



Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)

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Agenda

1. Who has the obligation?
2. What is the obligation?
3. The monthly report
4. Staff's expectations
5. Identifying a client
6. Common findings/deficiencies

Who has the obligation?

- You do!
- Reporting obligations under 83.11 of the Criminal Code of Canada applies to entities “authorized under provincial legislation to engage in the business of dealing in securities, or to provide portfolio management or investment counseling service.”

What are the obligations

- To disclose forthwith to the Commissioner of the Royal Canadian Mounted Police and the Director of the Canadian Security Intelligence Service.
- Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, persons subject to Part 1 of that Act are also required to report to the FINTRAC.
- To provide specific monthly reports to the provincial agency or body that supervises or regulates the registrant, exempt dealer or exempt adviser under federal or provincial law.
- Two types of reporting:
 - Reporting against names listed under federal laws relating to terrorist financing
 - Reporting against names listed under federal laws relating to UN sanctions

Monthly Suppression of Terrorism and UN Sanctions Report

- All reports must cover continuous dates and there must be no gaps in the reporting periods starting with the first day of each month and ending with the last day.
 - The report is cumulative; therefore, you must continue to include information reported in a previous report, provided that the information remains unchanged.
 - You must include information from any branches located outside Canada.
 - Reports are to be remitted to the OSC and any positive reports are forwarded to OSFI.
 - The form is to be submitted no later than the fourteenth (14th) day of each calendar month.
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Staff's expectations

- When we perform compliance reviews we review the following areas:
 - Policies and procedures
 - Definition of money laundering
 - AML officer
 - Risks of the business and mitigation
 - Training and compliance for employees
 - Regular review of policies and procedures
 - Reporting and record keeping
 - Politically exposed persons
 - Know Your Client
 - How you have identified your client
 - We may ask to see any reports issued by FINTRAC

Identifying a client

1) Individual physically present

2) Individual not physically present

A) Affiliate or co-member

B) Combination of methods (must perform two)

i) Identification product or credit file method

ii) Attestation method

iii) Cleared cheque or deposit account method

3) Corporations

Common findings

- Policies and Procedures not in place, or not being followed or not being updated.
- No submission of monthly suppression reports.
- Improper identification of client, both face to face or by alternative means.
 - Lack of records to substantiate identification of a client
- One case – CCO signed documents attesting that they had met with clients and verified client identity. However, the CCO had never met the clients, but rather delegated this function to another person. Director suspended the firm's registration indefinitely.



Questions?

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