



Fintechs Canada

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RE: Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Money Services Business Registration).

On behalf of Fintechs Canada, I would like to thank you for the opportunity to comment on the proposed [Regulations Amending Certain Regulations Made Under the Proceeds of Crime \(Money Laundering\) and Terrorism Financing Act](#) that were published on July 6, 2024.

Money laundering and terrorist financing are serious crimes that affect the safety, security and quality of life for Canadians, as well as the integrity of Canada's financial system. We commend the government for taking the steps to strengthen Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Regime.

Now more than ever, [small and mid sized businesses are facing greater AML/ATF compliance requirements and face significant financial and reputational consequences if they do not comply](#). For the smallest businesses, it can be challenging to keep up with the evolving regulatory and legislative changes.

To ensure effective and timely compliance with these regulations, the government should clarify the requirements in guidance. In this letter, we share our perspectives on which parts of the government's draft regulations need further clarification.

Sanctioned property reporting

In the last few years, the government has introduced additional measures to administer and enforce Canadian sanctions laws. Notably, the government has utilized the existing legislative framework under the *Proceeds of Crime, Money Laundering, and Terrorist Financing Act* (PCMLTFA) to mandate reporting on

suspected sanctions evasions. The government has also amended the *Criminal Code* to lessen the burden of proof when prosecuting money laundering charges. Most recently, the government has proposed amendments to expand the PCMLTFA's terrorist property reporting regime to include a new sanctioned property report, which reporting entities will need to submit to FINTRAC.

We applaud the government for taking these steps to strengthen the monitoring and enforcement of Canada's sanction regime.

Updated guidance is needed to ensure that businesses can effectively comply with these new obligations. We urge the government to provide updated guidance on the new sanctioned property report, similar to the guidance [introduced for reporting terrorist property](#). This guidance should be available prior to the reporting obligation date and should outline the implications, requirements, and the entities that will be captured under the new sanctioned property report.

Additionally, given the introduction of several new pieces of legislation related to sanctions reporting, the government should also clarify the differences between these reporting obligations. This could involve issuing comparisons and consolidated guidelines to help organizations understand how each set of requirements impacts and applies to their reporting responsibilities.

Money service business (MSB) registration

Among the proposed amendments, the government intends to mandate domestic MSBs to submit criminal record checks for their "chief executive officer, president, directors, and any individual who directly or indirectly controls 20% or more of the entity or its shares," similar to that required of foreign MSBs.

In some cases, MSBs may not use the same titles for equivalent roles. For example, in some organizations, the role of president or chief executive officer might be referred to as general manager, managing director or chief operating officer.

To promote timely and effective compliance, the government should issue guidance and clarify functionally which roles should be subject to criminal record checks and provide alternative titles that are commonly used.

Additionally, registered entities in Canada, including MSBs, must submit additional beneficiary ownership requirements, such as those established under the government's [Ultimate Beneficial Ownership \(UBO\) reporting requirements](#). These requirements include identifying individuals who directly or indirectly control 25% or more of the entity or its shares. Some members are of the

opinion that a standard threshold of 25% should be developed among federal reporting requirements to ensure standardised compliance.

Fintechs Canada thanks you for considering our perspective on how the federal government can promote timely and effective compliance with these new AML/ATF requirements. We look forward to working with you and continue to support the government's efforts to combat financial crime.

Sincerely,

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