

# GOVERNMENT OF CANADA SEEKS INPUT ON UPDATING CANADA'S ANTI-MONEY LAUNDERING AND TERRORIST FINANCING REGIME

Posted on June 21, 2023

**Categories:** [Insights](#), [Publications](#)

Earlier this month, the Government of Canada launched public consultations on ways to improve Canada's anti-money laundering ("AML") and anti-terrorist financing ("ATF") regime.

The [Consultation Paper](#) outlines a number of specific questions and technical proposals on which businesses may wish to provide input. Any comments or feedback can be sent to the Department of Finance ("Finance Canada") by email [fcs-scf@fin.gc.ca](mailto:fcs-scf@fin.gc.ca) or by mail. The consultation periods closes on **August 1, 2023**.

## Participating in the Consultations: Questions and Scope

Stakeholders are encouraged to provide feedback on specific technical proposals which have been recommended to improve specific aspects of the AML/ATF framework and streamline compliance obligations. For instance, proposals include requiring reporting entities to gather additional information on beneficial owners, shortening the time frame for providing records to FINTRAC, and exempting life insurance companies from verifying identities of policy beneficiaries in certain cases.

Finance Canada also included a [list of consultation questions](#) pertaining to the following areas:

- Federal, provincial, and territorial collaboration efforts;
- Criminal justice measures to combat money laundering and terrorist financing;
- Mandate, structure and core elements of the Canada Financial Crimes Agency;
- Information sharing networks and strategies amongst public and private entities;
- Impact on relevant agencies and sectors that will have modified or new obligations under Canada's proposed AML/ATF framework;
- Compliance, oversight, and reporting frameworks; for instance, expanding the AML/ATF regime to new sectors like high-value goods, factoring companies, and financial Crown corporations, and expanding coverage in the real estate sector, including to building supply and renovation companies and title insurers and mortgage insurers; and

- National security and economic security implications, such as FINTRAC's role in and changes to reporting requirements related to sanctions evasions.

The above list of subject areas and questions is non-exhaustive; Finance Canada indicated it welcomes comments otherwise relevant to updating Canada's AML/ATF regime as well.

### **Certain Specific Topics of Consultation**

We would like to highlight that the government is consulting on measures that would impact financial institutions, non-reporting entities, money services businesses ("**MSBs**") and all reporting entities in general, in many cases creating a higher regulatory burden for these entities. For example, specific topics of consultation that businesses will be interested in include:

- updating restrictions on large cash purchases, including by broadening reporting requirements beyond reporting entities, altogether *prohibiting* cash purchases over a given threshold, or including certain high-value goods dealers in the AML/ATF regime;
- vetting MSB applicants to assess compliance *prior* to registration with FINTRAC; and
- whether *all* non-MSB reporting entities should be required to register with FINTRAC.

However, the government has also proposed exemptive relief for testing new technologies used to comply with AML and ATF obligations, which would allow reporting entities to experiment with the new technologies to increase efficiency and effectiveness, and reduce regulatory burden. The consultation includes several questions on this topic.

### **Intersection with Sanctions**

Currently, FINTRAC can only analyze a suspected sanctions evasion transaction if it includes potential money laundering. The consultation includes questions with respect to the intersection of AML and sanctions, such as whether businesses with obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* should be required to report to FINTRAC on suspicions of threats to the security of Canada, economic security, proliferation financing or sanctions evasion, in addition to money laundering and terrorist financing.

### **Conclusion**

The Government of Canada will use feedback from the consultation in its future policy, legislative and regulatory decisions with respect to Canada's AML and ATF regime. As such, stakeholders are encouraged to submit responses to the consultation. If you have any questions, please do not hesitate to contact us. Our team is available to assist with AML and ATF compliance.

by [Maria Sagan](#), [William Pellerin](#), [Taylor Farrell](#), and [Courtney Aucoin](#) (Summer Law Student)

### **A Cautionary Note**

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

© McMillan LLP 2023