(c)

³¹ PCMLTFA Regulations, sections 65(2)(d) and 66(2)(d)