

# FINTRAC's Compliance Framework

FINTRAC's Compliance Program assists and assesses compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* and its Regulations.



## OUR GUIDING PRINCIPLES

**TRANSPARENCY:** FINTRAC provides information and makes our processes accessible to help you understand your obligations.

**ENGAGEMENT:** FINTRAC provides guidance and feedback through a broad range of engagement and outreach activities.

**CLARITY:** FINTRAC provides clear and concise information to help you meet your obligations.

## WHO MUST COMPLY?

- Accountants
- Agents of the Crown
- British Columbia notaries
- Casinos
- Dealers in precious metals and stones
- Financial entities
- Life insurance
- Money services businesses
- Real estate
- Securities dealers

## WHAT ARE THE KEY OBLIGATIONS?

- Compliance program
- Know your client
- Transactions reporting
- Record keeping
- Money services business registration

## PILLARS OF OUR COMPLIANCE PROGRAM

### ASSISTANCE

FINTRAC is committed to working with you to assist you in understanding and complying with the obligations. We provide assistance through a number of channels to help you implement an effective compliance program:

- **Online publications**
- **Outreach and engagement**
- **Technical support**

ASSISTANCE



#### ONLINE PUBLICATIONS

We provide pertinent online information, such as comprehensive guidance on your compliance obligations, an assessment manual that prepares you for a FINTRAC examination, and the operational alerts and briefs that guide you in identifying and reporting suspicious transactions to FINTRAC.



#### OUTREACH AND ENGAGEMENT

We conduct outreach and engagement with various stakeholders, including industry associations and regulators, to explain obligations, provide updates, or discuss legislative and regulatory changes.

We also provide support through a Helpline (**1-866-346-8722 option 4**) and offer policy interpretation for specific questions.



#### TECHNICAL SUPPORT

We provide further specialized support to address more technical questions you might have related to the Money services business registry or the electronic submission of reports to FINTRAC.

We also provide technical information and technology support through FINTRAC's Helpdesk (**1-866-346-8722 option 3**).

### ASSESSMENT

FINTRAC fairly and objectively uses many different assessment tools to ensure that you are meeting your obligations:

- **Desk or onsite examinations** to assess your compliance program.
- **Monitoring** of financial transaction reports you submitted to FINTRAC.
- **Validations** to determine if you are subject to the PCMLTFA.
- **Observation letters** to highlight your improvements or program gaps.
- **Compliance assessment reports** to assess your progress in implementing a compliance program.

EXAMINATION PROCESS



#### PLANNING

- We will contact you in advance.
- We will inform you of the areas that we will examine.
- We will send you a letter requesting detailed information.



#### CONDUCTING

- We hold an introductory interview with you.
- We review and assess your records, transactions and your processes.
- We conduct interviews with your employees.
- We hold an exit interview with you.



#### CONSOLIDATING THE FINDINGS

- We assess all facts provided to us during the examination.
- We send you a letter detailing our findings.
- We give you 30 days to provide additional information if we recommend a penalty.

### ENFORCEMENT

When needed, FINTRAC uses a variety of enforcement tools to address non-compliance situations:

- **Compliance meetings** to identify and discuss non-compliance gaps with you.
- **Findings letters** to identify specific areas that require attention.
- **Action plans and follow-up examinations** to assess if previous non-compliance has been addressed.
- **Administrative monetary penalties (AMP)** that may be issued in cases of serious or repeated non-compliance.
- **Non-compliance disclosures** that FINTRAC can provide to law enforcement in cases of extensive non-compliance.

ADMINISTRATIVE MONETARY PENALTIES PROCESS



#### NON-COMPLIANCE FINDINGS

- We will review and assess the non-compliance findings.



#### NOTICE OF VIOLATION

- We will explain your violations and the factors taken into account for the penalty calculation.
- We will inform you on the recourses available to you.



#### RECOURSE

- You have the right to make representations to FINTRAC's Director and CEO for a review of the notice of violation and the penalty amount.
- You also have the right to appeal the Director and CEO's decision to the Federal Court.



#### PUBLICATION

- Details of your AMP, including your name, will be subject to publication.

