



# Message to all reporting entities (April 23, 2020)

Due to the outbreak of COVID-19, FINTRAC understands that businesses (referred to as reporting entities), subject to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and associated regulations, may face challenges in meeting their obligations in situations where the number of employees may be reduced or some may be unavailable to do their regular work.

Reporting entities are expected to meet all of their obligations, including in relation to reporting. However, FINTRAC understands that some reporting entities may find themselves in a situation where they are required to reassign and reprioritize their internal resources in response to COVID-19.

During these challenging times and wherever possible, FINTRAC is committed to working constructively with reporting entities to minimize the impact of their ongoing regulatory requirements.

In addition to the guidance provided on March 25, 2020, and as further described below, FINTRAC is offering additional support to reporting entities through flexibility:

- in verifying the identity of an individual, or confirming the existence of a corporation or entity other than a corporation; and
- associated with FINTRAC examinations.

## Reporting

When it comes to reporting, priority should be given to submitting suspicious transaction reports (STRs). In **exceptional circumstances** where a reporting entity may be in possession of **critical information related to terrorist activity financing** but, for some reason, cannot submit the STR in the usual manner, FINTRAC asks that the report or an email be sent to [emergencyreport-declarationurgente@fintrac-canafe.gc.ca](mailto:emergencyreport-declarationurgente@fintrac-canafe.gc.ca), and FINTRAC will contact you.

In other instances where a reporting entity is prevented from reporting or will be reporting late for reasons beyond its control, the entity can submit a voluntary self-declaration of non-compliance to [VSDONC.ADVNC@fintrac-canafe.gc.ca](mailto:VSDONC.ADVNC@fintrac-canafe.gc.ca), when it has the opportunity to do so. This information will be taken into account in future compliance activities.

## Verifying the identity of an individual, or confirming the existence of a corporation or entity other than a corporation

FINTRAC acknowledges that the current physical distancing measures put in place to combat the transmission of COVID-19 can pose challenges to reporting entities when verifying the identity of clients. Robust measures to verify the identity of clients are the foundation of a strong anti-money laundering and anti-terrorist financing regime to prevent, detect and deter money laundering and terrorist activity financing, which threaten national security and compromise the integrity of the financial system. FINTRAC would like to emphasize to reporting entities the critical front line role they play in the fight against financial crimes, even during these challenging times.

### Verifying the identity of an individual

As outlined in FINTRAC's guidance available at <https://www.fintrac-canafe.gc.ca/guidance-directives/client-clientele/Guide11/11-eng>, there are different methods available to reporting entities to verify the identity of individuals: the government-issued photo identification, the credit file and dual-process methods.

During the current COVID-19 crisis, provincial governments have to take measures to ensure the health and safety of their employees and all citizens. This may include extending the validity of various government driver, vehicle and carrier products and services that have expired on or after March 1, 2020, so that in-person visits to renewal facilities can be avoided. If a person presents a document or information affected by such a decision, a reporting entity must continue to determine the **authenticity** of a government-issued photo ID document, but can, until further notice, consider the document or information as **valid** and **current** pursuant to its issuing authority, in this case the provincial government. Alternatively, reporting entities may wish to consider using the credit file method or the dual-process method to verify the identity of the person.

In instances where the use of credit file and dual-process methods is not possible and where reporting entities can only rely on a government-issued photo identification document to verify the identity of a client not physically present, FINTRAC is now providing additional **temporary** flexibility to reporting entities. Effective today and for as long as public health authorities continue to require physical distancing, FINTRAC relaxes the requirement to authenticate a government-issued photo identification document through the use of a technology. As such, where an individual is not physically present, reporting entities can apply human judgement to determine whether a document that they are viewing appears to be authentic. However, all other requirements related to the use of a government-issued photo identification document continue to apply.

### Confirming the existence of a corporation or entity other than a corporation

In addition, FINTRAC is providing **temporary** flexibility to reporting entities when confirming the existence of a corporation or entity other than a corporation. Effective today and for as long as public health authorities continue to require physical distancing, FINTRAC relaxes the requirement related to consulting a paper record. As such, reporting entities can request to receive the paper record via fax, scan or email, in cases where an electronic record from a reliable source accessible to the public is not a viable option.

## Expectations for record keeping and re-verifying client identification

As stated above, this flexibility is **temporary** and reporting entities are therefore expected to:

- keep a record of all clients identified using this temporary method; and
- re-verify the identity of their clients in accordance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations (PCMLTFR) when the physical distancing measures have been lifted by public health authorities.

## FINTRAC examinations

As indicated above, FINTRAC understands that in the current environment, reporting entities may face challenges in fully meeting some of their obligations. In light of this reality, FINTRAC has reprioritized its own supervisory work, including deferring new examinations. Other interactions with reporting entities will be limited to situations related to reporting issues, circumstances where reporting entities contact FINTRAC for guidance, and the completion of examinations currently underway.

Once the COVID-19 situation normalizes and compliance activities resume, FINTRAC will consider the impact of the associated challenges, when assessing reporting entities' compliance with the obligations identified in the PCMLTFA and its associated regulations. This will include being flexible and reasonable in assessing the ability of a reporting entity to update policies and procedures, in adhering with interim COVID-19 related measures, and effectively fulfilling certain time-bound obligations such as undertaking the two-year effectiveness review. FINTRAC will also take into account the additional time needed for reporting entities to fully address and remediate certain recommendations identified in previous FINTRAC examinations. Finally, FINTRAC will exercise careful judgement on other aspects of its examination mandate, such as determining the date of future compliance examinations.

In cases where there is an impact on a reporting entity's ability to meet a given obligation, they should keep a record indicating why this is the case (for example, a memo outlining reduced staffing levels) and, where possible, include any measures taken to mitigate the risk of non-compliance.

## Enquiries

Given the current high level of calls related to COVID-19 on the Government of Canada telephone lines, FINTRAC will no longer be offering telephone support for enquiries about the following: compliance obligations, reporting system access issues and MSB registration obligations. For these matters or any other urgent enquiries, please contact your regional compliance officer or send an email to [guidelines-lignesdirectrices@fintrac-canafe.gc.ca](mailto:guidelines-lignesdirectrices@fintrac-canafe.gc.ca). For technical assistance, please contact FINTRAC's Tech Support team at the following email: [tech@fintrac-canafe.gc.ca](mailto:tech@fintrac-canafe.gc.ca). Note that depending on the volume of requests, it may take more time than usual for FINTRAC to respond.

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