

IIROC NOTICE

Administrative Notice Guidance Note

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Anti-Money Laundering Compliance Guidance

This notice announces the publication of a new guidance document, “Anti-Money Laundering Compliance Guidance” to assist IIROC-regulated dealer firms in their compliance with the anti-money laundering (AML) and countering the financing of terrorism (CFT) requirements which are applicable to them. This guidance document replaces and updates the guidance produced by the Investment Dealers Association of Canada (IDA) in 2002, entitled “Deterring Money Laundering Activity.”

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=6279890DECD84244A8E38F8A23E80E4A&Language=en>

While securities dealers have been subject to Canadian federal statutory and regulatory requirements regarding client identification since 1993, the requirements were expanded in 2001, 2002 and 2008. These requirements are supplemented by IIROC rules also directed at preventing both money laundering and market abuse.



The 2008 AML and CFT amendments included several significant changes:

- the requirement to conduct an AML risk assessment, which requires an understanding of money laundering and terrorist financing risks and techniques;
- the identification of politically exposed foreign persons and implementation of special procedures for heightened monitoring of their accounts; and
- an increase in the identity verification procedures for clients that are not seen face-to-face.

This guidance document identifies additional resources that will assist those wishing to go beyond the available guidance. This guidance document also assumes that many of the existing practices presently employed within the industry to deter money laundering will continue and as such they are not reiterated within this document.

Given the variety and complexity of the securities industry today, including different products, different business models and the requirement for firm-specific risk and self-assessments to be undertaken, no one standard program can be appropriate for all firms. This guidance document has, therefore, been prepared to help Dealer Members adapt their AML and CFT compliance program specifically to their firm's business, ensuring that it covers the scope of their customer base, the types of accounts, the types of transactions, the extent of the firm's international activities and all of the risks and other relevant factors within the firm.

This guidance document is the culmination of a joint effort between IIROC and the Investment Industry Association of Canada (IIAC) to assist member firms in their compliance efforts. IIROC wishes to sincerely thank the IIAC for their collaboration on this important project.