

No time for a power nap: additional FINTRAC sanctions to action

March 29, 2024

On February 24, 2024, the Ministerial Directive on Financial Transactions Associated with Russia (the Directive) took effect. The Directive applies to various entities regulated under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (the Act), including “securities dealers”. As a reminder, under the Act a securities dealer is defined to include portfolio managers and exempt market dealers, and thus these firms are subject to the Directive. The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) has also [issued guidance](#) on the Directive. Some key requirements include the following:

- Firms must treat every financial transaction originating from or bound for Russia, regardless of its amount, as a high-risk transaction for the purposes of the compliance program provisions of the Act.
- Firms must [verify the identity](#) of any client (person or entity) requesting or benefiting from such a transaction in accordance with Part 3 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations.
- Firms must perform client due diligence in relation to any such transaction, including ascertaining the source of funds or virtual currency, the purpose of the transaction and the beneficial ownership or control of any entity requesting or benefiting from the transaction.
- A record must also be retained of any such transaction, in accordance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations, regardless of the monetary thresholds set out in those Regulations.

Even if the transactions noted above are not likely to arise for any particular firm in practice, portfolio managers and exempt market dealers should have related policies and procedures in their Anti-Money Laundering and Anti-Terrorist Financing compliance manual in place, as the lack of updates risks being classified as a deficiency. Registrants are reminded of the existing Ministerial Directive in place with respect to North Korea as well.

By

[Chris Tooley](#)

Expertise

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2025 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.