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Methods to verify the identity of persons and entities

From: [Financial Transactions and Reports Analysis Centre of Canada](#)
(FINTRAC)

Overview

This guidance came into effect on June 1, 2021.

This guidance explains the methods that can be used by reporting entities (REs) to verify the identity of a [person](#) or an [entity](#).

Note: For specific information on when to verify the identity of a person or an entity (the timing requirement) for your business sector, refer to the [related guidance by business sectors](#).

Who is this guidance for

The requirement to verify the identity of a person or an entity under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and associated Regulations applies to all reporting entities

Note: Throughout this guidance, references to REs covered under paragraphs 5(a) to (g) of the PCMLTFA include:

- banks
- [authorized foreign banks](#)
- cooperative credit societies
- savings and credit unions
- caisses populaires
- life insurance companies
- trust companies
- unregulated trust companies
- loan companies
- securities dealers

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Related guidance

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1. Meaning of verifying the identity of a person or an entity

It means to use the methods described in this guidance to ensure that the information in an identification document or from other informational sources matches the information that the person or entity provided.

Verifying identity is a foundational element of Canada's anti-money laundering and anti-terrorist financing regime and a key component of an RE's relationship with clients. It helps you to know your clients and to understand and assess any risk that may be associated to their transactions or activities.

2. How to verify the identity of a person

You can use any of the 5 methods described below to identify a person:

2.1 [Government-issued photo identification method](#)

2.2 [Credit file method](#)

2.3 [Dual-process method](#)

2.4 [Affiliate or member method](#)

2.5 [Reliance method](#)

2.1 Government-issued photo identification method

You may verify the identity of a person by referring to a government-issued photo identification document. ¹ To do so, the document must:

- be **authentic, valid and current**; ²
- be issued by a federal, provincial or territorial government (or by a foreign government if it is equivalent to a Canadian document);
- indicate the person's name;
- include a photo of the person;
- include a unique identifying number; and
- match the name and appearance of the person being identified.

Photo identification documents issued by municipal governments, Canadian or foreign, are not acceptable. See [Annex 4](#) for examples of acceptable government-issued photo identification documents.

You can determine whether a government-issued photo identification document is **authentic, valid and current** by viewing it **in person**, and by looking at the characteristics of the original physical document and its security features (or markers, as applicable) **in the presence of the person being identified**. This will allow you to be satisfied that the identification document is authentic, as issued by the competent authority (federal, provincial, or territorial government), valid (unaltered, not counterfeit) and current (not expired).

Watch video

[Video 1- Verifying the identity of a client: Government-issued](#)

photo ID method

Using the government-issued photo identification method if a person is not physically present

You may use the government-issued photo identification method if a person is **not physically present**, but you must have a **process in place to authenticate** the government-issued photo identification document. For instance, you could assess a document by using a technology capable of determining the document's authenticity. For example, you could:

- ask a person to scan their government-issued photo identification document using the camera on their mobile phone or electronic device; and
- use a technology to compare the features of the government-issued photo identification document against known characteristics (for example, size, texture, character spacing, raised lettering, format, design), security features (for example, holograms, barcodes, magnetic strips, watermarks, embedded electronic chips) or markers (for example, logos, symbols) to be satisfied that it is an authentic document as issued by the competent authority (federal, provincial, or territorial government).

When a person **is not physically present**, you must still determine whether the authenticated government-issued photo identification document is **valid** and **current**, and that the name and photo are those of the person providing the document. For example, you could:

- participate in a live video chat session with the person and compare the name and the features of the live video image to the name and photo on the authentic government-issued photo identification document; or
- ask the person to take a "selfie" photo using the camera on their mobile phone or electronic device, and use an application to apply facial recognition technology to compare the features of that "selfie" to the photo on the authentic government-issued photo identification document. You would also need a process to compare the name on the government-issued photo identification document with the name

provided by the person.

Note: It is not enough to only view a person and their government-issued photo identification document through a video conference or another type of virtual application.

Your compliance program's policies and procedures must describe the processes you follow to determine whether a government-issued photo identification document is authentic, whether the client is present or not, and how you will confirm that it is valid and current. Your policies and procedures must also describe the steps you use to confirm that the name and photograph are those of the person. Your processes to determine that a government-issued photo identification document is authentic, valid, and current, **and** the verification step (ensuring that the name and photo match the name and appearance of the person), do **not** need to happen at the same time. It is up to you to determine the timing, but you must complete both steps.

Record keeping requirements for the government-issued photo identification method

If you use the government-issued photo identification method, you must record: 3

- the person's name;
- the date on which you verified the person's identity;
- the type of document used (for example, driver's licence, passport, etc.);
- the unique identifying number of the document used;
- the jurisdiction (province or state) and country of issue of the document; and
- the expiry date of the document, if available (if this information appears on the document or card, you must record it).

2.2 Credit file method

You may verify the identity of a person by referring to information that is in

their credit file. ⁴ To do so, the credit file must:

- contain information that is **valid and current**; ⁵
- be from a Canadian credit bureau (credit files from foreign credit bureaus are not acceptable);
- have been in existence for at least three years;
- contain information that is derived from more than one source (i.e. more than one tradeline); and
- match the name, address and date of birth of the person being identified.

A credit file provides a rating on a person's ability to repay loans; however, it is possible to request a credit file to verify a person's identifying information that does not include a credit assessment. You do not need a credit assessment to verify the identity of a person. Equifax Canada and TransUnion Canada are Canadian credit bureaus that provide credit file information for identification purposes.

To use the credit file method, you must conduct the search **at the time** you are verifying the person's identity. A person cannot provide you with a copy of their credit file, nor can a previously obtained credit file be used.

It is acceptable to use an automated system to match the person's information with the information in the person's credit file. You may also refer to a third party vendor to provide you with valid and current information from the person's credit file. A third party vendor is a business that is authorized by a Canadian credit bureau to provide access to Canadian credit information.

If any of the information provided by the person (name, address or date of birth) does not match the information in the credit file, you cannot use that credit file to verify the identity of the person. You will need to use another credit file from a different provider (credit bureau or third party vendor) or use a different method (for example, the government-issued photo identification method or the dual-process method) to verify the person's identity.

On occasion, information found in the credit file may contain a variation on the name or a discrepancy in the address that was provided to you by the person. In these instances, you must determine whether the information in the credit file matches the information provided by the person. For example:

- If there is a slight typo in the address or name, you may determine that the information still matches what the person provided.
- If there is a discrepancy in their date of birth, it is more likely that you will determine that the information does not match.
 - In this case, if this is your determination, you cannot rely on the information in the credit file for identification purposes. You will need to use another credit file from a different provider (credit bureau or third party vendor) or use a different method (for example, the government-issued photo identification method or the dual-process method) to verify the person's identity.
- If there are multiple addresses in the credit file, it is possible that the address the person provided to you is not the primary address in the credit file but it does appear in the credit file as a secondary address. If this is the case, you can still meet your requirements for ensuring that the information matches what the person provided.

Watch video

[Video 2 – Verifying the identity of a client: Credit file method](#)

Record keeping requirements for the credit file method

If you use the credit file method, you must record: 6

- the person's name;
- the date you consulted or searched the credit file;
- the name of the Canadian credit bureau or third party vendor as the source holding the credit file; and
- the person's credit file number.

Your compliance program's policies and procedures must describe the processes you will follow to verify a person's identity using the credit file method **and** how you will ensure that the information is valid and current. It

should also include the steps you will take if the information is not valid and current (for example, search a different credit file, use another method, stop the transaction, etc.).

2.3 Dual-process method

You may verify the identity of a person by using the dual-process method, which consists of doing any **two** of the following: [7](#)

- referring to information from a reliable source that includes the **person's name and address** and confirming that the name and address are those of the person;
- referring to information from a reliable source that includes the person's **name and date of birth**, and confirming that the name and date of birth are those of the person; or
- referring to information that includes the person's **name and confirms that they have a deposit account, a prepaid payment product account , or a credit card or other loan account with a financial entity**, and confirming that information.

The information you refer to **must** be valid and current [8](#) **and** come from two different reliable sources. This information could be found in **statements, letters, certificates, forms or other information sources** that can be provided through an original version or by another version of the information's original format such as a fax, a photocopy, a scan, or an electronic image. For example, you can rely on a fax, photocopy, scan or electronic image of a government-issued photo identification document as one of the two pieces of information required to verify a person's identity.

You **cannot** use the same source for the two categories of information you choose to verify a person's identity. [9](#) For example, you cannot rely on a bank statement from Bank A that includes the person's name and address and another bank statement from Bank A that includes the person's name and confirms that the person holds a deposit account, as Bank A would be the same source of both categories of information. You can, however, refer to a bank statement from Bank A that contains the person's name and

confirms that the person holds a deposit account, and rely on an electronic image of a driver's licence to confirm the person's name and address.

For further precision, the possible combinations for this method include:

Referring to information from one reliable source that includes the person's **name** and **address** and confirming that this matches the information provided by the person, **and** referring to information from a different reliable source that includes the person's **name** and **date of birth** and confirming that this matches the information provided by the person.

OR

Referring to information from one reliable source that includes the person's **name** and **address** and confirming that this matches the information provided by the person, **and** referring to information from a different reliable source that includes the person's **name** and a **financial account** (specifically, a deposit account, a prepaid payment product account, a credit card account or a loan account) and confirming this information.

OR

Referring to information from one reliable source that includes the person's **name** and **date of birth** and confirming that this matches the information provided by the person, **and** referring to information from a different reliable source that includes the person's **name** and a **financial account** (specifically, a deposit account, a prepaid payment product account, a credit card account or a loan account) and confirming this information.

Note: If the information does not match the information provided by the person, you cannot rely on it. For example, it is **not acceptable** to rely on information if the account number or number that is associated with the information is truncated or redacted. On occasion, information from a source may contain a variation on the name of the client or a typo in the client's address. In these instances, you must determine whether the information matches the information provided by the person. If it is a slight typo in the address or a misspelled name, you

may determine that the information still matches what the person provided. However, in the case of an incorrect date of birth, it is more likely that you will determine that the information does not match. In this case, you cannot rely on the information from this source for identification purposes. You must obtain information from a different source under the dual-process method or use a different method (for example, the government-issued photo identification method or the credit file method) to verify the person's identity.

Reliable source of information

A reliable source of information is an originator or issuer of information that you trust. To be considered reliable, the source should be well known and considered reputable. For example, a reliable source could be the federal, provincial, territorial or municipal levels of government, Crown corporations, federally regulated financial institutions, or utility providers. Social media is **not** an acceptable source of information to verify a person's identity. Also, the source **cannot** be the person whose identity is being verified, nor you, the RE who is verifying identity. ¹⁰ See [Annex 5](#) for a table of examples of reliable sources of information for the dual-process method.

How to use a credit file under the dual-process method

A Canadian credit file can be used as one of the two pieces of information required to verify the identity of a person under the dual-process method. Specifically, it can be used to confirm the person's name and address, name and date of birth, or to confirm the person's name and confirm that the person has a credit card account or a loan account. If you use a credit file as one of the information pieces for the dual-process method, it must have existed for at least six months. ¹¹

Information from a second source, for example, a property tax assessment, must be used to confirm the second category of information. In this instance, the two reliable sources are the Canadian credit bureau that provided the credit file information and the municipal government that

issued the property tax assessment. The information from these two sources must match the information provided by the person.

You can also refer to information from a Canadian credit bureau if it acts as an aggregator that compiles information from different reliable sources (often referred to as tradelines). In this instance, the Canadian credit bureau must provide you with information from **two** independent tradelines where each tradeline confirms one of the two categories of information required to verify the identity of a person under this method. In this instance, **each tradeline is a distinct source; the credit bureau is not the source.**

The tradelines cannot be your own, as the RE verifying the person's identity, and each tradeline must originate from a different reliable source (for example, a federally regulated financial institution, a utility service provider, etc.).

Watch video

[Video 3 – Verifying the identity of a client: Dual-process method](#)

Record keeping requirements for the dual-process method

If you use the dual-process method to verify a person's identity, you must record: 12

- the person's name;
- the date you verified the information;
- the name of the two different reliable sources that were used to verify the identity of the person;
- the type of information referred to (for example, a utility statement, a bank statement, a marriage licence); and
- the number associated with the information (for example, account number or if there is no account number, a number that is associated with the information, which could be a reference number or certificate number, etc.). If you use information aggregated by a Canadian credit bureau and receive information from two distinct sources (tradelines), you must record the account number or number associated to each tradeline, not the aggregator (credit bureau) number.

Your compliance program's policies and procedures must describe the processes you follow when using the dual-process method to verify a person's identity and how you will ensure that the information is valid and current.

2.4 Affiliate or member method

You may verify the identity of a person by confirming that one of the following entities previously verified the person's identity:

- an **affiliate** of yours that is an RE referred to in any of paragraphs 5(a) to (g) of the PCMLTFA; [13](#)
- a **foreign affiliate** of yours that carries out activities outside of Canada that are similar to the activities of an RE referred to in any of paragraphs 5(a) to (g) of the PCMLTFA; [14](#) **or**
- a financial entity that is subject to the PCMLTFA and is a **member** of your financial services cooperative or credit union central. [15](#)

You must confirm that the name, address, and date of birth in the affiliate or member's records match the information provided by the person whose identity is being verified. [16](#)

The affiliate or member must have previously verified the person's identity by using the government-issued photo identification method, the credit file method or the dual-process method presented in this Guidance. If the affiliate or member verified the identity of the person prior to June 1, 2021, they must have done so in accordance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations (PCMLTFR), by using the methods that were in place **at the time**. [17](#)

If you have any concerns about the methods or information that the affiliate or member used to verify the person's identity, you should re-verify their identity, [18](#) as you have the responsibility for ensuring the person's identity has been verified.

Note: Financial services cooperatives or credit union centrals act on behalf of a membership composed of certain financial entities and can

provide financial services to that group.

Watch video

[Video 4 – Verifying the identity of a client: Affiliate or member method](#)

Record keeping requirements for the affiliate or member method

When you verify the identity of a person by confirming that an **affiliate** or a financial entity that is a **member** of **your** financial services cooperative or credit union central previously verified their identity, you must record: [19](#)

- the person's name;
- the date on which you verified the identity of the person;
- the name of the affiliate or the member that previously verified the person's identity;
- the method (government-issued photo identification, credit file or dual-process) that the affiliate or the member used to verify the person's identity; and
- the information that the affiliate or the member recorded based on the method used (this includes the name of the person, the date the affiliate or member verified identity, and all the other information required to be kept by them for the method used).

Note: If the affiliate or the member verified the identity of the person in accordance with the methods that were in place prior to June 1, 2021, you must still record the information listed above, but include the method they used in accordance with the PCMLTFR as it read at the time, and the information that was required to be recorded for that method. [20](#)

Your compliance program's policies and procedures must describe the processes you follow when using the affiliate or member method to verify a person's identity.

2.5 Reliance method

You may verify the identity of a person by relying on measures that were previously taken by:

- **another RE** (person or entity that is referred to in section 5 of the PCMLTFA); [21](#) **or**
- an entity that is affiliated with you or with another RE **and** carries out activities outside of Canada that are similar to those of a person or entity referred to in any of paragraphs 5(a) to (g) of the PCMLTFA (an **affiliated foreign entity**). [22](#)

To rely on measures previously taken by an **affiliated foreign entity**, you must be satisfied, after considering the risk of a money laundering or terrorist activity financing offence in the foreign state in which it carries out its activities, that: [23](#)

- the **affiliated foreign entity** has policies in place similar to the record keeping, verifying identity, and compliance program requirements under the PCMLTFA, including the requirement to develop and apply policies to assess, in the course of their activities, the risk of a money laundering offence or a terrorist activity financing offence, and the requirement to take enhanced measures where the risk has been identified as high; **and**
- the **affiliated foreign entity's** compliance with those policies is subject to the supervision of a competent authority under the legislation of that foreign state.

To rely on measures previously taken by **another RE** or an **affiliated foreign entity** to verify the identity of a person, you must: [24](#)

- as soon as feasible, obtain from the **other RE** or **affiliated foreign entity** the information that was confirmed as being that of the person, and be satisfied that:
 - the information is valid and current; and
 - the **other RE** or **affiliated foreign entity** verified the person's identity using the government-issued photo identification method,

the credit file method or the dual-process method, or if the **other RE** or **affiliated foreign entity** verified the person's identity prior to June 1, 2021, that they did so in accordance with the PCMLTFR, by using the methods that were in place at the time; **and**

- have a written agreement or arrangement with the **other RE** or **affiliated foreign entity** that upon request requires them to provide you, as soon as feasible, with all of the information that they referred to in order to verify the person's identity.

Watch video

[Video 5 – Verifying the identity of a client: Reliance method](#)

Record keeping requirements for the reliance method

If you rely on **another RE** or an **affiliated foreign entity** to verify the identity of a person, you must keep a record of: 25

- the person's name;
- the written agreement or arrangement with the **other RE** or **affiliated foreign entity** for the purpose of verifying a person's identity; and
- the information that the **other RE** or **affiliated foreign entity** referred to in order to verify the identity the person.

Your compliance program's policies and procedures must describe the processes you follow when using the reliance method to verify a person's identity and how you will ensure that the information is valid and current.

3. Using an agent or a mandatary to verify the identity of a person on your behalf

You may verify the identity of a person by using an agent or mandatary to carry out the verification on your behalf, in accordance with the government-issued photo identification method, the credit file method, or the dual-process method. 26

You may rely on the measures that were previously taken by an agent or mandatary to verify the person's identity, if the agent or mandatary was:

- acting in their own capacity at the time, whether or not they were required to use the methods in accordance with the PCMLTFR; or
- acting as an agent or mandatary under a written agreement or arrangement that was entered into with another RE, for the purposes of verifying a person's identity using either the government-issued photo identification method, the credit file method or the dual-process method, or if the measures were taken prior to June 1, 2021, using the methods in accordance with the PCMLTFR that were in place at the time.

To use an agent or mandatary to verify the identity of a person you must:

- have a written agreement or arrangement in place with the agent or mandatary **before** you use them; [29](#)
- obtain, as soon as feasible, all of the information that the agent or mandatary referred to in order to verify the person's identity, and the information that the agent or mandatary confirmed as being that of the person; [30](#) and
- be satisfied that:
 - the information that the agent or mandatary confirmed as being that of the person is valid and current, and
 - the person's identity was verified using the government-issued photo identification method, the credit file method or the dual-process method, or, if the person's identity was verified prior to June 1, 2021, using the methods in accordance with the PCMLTFR in place at the time. [31](#)

Example 1 — Acceptable

Jane Smith would like to open an account with you. Your agent—with whom you have a written agreement for this purpose—verified Jane Smith's identity in 2019 using the government-issued photo identification method, by referring to her driver's licence, which expired in February 2021. In 2019, Jane Smith's name and appearance matched the name and photograph on

the driver's licence, and the document was determined to be authentic, valid and current, therefore, her identity was verified by the agent in accordance with the method. Jane's name and appearance have not changed. When you obtain the information from the agent, you are satisfied that the information the agent confirmed as being Jane's (her name and photo) is still valid and current and is therefore acceptable. It does not matter that her licence (the identification document used by the agent) has expired, as it is the information that you must be satisfied is valid and current, not the document.

Example 2 — Not acceptable

Jane Smith (maiden name — Jane Rogers) would like to carry out a transaction for which you must verify her identity. Your agent—with whom you have a written agreement for this purpose—verified Jane Rogers' identity in 2019 using the government-issued photo identification method, by referring to her driver's licence, which has not yet expired. In 2019, **Jane Rogers'** name and appearance matched the name and photograph on the driver's licence, and the document was determined to be authentic, valid and current, therefore, her identity was verified by the agent in accordance with the method. However, although the licence has not yet expired, it is not acceptable to rely on the information from the agent now because the agent's information is about Jane Rogers, and this does not match the name of your client who is now Jane Smith, so the information provided by the agent is not valid and current.

Example 3 — Not acceptable

Jane Smith would like to carry out a transaction for which you must verify her identity. Your agent—with whom you have a written agreement for this purpose—verified Jane Smith's identity in 2019 by referring to her driver's licence, which expired in 2018. In 2019, because **Jane Smith's** driver's licence had expired, her identity **was not** verified in accordance with the government-issued photo identification method. As such, it is not acceptable to rely on the information from the agent.

Record keeping requirements when using an agent or a mandatory

When you verify the identity of a person by using an agent or mandatory, you must keep a record of: [32](#)

- the person's name;
- the written agreement or arrangement with the agent or mandatory for verifying a person's identity; and
- all of the information the agent or mandatory referred to in order to verify the identity of the person, and the information that the agent or mandatory confirmed as being that of the person (this includes, as applicable, information that is required to be kept in the record for the method used).

Note: As an RE it is your responsibility to meet your client identification requirements under the PCMLTFA and associated Regulations, even when you use an agent or mandatory to verify the identity of a person on your behalf, or when you rely on the measures previously taken by an agent or mandatory to verify a person's identity.

For example, if your agent verifies the identity of a person using the government-issued photo identification method but they don't refer to an authentic, valid and current photo identification document issued by a federal, provincial or territorial government, or keep the required records after verifying the person's identity, you are still responsible. Specifically, it is your responsibility to ensure that the agent is verifying client identity and keeping the required records in accordance with the PCMLTFA and associated Regulations.

Your compliance program's policies and procedures must describe the processes you follow when you rely on an agent or mandatory to verify a person's identity and how you will ensure that the information is valid and current.

4. Verifying a person's identity if it has been

previously verified

You do **not** need to verify a person's identity for subsequent transactions or activities, as required, **if** you have already verified the identity of the person using: 33

- one of the methods explained in this guidance; or
- the methods specified in the PCMLTFR prior to June 1, 2021 as it read at the time, and have kept the required record.

You must not have doubts about the information that was previously used to verify the person's identity. If you have doubts, you must verify their identity again using the methods explained in this guidance. 34

Note: In the context of a business merger or acquisition, you are not required to re-identify the acquired clients if their identities were verified in accordance with the methods in the PCMLTFR at the time the verification took place. As a best practice, you are encouraged to review and update client information (for example, name, address, occupation, etc.), in accordance with your risk assessment process. The acquired clients become the responsibility of the acquiring entity which must ensure compliance with the PCMLTFA and associated Regulations. This includes reviewing any money laundering or terrorist financing risks that may be associated with these clients.

5. How to identify a child

If a child is under 12 years of age, you must verify the identity of one parent, guardian or tutor **and** record the parent, guardian or tutor's information.

35 You can rely on the information provided by the parent, guardian or tutor in order to record the child's identification details.

If a child is between 12 and 15 years of age, you can verify their identity by using any of the methods. If this is not possible due to a lack of identification information, you may use a variation of the dual-process method that allows you to:

- Refer to one reliable source of information that includes the name and address of the child's parent, guardian, or tutor; [36](#) and
- Refer to a second reliable source that includes the child's name and date of birth.

For example, if the child has a passport you may be able to use it to verify their identity under the government-issued photo identification method. If not, you could rely on the parent's driver's licence to verify the parent's name and their common address, and the child's birth certificate to verify the child's name and date of birth.

6. How to verify the identity of a person who does not have any identity verification documentation or information for a retail deposit account

Added on February 22, 2023

In the case of opening a retail deposit account, if a bank cannot verify a person's identity in accordance with one of the methods outlined above, they would still be in compliance with their anti-money laundering/anti-terrorist financing obligations if they opened the account in a way that meets the conditions set out in [subsections 627.17\(1\) and \(3\) of the Bank Act](#).

Note: The Bank Act applies to banks, authorized foreign banks and federal credit unions, which are defined as banks under the Act.

For reasons beyond a person's control, they may face barriers in meeting requirements where they must provide proper identification documentation or information. This may be the case for vulnerable populations with barriers to obtaining proper identification such as survivors of human trafficking or victims of domestic abuse.

In specific circumstances, where a person does not have the proper identification documentation or information, a bank must:

- follow the measures as defined by the Bank Act and any [bulletins published by the Financial Consumer Agency of Canada](#) that further define the measures to be taken
- document in their compliance policies and procedures the types of circumstances where their organization would follow the Bank Act for verification of identification
- ensure that the banking products provided to the individual opening the account are limited to a basic retail deposit account until which time the account holder returns with the proper form of identification as specified in paragraphs 105(1)(a) to (e) of the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations
- verify the person's identity using the appropriate form of identification as specified in paragraphs 105(1)(a) to (e) of the Regulations, within 6 to 12 months, or as described in their risk-based approach and keep appropriate records
- continue to follow their customer due diligence and "know your client" processes, ensure ongoing monitoring activities are conducted as per the bank's risk assessment of the client and monitor transactions to ensure that the financial activity and use of associated products/services aligns with what is known about the person.

Note: The risk-based approach must reflect what is known about the client (i.e., their profile and individual circumstances including the fact that alternate identification was accepted), and that ongoing monitoring should then be commensurate to the risk profile of the client.

When FINTRAC undertakes compliance activities to ensure reporting entities are meeting their obligations, and observes that this process is used, we will:

- verify that you have documented policies and procedures that articulate the steps your organization takes to ensure that they are meeting this requirement
- ensure that the procedures are also followed in practice
- verify that your risk assessment takes into account these circumstances,

ensures that these individuals are identified within a reasonable timeframe (i.e., 6 to 12 months) and that you are able to demonstrate that you are fulfilling these requirements.

► [Legal reference](#)

7. How to verify the identity of an entity

You can use any of the 3 methods described below to verify the identity of an entity:

7.1 [Confirmation of existing method](#)

7.2 [Reliance method](#)

7.3 [Simplified identification method](#)

While an entity can be a corporation, a trust, a partnership, a fund, or an unincorporated association or organization, corporations are subject to different requirements than other entities (as explained below).

7.1 Confirmation of existence method

Corporation

To verify the identity of a **corporation**, you may refer to: [37](#)

- a certificate of incorporation;
- a record that has to be filed annually under provincial securities legislation; **or**
- the most recent version of any other record that confirms the corporation's existence and contains its name and address and the names of its directors, such as a certificate of active corporate status, the corporation's published annual report signed by an audit firm, or a letter or notice of assessment for the corporation from a municipal, provincial, territorial or federal government.

The record you refer to must be authentic, valid and current. [38](#)

You may obtain a corporation's name and address and the names of its directors from a publicly accessible database, such as a provincial or federal

database like the [Corporations Canada database](#), or a corporation search and registration service through subscription.

When a corporation is a securities dealer, you do not need to confirm the names of its directors when you confirm its existence. [39](#)

Entity

To verify the identity of an **entity other than a corporation**, you may refer to: [40](#)

- a partnership agreement;
- articles of association; **or**
- the most recent version of any other record that confirms its existence and contains its name and address.

The record you refer to must be authentic, valid and current. [41](#)

Record keeping requirements when verifying the identity of a corporation or other entity

If you refer to a paper record or an electronic version of a record, you must keep the record or a copy of it.

If the electronic version of the record that you refer to is contained in a database that is accessible to the public, you must keep a record that includes the corporation or other entity's registration number, the type of record referred to and the source of the electronic version of the record.

[42](#)

Your compliance program's policies and procedures must describe the processes you follow when using the confirmation of existence method to verify the identity of corporations and other entities, and how you will ensure that the information is authentic, valid and current.

7.2 Reliance method

You may verify the identity of a **corporation** or other **entity** by relying on the measures that were previously taken by:

- another **RE** (a person or entity that is referred to in section 5 of the

PCMLTFA); [43](#) **or**

- an entity that is affiliated with you **or** with another RE **and** carries out activities outside of Canada that are similar to those of a person or entity referred to in any of paragraphs 5(a) to (g) of the PCMLTFA (an **affiliated foreign entity**). [44](#)

Measures previously taken by an affiliated foreign entity

To rely on measures previously taken by an **affiliated foreign entity**, you must be satisfied, after considering the risk of a money laundering or terrorist activity financing offence in the foreign state in which it carries out its activities, that: [45](#)

- the **affiliated foreign entity** has policies in place similar to the record keeping, verifying identity, and compliance program requirements under the PCMLTFA, including the requirement to develop and apply policies to assess, in the course of their activities, the risk of a money laundering offence or a terrorist activity financing offence, and the requirement to take enhanced measures where the risk has been identified as high; **and**
- the **affiliated foreign entity's** compliance with those policies is subject to the supervision of a competent authority under the legislation of that foreign state.

Measures previously taken by another reporting entity or an affiliated foreign entity

To rely on the measures previously taken by **another RE** or an **affiliated foreign entity** to verify the identity of a corporation or other entity, you must: [46](#)

- as soon as feasible, obtain from the **other RE** or **affiliated foreign entity** the information that was used to confirm the identity of the corporation or other entity, as the case may be, and be satisfied that:
 - the information is valid and current; and
 - **for a corporation**, its identity was verified by the **other RE** or **affiliated foreign entity** by referring to a record as described in

the confirmation of existence method above, **or** if the measures to verify the corporation's identity were performed prior to June 1, 2021, that the **other RE** or **affiliated foreign entity** confirmed the corporation's existence and ascertained its name, address, and the names of its directors in accordance with the methods in the PCMLTFR as they read at that time; [47](#) and

- **for an entity other than a corporation**, its identity was verified by the **other RE** or **affiliated foreign entity** by referring to a record as described in the confirmation of existence method above, **or** if the measures to verify the entity's identity were performed prior to June 1, 2021, the **other RE** or **affiliated foreign entity** confirmed the entity's existence in accordance with the methods in the PCMLTFR as they read at that time; [48](#) and
- have a written agreement or arrangement in place with the **other RE** or **affiliated foreign entity** that upon request requires them to provide you, as soon as feasible, with all of the information that they referred to in order to verify the identity of the **corporation** or other **entity**, as the case may be. [49](#)

Your compliance program's policies and procedures must describe the processes you will follow when using the reliance method to verify the identity of corporations and other entities and how you will ensure that the information is valid and current.

7.3 Simplified identification method

If you are an **RE** that is referred to in any of paragraphs 5(a) to (g) of the PCMLTFA, you may use the simplified identification method to meet your obligation to verify the identity of a **corporation** or other **entity**. Specifically, you are deemed to comply with your requirement to verify the identity of a **corporation** or other **entity** if, based on your risk assessment, you consider there is a low risk of a money laundering offence or terrorist activity financing offence, **and** if: [50](#)

- the **corporation** or other **entity** whose identity is being verified:
 - a. is referred to in any of paragraphs 5(a) to (g) of the PCMLTFA;

- b. is a foreign corporation or entity that carries out activities that are similar to those of an entity referred to in any of paragraph 5(a) to (g) of the PCMLTFA;
- c. administers a pension or investment fund that is regulated under the legislation of a foreign state and that either is created by a foreign government or is subject to the supervision of a competent authority under the legislation of that foreign state;
- d. is one whose shares are traded on a Canadian stock exchange or a stock exchange designated under subsection 262(1) of the Income Tax Act;
- e. is a subsidiary of a **corporation** or an **entity** that is referred to in paragraphs a. to d. in this section, and is one whose financial statements are consolidated with the financial statements of that corporation or entity;
- f. is an institution or agency of, or in the case of a corporation, is owned by, the government of a foreign state; **or**
- g. is a public service body, as defined in subsection 123(1) of the Excise Tax Act; **and**
- you are satisfied that, within the applicable time period for which you had to verify identity, as explained in the sector-specific guidance on [When to verify the identity of persons and entities](#), the corporation or other entity exists **and** that every person who deals with you on behalf of the corporation or other entity is authorized by it to do so.

If you subsequently consider, based on your risk assessment, that the risk of a money laundering offence or terrorist activity financing offence has increased and is no longer low then you **must**, as soon as feasible, verify the identity of the corporation or other entity, as the case may be, by referring to the appropriate records, as explained in [section 7.1, Confirmation of existence method](#). 51

Record keeping requirements for the simplified identification method

If you use the simplified identification method to verify the identity of a corporation or other entity, you must keep a record that sets out:

- the grounds for considering there is a low risk of a money laundering offence or terrorist activity financing offence; and
- the information obtained about the corporation or other entity, as the case may be, and about the persons that assure you that the corporation or other entity exists and that the persons you deal with are authorized to act on behalf of the corporation or the entity. [52](#)

Your compliance program's policies and procedures must describe the processes you follow when using the simplified identification method to verify the identity of corporations and other entities.

8. Verifying the identity of an entity if it has been previously verified

You do **not** need to verify the identity of a corporation or other entity for subsequent transactions or activities, as required, if you have already verified their identity by using: [53](#)

- One of the methods explained in this guidance; or
- in the case of an **entity**, you confirmed the entity's existence in accordance with the PCMLTFR, and you complied with the related record keeping provisions, as they read at the time prior to June 1, 2021; **or**
- in the case of a **corporation**, you confirmed the corporation's existence and ascertained its name and address and the names of its directors in accordance with PCMLTFR, and you complied with the related record keeping provisions, as they read at the time prior to June 1, 2021

You must not have doubts about the information that was previously used to verify the identity of the corporation or other entity. If you have doubts, you must verify identity again using the methods explained in this guidance.

[54](#)

9. Restrictions on the use of personal information

The use of personal information in Canadian commercial activities is protected by the Personal Information Protection and Electronic Documents

Act (PIPEDA), or by similar provincial legislation. You have to inform clients about the collection of their personal information. However, you do not have to inform them when you include their personal information in the reports you are required to submit to FINTRAC.

The [Office of the Privacy Commissioner of Canada](#) can provide further guidance, and has created a Question and Answer document about [PIPEDA and the Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act](#), to help clarify your responsibilities under PIPEDA.

Annex 1: Summary of the methods to identify persons and associated record keeping obligations

| Identification method | Documents or information to review | Identification details that must match | Information that must be recorded |
|---|---|--|--|
| Government-issued photo identification | Photo identification document issued by a government (not a municipal government) that is authentic, valid and current | Name and photograph | <ul style="list-style-type: none">• Person's name• Date of verification• Type of document• Document number• Province or state and country that issued the document• Expiry date (if applicable) |
| Credit file | Valid and current information from a Canadian credit file that has been in existence for at least three years where information is derived from more than one | Name, address and date of birth | <ul style="list-style-type: none">• Person's name• Date you consulted/searched the credit file• Name of the credit bureau or third party vendor• Person's credit file number |

| | | | |
|----------------------------|---|--|--|
| | source | | |
| Dual-process | Valid and current information from two different reliable sources where neither the RE nor the person is a source | <p>A combination of two of the following:</p> <ul style="list-style-type: none"> • name and address; • name and date of birth; or • name and confirmation of a financial account | <ul style="list-style-type: none"> • Person's name • Date you verified the information • Name of the two different sources used to verify the identity of the person • Type of information referred to • Account number or number associated with the information if no account number exists |
| Affiliate or member | Information in the records of the affiliate or the member for the method used | Name, address and date of birth | <ul style="list-style-type: none"> • Person's name • Date you verified the identity of the person • Name of affiliate or member that previously verified the identity of the person • Method used by the affiliate or member to verify the person's identity • Information that the affiliate or member recorded based on the method used |

| | | | |
|-----------------|---|--|--|
| Reliance | <ul style="list-style-type: none"> • Be satisfied that the information from the other RE or affiliated foreign entity is valid and current and that the person's identity was verified by using the government-issued photo identification, credit file or dual-process methods or • Where the identity was verified prior to June 1, 2021, that the person's identity was verified using one of the methods in force in the PCMLTFR at that time | The identification details listed under the identification method used | <ul style="list-style-type: none"> • Person's name • The written agreement or arrangement with the other RE or affiliated foreign entity for the purpose of verifying a person's identity • The information provided by the other RE or affiliated foreign entity that they referred to in order to verify the identity of the person |
|-----------------|---|--|--|

Annex 2: Summary of who can identify a person on your behalf

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

| Who | Documents or information to review | Identification details that must match | Information that must be recorded |
|--|---|---|--|
| <p>Agent or mandatory that:</p> <ul style="list-style-type: none"> • Acts for you • Previously acted in their own capacity, or acted as an agent or mandatory under a written agreement or arrangement with another person or entity for the purposes of verifying identity | <ul style="list-style-type: none"> • Be satisfied that the information is valid and current and that the person's identity was verified using one of the government-issued photo identification, credit file or dual-process methods or • Where the identity was verified prior to June 1, 2021, that the person's identity was verified using one of the methods in force in the PCMLTFR at that time | <p>The identification details listed under the identification method used</p> | <ul style="list-style-type: none"> • Person's name • The written agreement or arrangement with the agent or mandatory for the purpose of verifying a person's identity • All of the information the agent or mandatory referred to when verifying the person's identity • The information obtained from the agent or mandatory that they confirmed as being that of the person |

Annex 3: Summary of methods to identify an entity and associated record keeping obligations

| Identification Method | Documents or information to review | Identification details that must match | Information that must be recorded |
|----------------------------------|---|---|--|
| Confirmation of existence | <ul style="list-style-type: none"> Information that is authentic, valid and current <p>For an entity (other than a corporation):</p> <ul style="list-style-type: none"> partnership agreement articles of association the most recent version of any other record that confirms its existence and contains its name and address <p>For a corporation:</p> <ul style="list-style-type: none"> certificate of incorporation record that has to be filed annually under provincial | <ul style="list-style-type: none"> Name and address Names of Directors (for corporation only) | <p>If you consulted an electronic record from a publicly accessible database:</p> <ul style="list-style-type: none"> registration number; type of document consulted; and source of the electronic document. <p>If you consulted a paper record or an electronic record:</p> <ul style="list-style-type: none"> the paper record, or a copy of the record. |

| | | | |
|-----------------|---|---|--|
| | <p>securities legislation</p> <ul style="list-style-type: none"> the most recent version of any other record that confirms the corporation's existence and contains its name and address and the names of its directors | | |
| Reliance | <ul style="list-style-type: none"> Verify that information from the other RE or affiliated foreign entity is valid and current and that the entity's identity was verified by using the confirmation of existence method Where the identity was verified prior to June 1, 2021, that the entity's identity was verified using | <ul style="list-style-type: none"> Name and address Names of Directors (for corporation only) | <ul style="list-style-type: none"> Entity's name The written agreement or arrangement with the other RE or affiliated foreign entity for the purpose of verifying an entity's identity The information provided by the other RE or affiliated foreign entity that they referred to in order to verify the identity of |

| | | | |
|---|--|--|--|
| | one of the methods in force in the PCMLTFR at that time | | the entity |
| Simplified identification (This method can only be used if you are an RE that is referred to in any of paragraphs 5(a) to (g) of the PCMLTFA.) | <ul style="list-style-type: none"> • Risk assessment to confirm that the risk of a money laundering offence or terrorist activity financing offence is low • Information to satisfy that the entity exists and that every person who deals with you on behalf of the entity is authorized to do so | N/A but this method can only be used to verify the identity of specific entities | <ul style="list-style-type: none"> • The grounds for considering that there is a low risk of a money laundering offence or terrorist activity financing offence • The information obtained about the entity and persons to satisfy that it exists and that the persons you deal with are authorized to act on behalf of the entity |

Annex 4: Examples of acceptable photo identification documents

The following list provides examples of acceptable government-issued photo

identification documents from federal, provincial or territorial authorities. This is **not** an exhaustive list.

| Type of card or document | Issuing province or state and country |
|--|--|
| Canadian passport | Canada |
| Permanent resident card | Canada |
| Citizenship card (issued prior to 2012) | Canada |
| Secure Certificate of Indian Status | Canada |
| Driver's licences | |
| British Columbia Driver's Licence | British Columbia, Canada |
| Alberta Driver's Licence | Alberta, Canada |
| Saskatchewan Driver's Licence | Saskatchewan, Canada |
| Manitoba Driver's Licence | Manitoba, Canada |
| Ontario Driver's Licence | Ontario, Canada |
| Québec Driver's Licence | Québec, Canada |
| New Brunswick Driver's Licence | New Brunswick, Canada |
| Nova Scotia Driver's Licence | Nova Scotia, Canada |
| Prince Edward Island Driver's Licence | Prince Edward Island, Canada |
| Newfoundland and Labrador Driver's Licence | Newfoundland and Labrador, Canada |
| Yukon Driver's Licence | Yukon, Canada |
| Northwest Territories Driver's Licence | Northwest Territories, Canada |
| Nunavut Driver's Licence | Nunavut, Canada |
| DND 404 Driver's Licence | Department of National Defence, Canada |
| Provincial services cards | |

| | |
|---|-----------------------------------|
| British Columbia Services Card | British Columbia, Canada |
| Provincial or territorial identity cards | |
| British Columbia Enhanced ID | British Columbia, Canada |
| Alberta Photo Identification Card | Alberta, Canada |
| Saskatchewan Non-driver photo ID | Saskatchewan, Canada |
| Manitoba Enhanced Identification Card | Manitoba, Canada |
| Ontario Photo Card | Ontario, Canada |
| New Brunswick Photo ID Card | New Brunswick, Canada |
| Nova Scotia Identification Card | Nova Scotia, Canada |
| Prince Edward Island Voluntary ID | Prince Edward Island, Canada |
| Newfoundland and Labrador Photo Identification Card | Newfoundland and Labrador, Canada |
| Northwest Territories General Identification Card | Northwest Territories, Canada |
| Nunavut General Identification Card | Nunavut, Canada |
| Types of card or international document | |
| Global Entry Card | United States |
| NEXUS | United States or Canada |
| France driver's licence | France |
| Australian passport | Australia |
| Pennsylvania driver's licence | Pennsylvania, United States |

Note: You cannot use a provincial health card for identification purposes where it is prohibited by provincial legislation to use the card as a form of identification or to record the health card number.

Annex 5: Examples of reliable sources of information for the dual-process method

This is **not** an exhaustive list. You must always rely on valid and current information, whether it be through an original version or whether you obtain another version of the information's original format, such as a fax, photocopy, scan, or electronic image, and that can meet your related record keeping obligations.

| Reliable sources of information to verify name and address | Reliable sources of information to verify name and date of birth | Reliable sources of information to verify name and confirm a financial account (specifically, a deposit account, prepaid payment product account, credit card account or loan account) |
|---|---|---|
| Issued by a Canadian government body: <ul style="list-style-type: none">• A fax, photocopy, scan or electronic image of a government-issued photo identification document• Any statement, form, certificate or other source issued by a Canadian government body (federal, provincial, territorial or | Issued by a Canadian government body: <ul style="list-style-type: none">• A fax, photocopy, scan or electronic image of a government-issued photo identification document• Any statement, form, certificate or other source issued by a Canadian government body (federal, provincial, territorial or | Confirm that the person has a deposit account, prepaid payment product account, credit card or loan account by means of: <ul style="list-style-type: none">• Credit card statement• Bank statement for deposit or chequing accounts |

municipal):

- Canada Pension Plan (CPP) statement
- Property tax assessment issued by a municipality
- Provincially issued vehicle registration
- Benefits statement:
 - Federal, provincial, territorial, or municipal levels

Issued by other Canadian sources:

- Utility bill (for example, electricity, water, telecommunications)
- Canada 411
- Record of Employment
- Registered investment account statements (for example, RRSP, TFSA or RRIF)
- Canadian credit file that has been in existence for at least six months
- Product from a Canadian credit bureau or other third party (containing two

municipal):

- Birth certificate
- Marriage certificate or government-issued proof of marriage document (long form which includes date of birth)
- Divorce documentation
- Permanent resident card
- Citizenship certificate
- Temporary driver's licence (non-photo)

Issued by other Canadian sources:

- Canadian credit file that has been in existence for at least six months
- Product from a Canadian credit bureau (containing two trade lines in existence for at least six months)
- Investment account statements (for example, RRSP, GIC)
- Insurance documents (home, auto, life)

- Loan account statement (for example, mortgage)
- Cheque that has been processed in the last statement period (cleared, insufficient funds) by a financial institution
- Telephone call, email, letter, or other traceable means of confirmation from the financial entity holding the deposit account, prepaid payment product account, credit card or loan account
- Product from a Canadian credit bureau (containing two trade lines in existence for

| | | |
|---|--|---|
| <p>trade lines in existence for at least six months)</p> <ul style="list-style-type: none"> Insurance documents (home, auto, life) For a currently enrolled student, a transcript or documentation issued by a school that contains a unique reference number | <p>Issued by a foreign government:</p> <ul style="list-style-type: none"> Travel visa A fax, photocopy, scan or electronic image of a photo identification document issued by a foreign federal, provincial or territorial government (for example, foreign driver's licence or passport) | <p>at least six months)</p> <ul style="list-style-type: none"> Use of micro-deposits |
|---|--|---|

Details and history

Published: June 2021

List of changes and updates

| Date [YYYY-MM-DD] | Summary of changes |
|----------------------|--|
| 2023-08-02 | <ul style="list-style-type: none"> Added link to video 5 "Verifying the identity of a client: Reliance method" |
| 2023-05-11 | <ul style="list-style-type: none"> Added link to video 4 "Verifying the identity of a client: Affiliate or member method" |
| 2023-03-22 | <ul style="list-style-type: none"> Added link to video 3 "Verifying the identity of a client: Dual-process method" |
| 2023-02-22 | <ul style="list-style-type: none"> Added section 6 "How to verify the identity of a person who does not have any identity verification documentation or information for a retail deposit account" |



[Canada.ca](#) › [FINTRAC](#) › [Guidance and resources for businesses \(reporting entities\)](#)

› [All FINTRAC guidance](#)

When to verify the identity of persons and entities—Financial entities

From: [Financial Transactions and Reports Analysis Centre of Canada](#)
(FINTRAC)

Overview

This guidance came into effect on June 1, 2021.

This guidance on client identification describes **when** [financial entities \(FEs\)](#) must verify the identity of [persons](#) and [entities](#) as required by the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and associated Regulations. Details on **how** to verify the identity of persons and entities are available in FINTRAC's [Methods to verify the identity of persons and entities](#) guidance.

Who is this guidance for

- Financial entities

In this guidance

1. [When do I have to verify the identity of persons and entities?](#)
2. [What is the difference between verifying identity and keeping client identification information up to date?](#)
3. [What are the exceptions to client identification requirements?](#)

****Note:** Throughout this guidance, references to dollar amounts (such as \$10,000) are in Canadian dollars.

Related guidance

- [Methods to verify the identity of persons and entities](#)

1. When do I have to verify the identity of persons and entities?

As an FE, you must verify the identity of clients for the following:

- a. Large cash transactions
- b. Large virtual currency (VC) transactions
- c. Suspicious transactions
- d. Issuing or redeeming money orders, traveller's cheques or other similar negotiable instruments of \$3,000 or more
- e. Initiating an international electronic funds transfer (EFT)—or any other EFT that is a SWIFT MT-103 message or its equivalent—of \$1,000 or more
- f. Remitting funds to the beneficiary of an international EFT of \$1,000 or more
- g. Transferring VC in an amount equivalent to \$1,000 or more
- h. Remitting VC to a beneficiary in an amount equivalent to \$1,000 or more
- i. Foreign currency exchange transactions of \$3,000 or more
- j. VC exchange transactions in amounts equivalent to \$1,000 or more
- k. Accounts—account holders and persons authorized to give

instructions

l. Credit card accounts—account holders

m. Prepaid payment product (PPP) accounts

- Account holders
- Authorized users
- Payments of \$1,000 or more to PPP account

n. Trusts—settlers or co-trustees of a trust

a. Large cash transactions

You must verify the identity of every person or entity from which you receive \$10,000 or more in cash when the transaction takes place. ¹

This includes a situation where you are deemed to have received cash because you have authorized another person or entity to receive it on your behalf. ²

****Note:** This obligation is subject to the 24-hour rule. ³

b. Large virtual currency (VC) transactions

You must verify the identity of every person or entity from which you receive VC in an amount equivalent to \$10,000 or more when the transaction takes place. ⁴

This includes a situation where you are deemed to have received VC because you have authorized another person or entity to receive it on your behalf. ⁵

****Note:** This obligation is subject to the 24-hour rule. ⁶

c. Suspicious transactions

You must take reasonable measures to verify the identity of every person or entity that conducts or attempts to conduct a suspicious transaction, regardless of the transaction amount, and including transactions that would normally be exempt from client identification requirements,

before sending a [Suspicious Transaction Report \(STR\)](#). [7](#)

d. Issuing or redeeming money orders, traveller's cheques or other similar negotiable instruments of \$3,000 or more

You must verify the identity of every person who requests that you issue or redeem money orders, traveller's cheques or similar negotiable instruments of \$3,000 or more when the transaction is being requested.

[8](#)

e. Initiating an international electronic funds transfer (EFT)—or any other EFT that is a SWIFT MT-103 message or its equivalent—of \$1,000 or more

You must verify the identity of every person who requests the [initiation](#) of an [international EFT](#) or any other [EFT](#) that is a SWIFT MT-103 or its equivalent, including domestic SWIFT MT-103, of \$1,000 or more when the transaction is being requested. [9](#)

f. Remitting funds to the beneficiary of an international EFT of \$1,000 or more

You must verify the identity of every person you remit funds to who is the beneficiary of an international EFT of \$1,000 or more when the transaction takes place. [10](#)

g. Transferring VC in an amount equivalent to \$1,000 or more

You must verify the identity of every person who requests the transfer of VC in an amount equivalent to \$1,000 or more when the transaction is being requested. [11](#)

h. Remitting VC to a beneficiary in an amount equivalent to \$1,000 or more

You must verify the identity of every person you remit VC to as the

beneficiary of a transfer that is equivalent to \$1,000 or more when the transaction takes place. [12](#)

i. Foreign currency exchange transactions of \$3,000 or more

You must verify the identity of every person who requests a foreign currency exchange of \$3,000 or more when the transaction takes place.

[13](#)

j. VC exchange transactions in amounts equivalent to \$1,000 or more

You must verify the identity of every person who requests that you exchange VC for funds, funds for VC, or one VC for another, in an amount equivalent to \$1,000 or more when the transaction is being requested.

[14](#)

k. Accounts—Account holders and persons authorized to give instructions

Account holders

You must verify the identity of every person, corporation, and entity other than a corporation for which you open an account. [15](#) You must do this **before** the first transaction other than when the initial deposit is carried out. [16](#)

Persons authorized to give instructions

You must verify the identity of every person authorized to give instructions on an account before the first transaction, other than the initial deposit, is carried out on the account. [17](#)

This includes verifying the identity of the individual members of a **group plan account** who are authorized to give instructions, when a contribution to the plan is made in respect of the member. [18](#)

You cannot open an account for a person, corporation, or other entity if you cannot verify their identity in accordance with the Regulations. [19](#)

I. Credit card accounts—account holders

You must verify the identity of every person, corporation, and other entity for which you open a credit card account [20](#) before the credit card can be activated. [21](#) If credit cards are issued for persons other than the account holder, you must record their information if they are authorized to give instructions on an account, but you do not have to verify their identity.

For example, a parent applying for a credit card account requests that a credit card be issued on that account for their child, and that child be authorized to give instructions on that account. In this example, the parent's identity has to be verified because the parent is the account holder, the child's identity does not need to be verified.

If there are two or more co-applicants for a credit card account (in other words, if a credit card account is opened in the name of more than one person), the identification requirement applies to all co-applicants.

m. Prepaid payment product (PPP) accounts

Account holders

You must verify the identity of every person, corporation, and other entity for which you open a PPP account [22](#) before the PPP account is activated. [23](#)

Authorized users

You must also verify the identity of every [authorized user](#) of the PPP account [24](#) before the first transaction is carried out. [25](#)

Payments of \$1,000 or more to PPP Accounts

You must verify the identity of every person, corporation, and other entity that makes a payment of \$1,000 or more to a PPP account ²⁶ when the transaction takes place. ²⁷

n. Trusts—settlers or co-trustees of a trust

If you are a trust company, you must verify the identity of every person who is the **settlor** of an **inter vivos trust** for which you are a **trustee**. ²⁸

You must also verify the identity of a corporation or an entity other than a corporation that is the **settlor** of an **institutional trust** for which you are a trustee. ²⁹

You must verify the identity of any person who is authorized to act as **co-trustee** of a trust. ³⁰ If an entity is authorized to act as **co-trustee** of a trust, you must verify its identity and the identity of all persons authorized to give instructions on its behalf (up to three). ³¹

You must verify the identity of a person or an entity within 15 days after the day on which the trust company becomes the trustee. ³²

2. What is the difference between verifying identity and keeping client identification information up to date?

As part of your ongoing monitoring requirements for business relationships, you must keep client identification information up to date, at a frequency that will vary based on your risk assessment, and as outlined in your policies and procedures. ³³ This does not require you to re-identify clients in accordance with the methods to verify identity. As explained in the ongoing monitoring guidance, the requirement is only for you to keep client identification information up to date. This is

understood to be information that you have about your client such as their name and address. In the case of a person, this would also include, but is not limited to, the nature of their principal business or their occupation; and in the case of an entity, the nature of its principal business.

3. What are the exceptions to client identification requirements?

You do not have to re-identify a person or an entity if you previously did so using the methods specified by the Regulations in place at the time, and kept the associated records, so long as you have no doubts about the information used. [34](#)

Large cash transactions

You do not have to verify the identity of a person or entity that conducts a large cash transaction if:

- you receive the cash from another FE or a public body, or from a person who is acting on behalf of a client that is an FE or a public body; [35](#) or
- the amount received is deposited to a business account or is deposited in an automated banking machine (including a quick drop or night deposit). [36](#)

Large VC transactions

You do not have to verify the identity of a person or entity that conducts a large VC transaction if you receive the VC from a client that is an FE or a public body, or from a person acting on behalf of a client that is an FE or public body. [37](#)

When you transfer or receive VC as compensation for the validation of a

transaction that is recorded in a distributed ledger or you exchange, transfer or receive a nominal amount of VC for the sole purpose of validating another transaction or a transfer of information – you do not need to keep a large VC transaction record and do not need to verify identity. [38](#)

Suspicious transactions

You do not have to take reasonable measures to verify the identity of the person or entity that conducts or attempts to conduct a suspicious transaction if:

- you have already verified the identity of the person or entity and have no doubts about the identification information; [39](#) or
- you believe that verifying the identity of the person or entity would inform them that you are submitting an STR. [40](#)

EFT by credit/debit card or PPP

Your client identification requirements do not apply when you carry out the following transactions for a person by means of a credit/debit card or PPP, if the beneficiary has an agreement with the payment service provider that permits payments by those means for goods and services:

[41](#)

- initiate an international EFT of \$1,000 or more; or
- are the final recipient of an international EFT, or of a VC transfer equivalent to \$1000 or more and remit the funds to the beneficiary.

Payment card processing activities

Client identification requirements do not apply to processing credit card or PPP payments on behalf of a merchant. [42](#)

Public bodies, very large corporations and trusts

When opening an account, including a credit card account, PPP account or trust account, you do not have to verify the identity of a person or entity if it is for: [43](#)

- a public body;
- a very large corporation or trust; or
- a subsidiary of those types of entities, if the financial statements of the subsidiary are consolidated with those of the public body, or very large corporation or trust.

Account openings

You do not have to verify the identity of the person that opens an account, is authorized to give instructions in respect of an account, opens a credit card account, or is the settlor or co-trustee of a trust in the following circumstances: [44](#)

- if the person already has an account with you and opens a subsequent account;
- if the person is authorized on a business account, so long as you have verified the identity of at least three persons authorized to give instructions on the account. If one of the three identified persons leaves the business, you must verify the identity of another person authorized on the account;
- an account that is opened for the sale of mutual funds where there are reasonable grounds to believe that the client's identity has been verified by a securities dealer in accordance with the Regulations in respect of:
 - the sale of the mutual funds for which the account has been opened, or
 - a transaction that is part of a series of transactions that includes that sale; and

- an account that is opened at the request of an entity for the deposit, by a life insurance company affiliated with that entity, of a death benefit under a life insurance policy or annuity where:
 - the account is opened in the name of a beneficiary that is a person;
 - only the death benefit may be deposited in the account, and;
 - the policy or annuity contract, under which the death benefit claim was made, has been in existence for at least two years before the death benefit claim was made.

Other activities exempted from client identification requirements

You do not have to verify the identity of persons and entities, as listed in this guidance, for the following: [45](#)

- the sale of an exempt policy as defined in subsection 306(1) of the [Income Tax Regulations](#);
- the sale of a group life insurance policy that does not provide for a cash surrender value or a savings component;
- the sale of an immediate or deferred annuity that is paid for entirely with funds that are directly transferred from a registered pension plan or from a pension plan that must be registered under the [Pension Benefits Standards Act](#), 1985 or similar provincial legislation;
- the sale of a registered annuity policy or a registered retirement income fund;
- the sale of an immediate or deferred annuity that is paid for entirely with funds from the proceeds of a group life insurance policy;
- a transaction that is part of a reverse mortgage (a loan based on the equity of a home) or a structured settlement (a financial or insurance arrangement to resolve a personal injury claim);
- the opening of an account for the deposit and sale of shares from a

corporate demutualization or the privatization of a Crown corporation;

- the opening of an account in the name of an affiliate of an FE, if that affiliate carries out activities that are similar to those of persons and entities referred to in paragraphs 5(a) to (g) of the Act;
- the opening of a registered plan account, including a locked-in retirement plan account, a registered retirement savings plan account, and a group registered retirement savings plan account;
- the opening of an account established pursuant to the escrow requirements of a Canadian securities regulator or Canadian stock exchange or any provincial legislation;
- the opening of an account where the account holder or settlor is a pension fund that is regulated under federal or provincial legislation;
- the opening of an account in the name of, or in respect of which instructions are authorized to be given by an FE, a securities dealer, a life insurance company, or an investment fund that is regulated under provincial securities legislation; and
- the opening of an account solely to provide customer accounting services to a securities dealer.

These exceptions do not apply to large cash transactions, large VC transactions, or suspicious transactions.

Group Plans

If you open a group plan account, other than those for which exceptions already apply, you do **not** have to verify the identity of the individual members of the plan if:

- the identity of the entity that is the plan sponsor has been verified; and
- the individual member contributions are made by the sponsor of the plan or by payroll deduction. 46