



Financial Transactions and  
Reports Analysis Centre  
of Canada

Centre d'analyse des opérations  
et déclarations financières  
du Canada

Unclassified



# ***FINTRAC's meeting with the representatives of the Canadian Real Estate Association***

***June 5<sup>th</sup>, 2018***

Canada

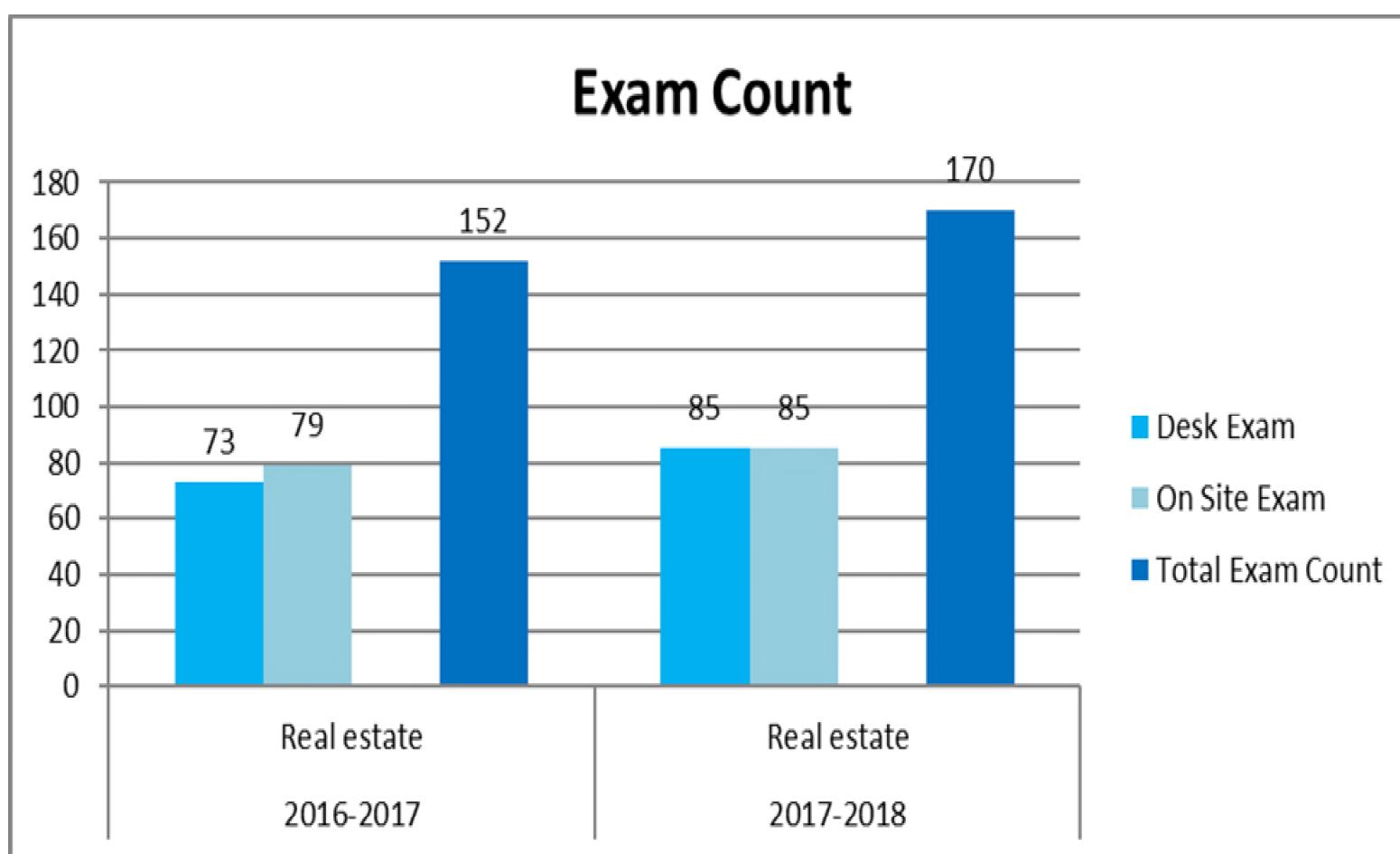
# Overview

- Statistics on exam & reporting volume
- Statistics on exam element deficiencies
  - Sub Level of deficiencies
- Business Relationship answer
- STRs leases
- Occupation

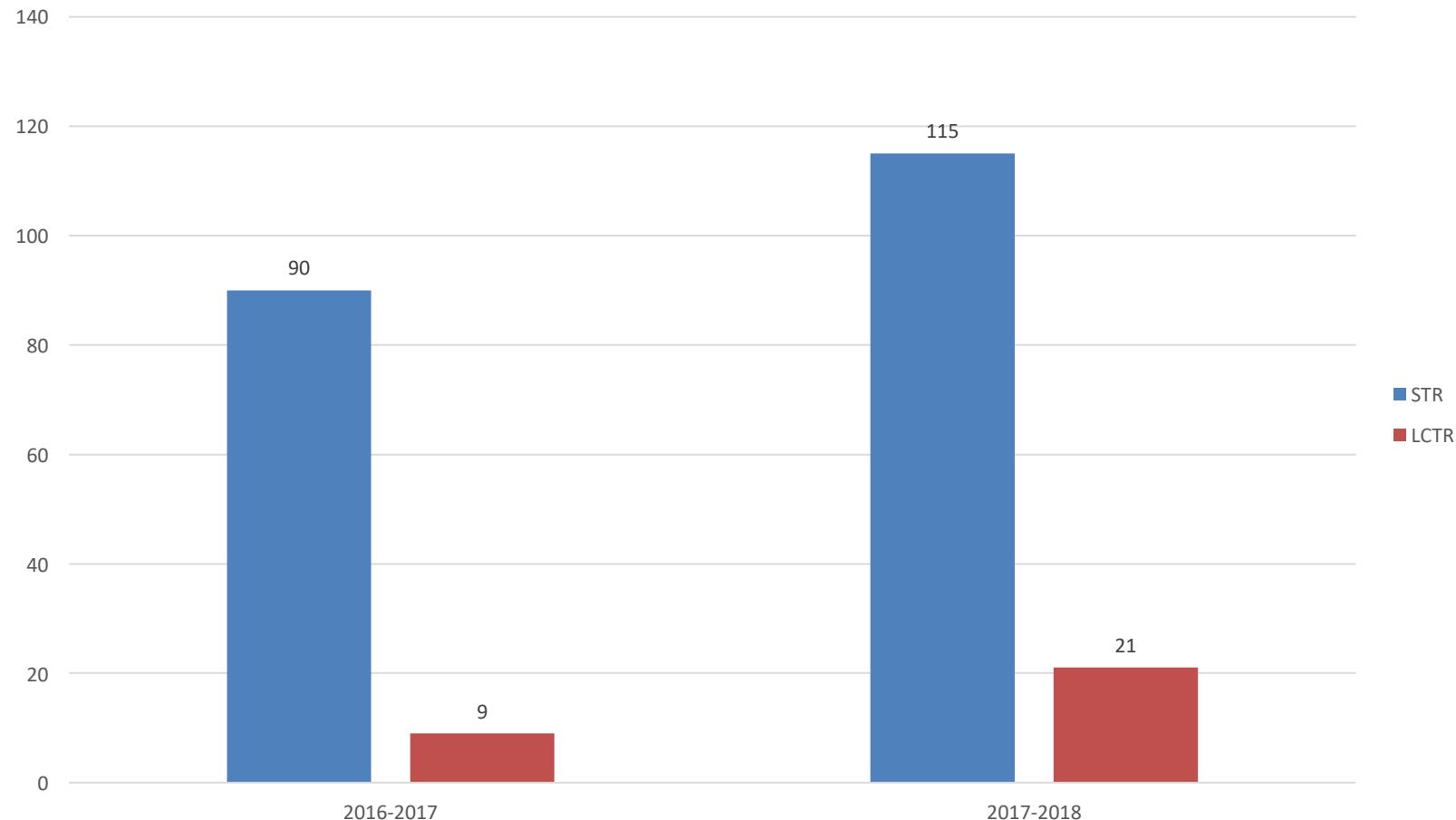


# *Examinations in the Real Estate Sector*

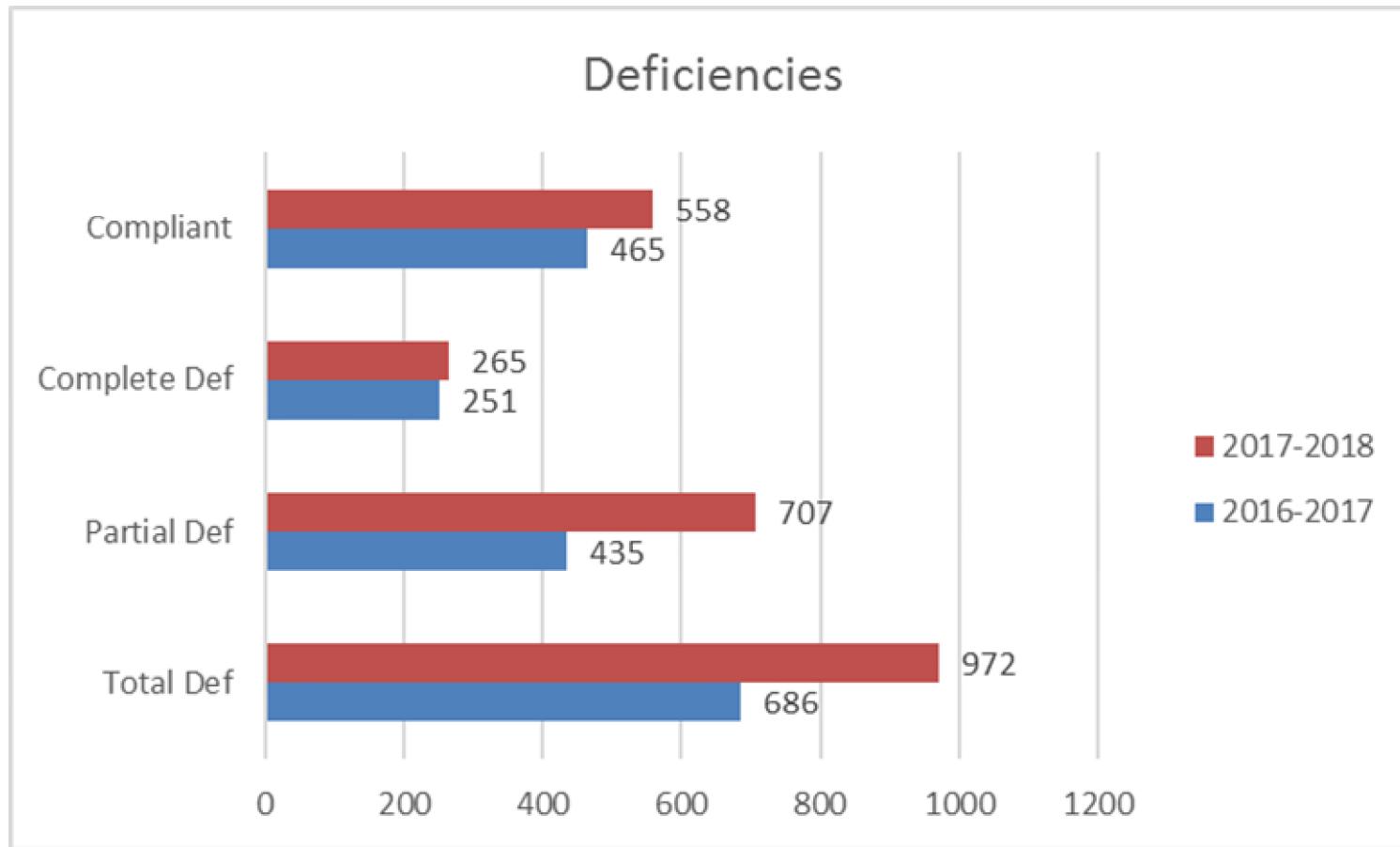
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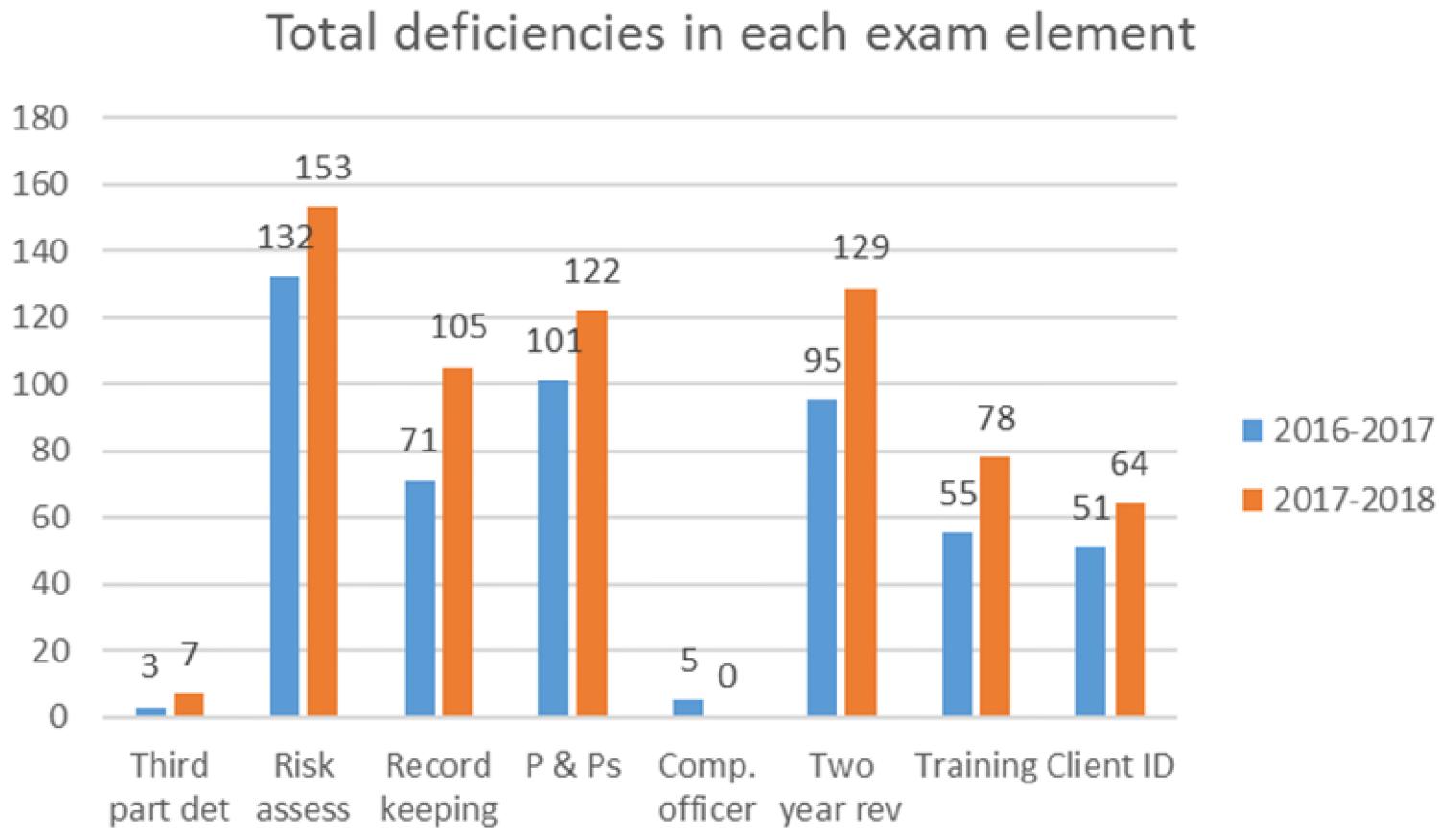
# *Reporting volume of STRs and LCTR*s



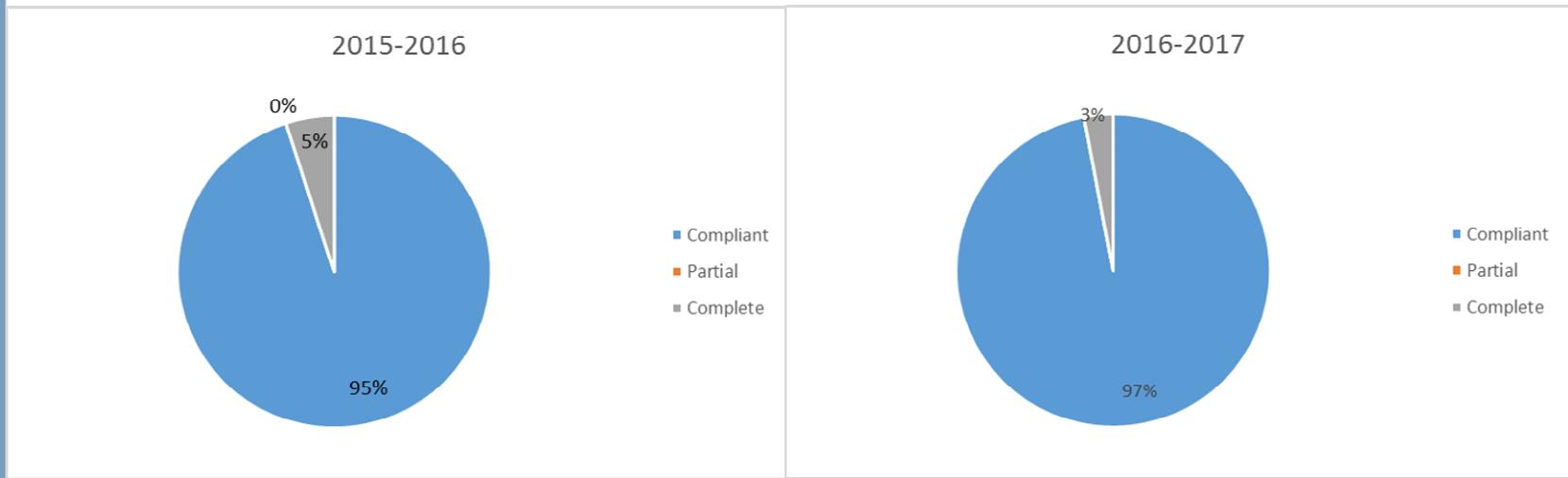
## Real estate sector's deficiencies:



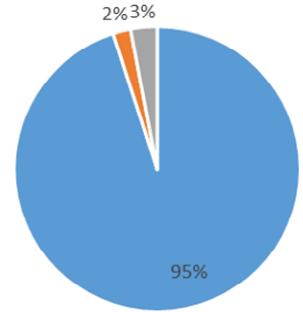
## *Exam element partial and complete deficiencies*



# 1. Exam element: third party determination



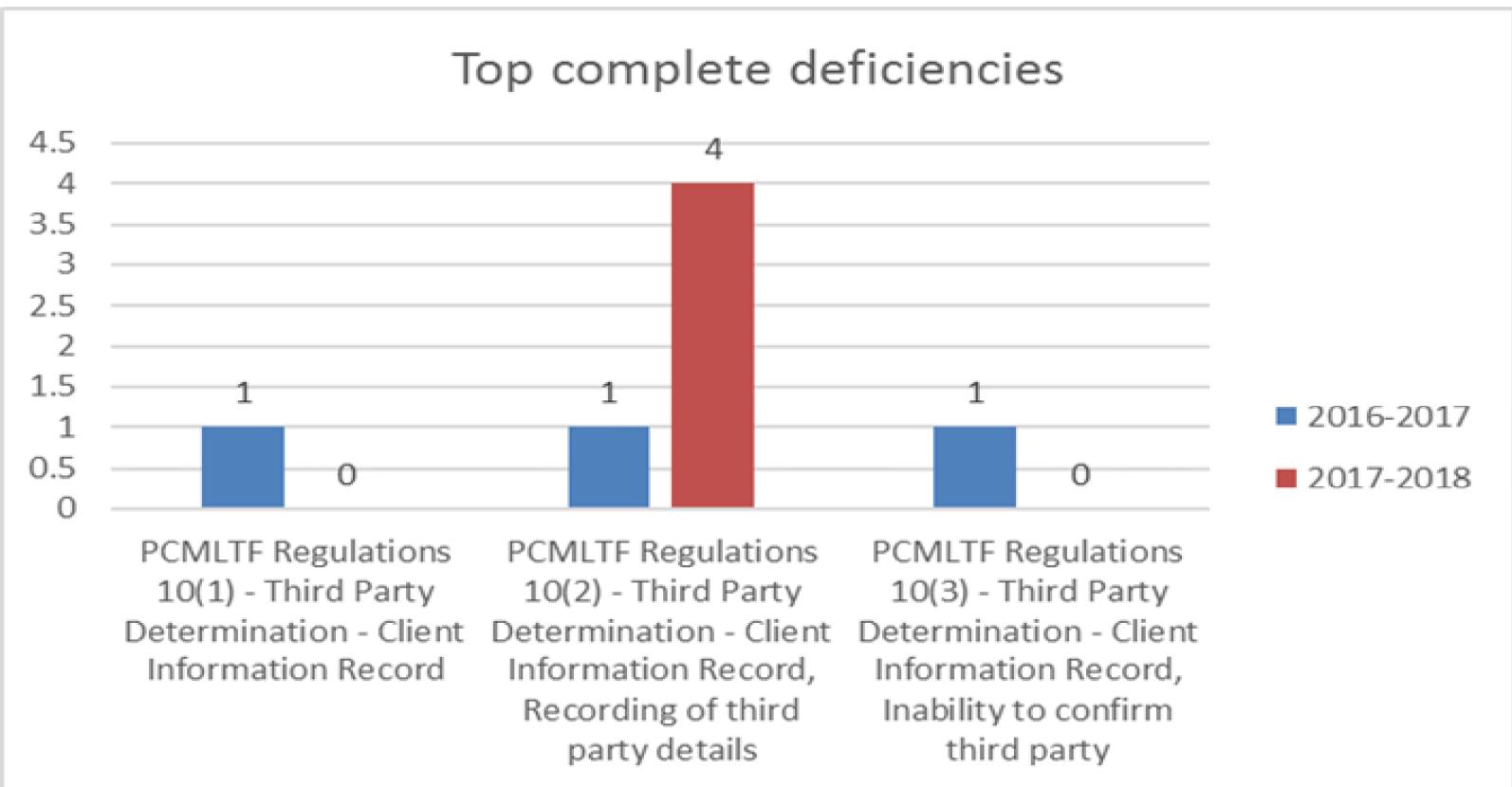
2017-2018



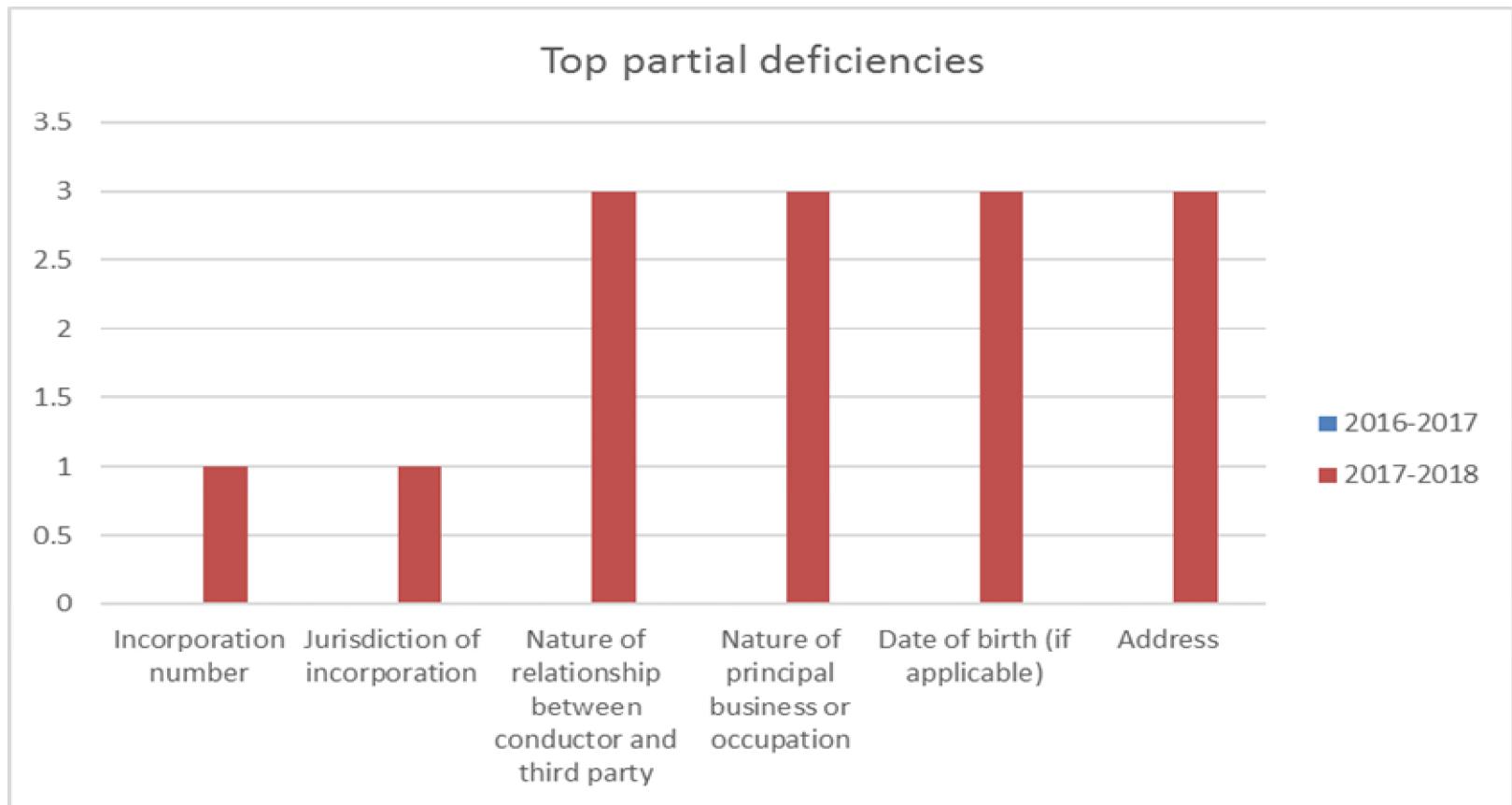
■ Compliant ■ Partial ■ Complete



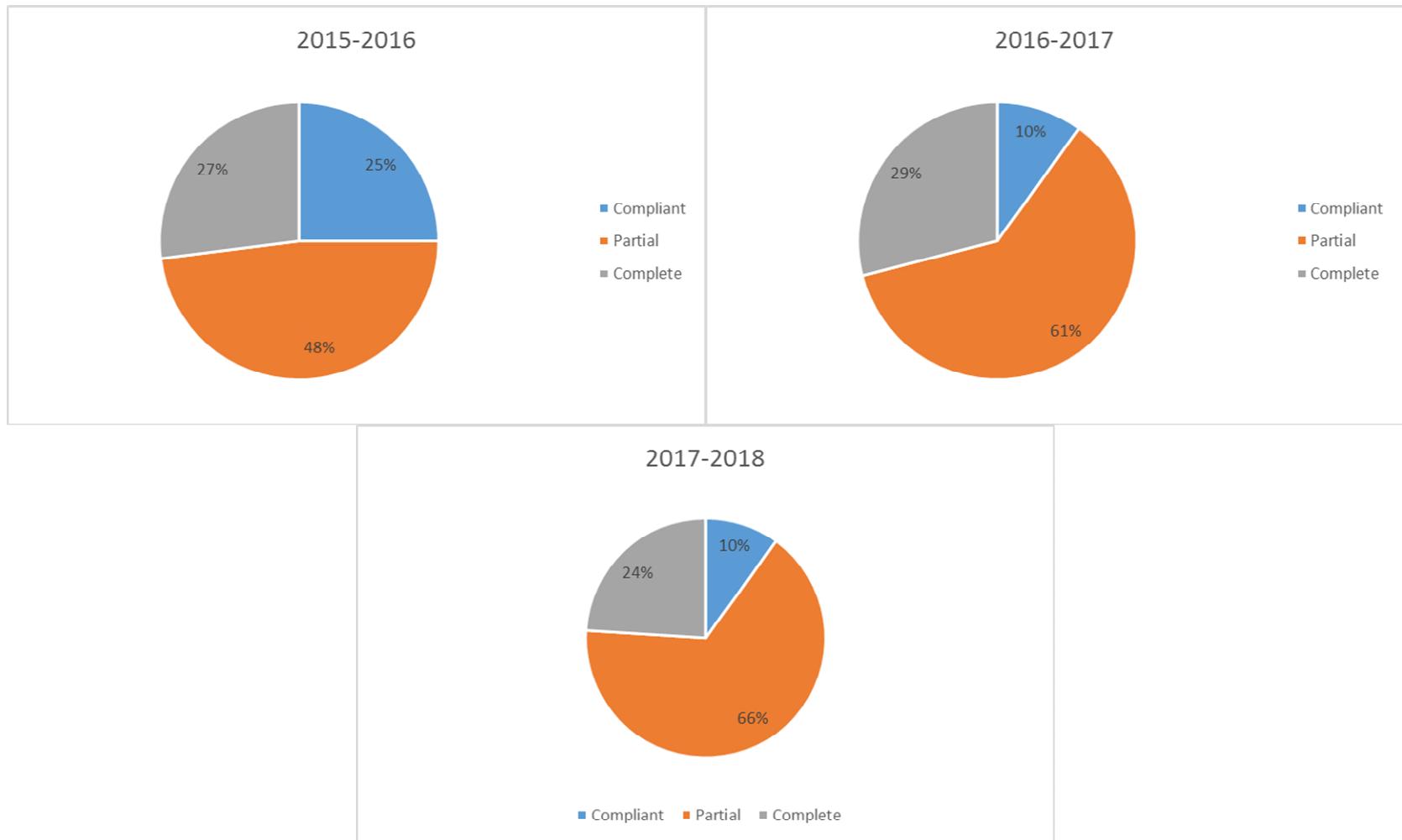
# *Cont. Top complete deficiencies for third party determination*



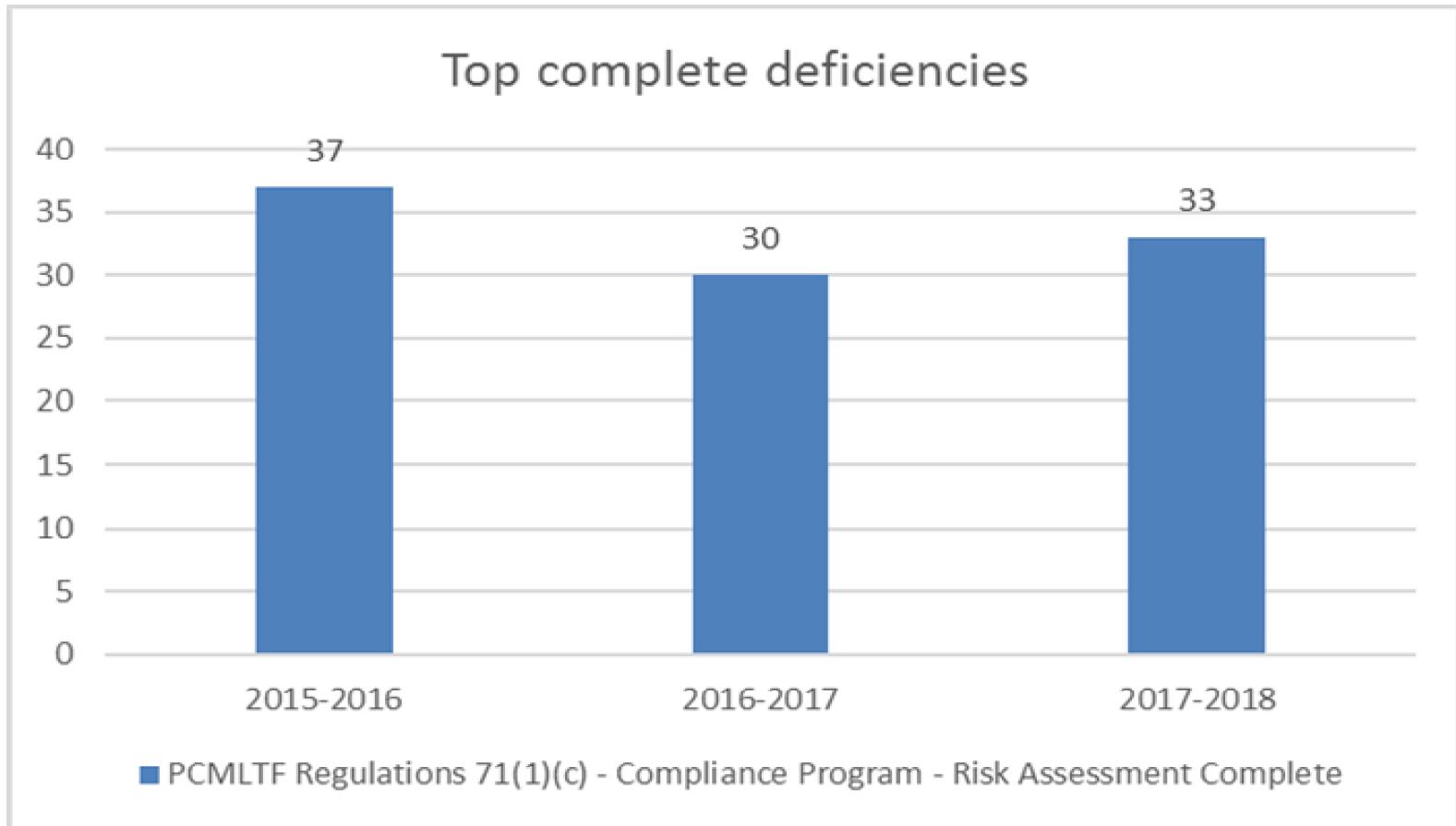
# *Cont. Top partial deficiencies for third party determination*



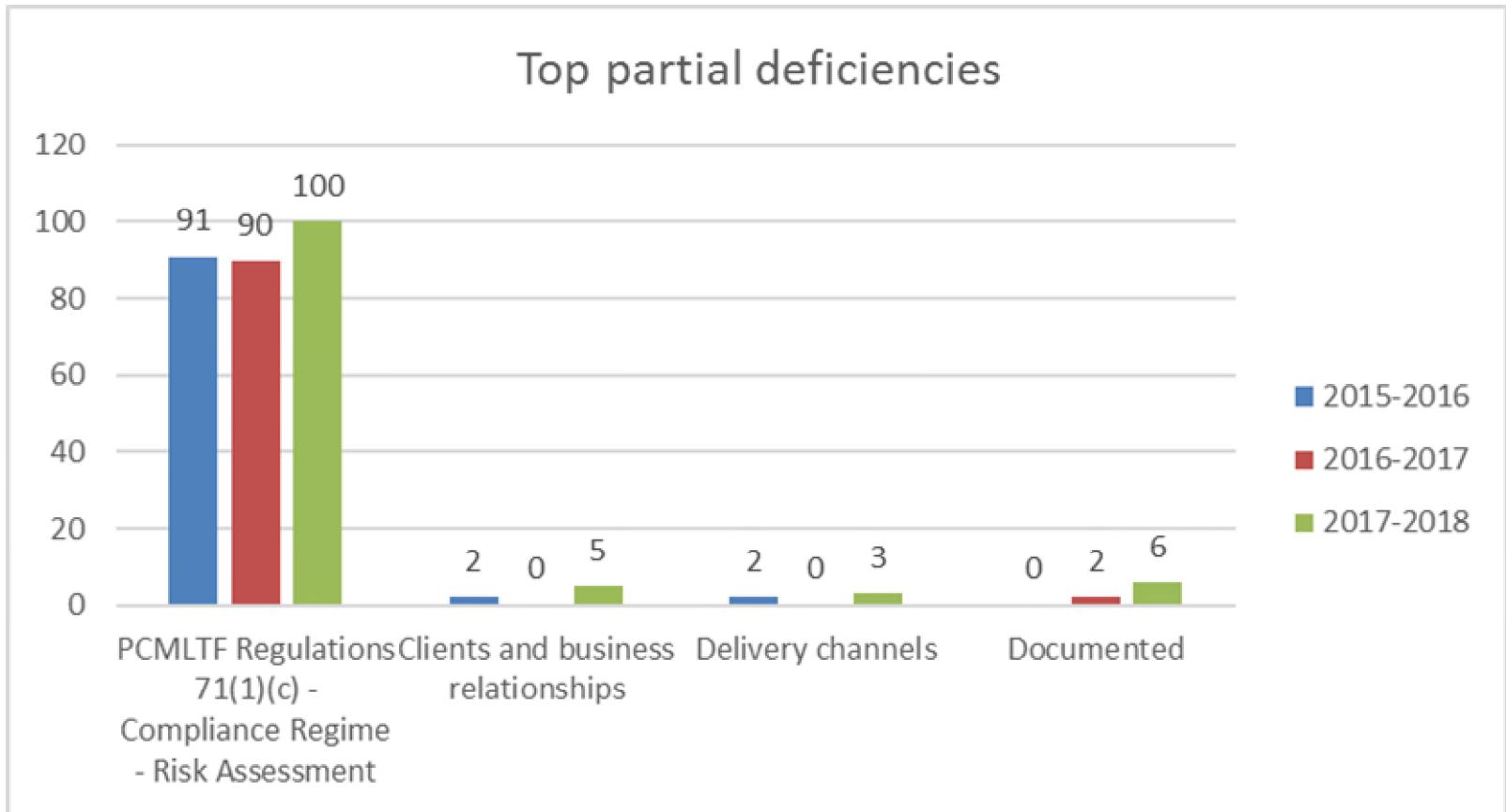
## 2. Exam element: risk assessment



## *Cont. Top complete deficiencies for risk assessment*

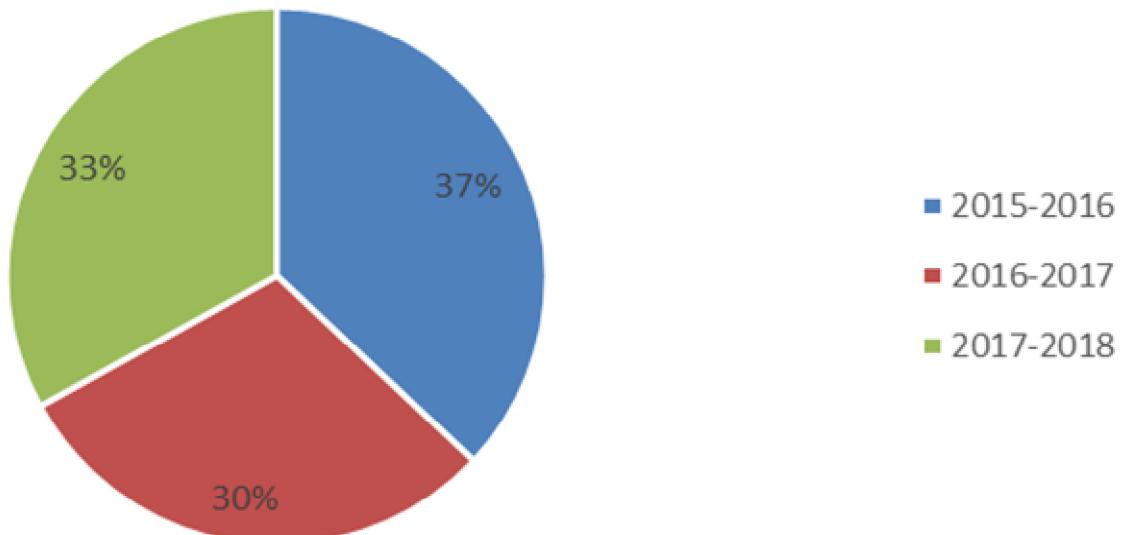


## *Cont. Top partial deficiencies for risk assessment*

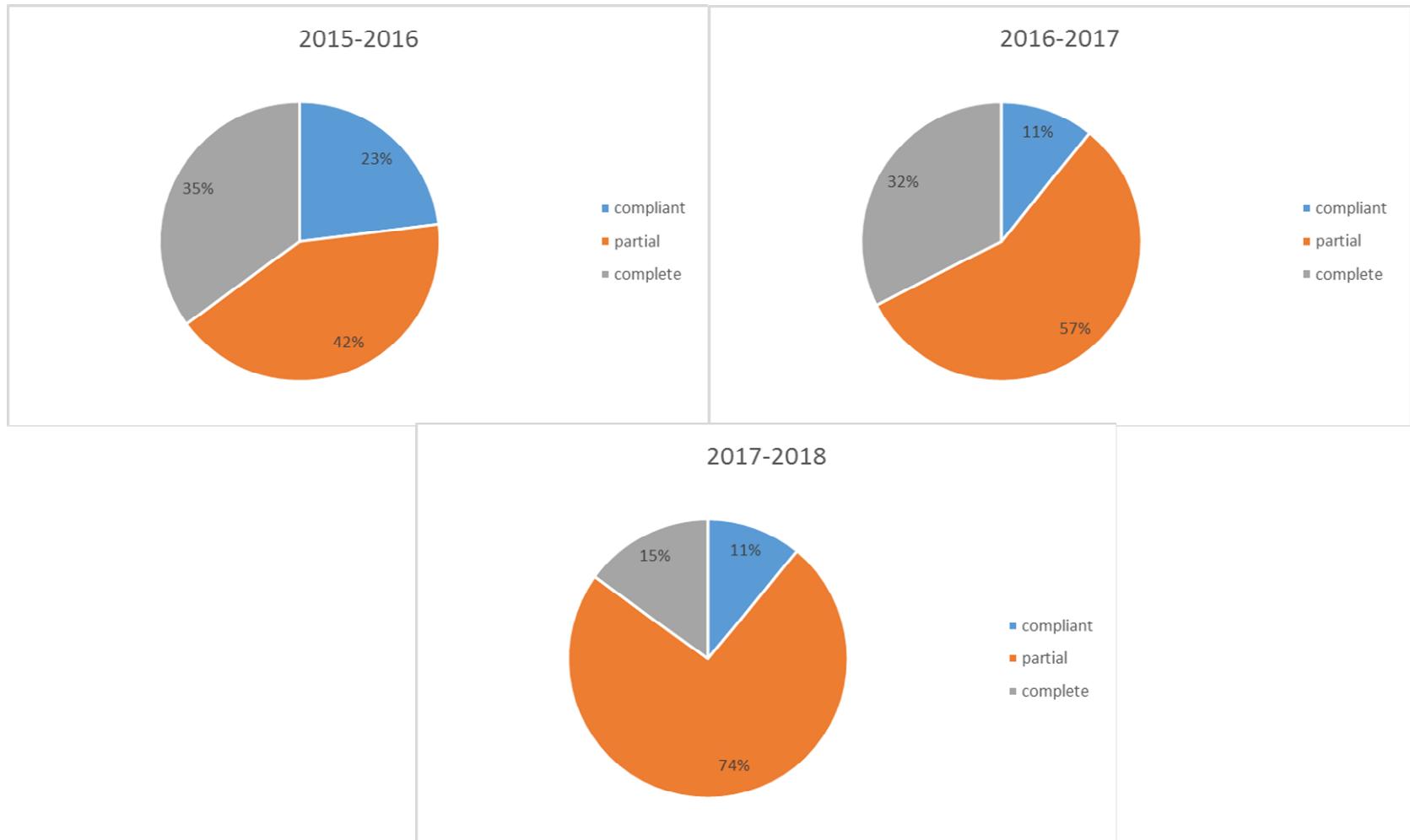


## *Cont. risk assessment % of complete deficiency*

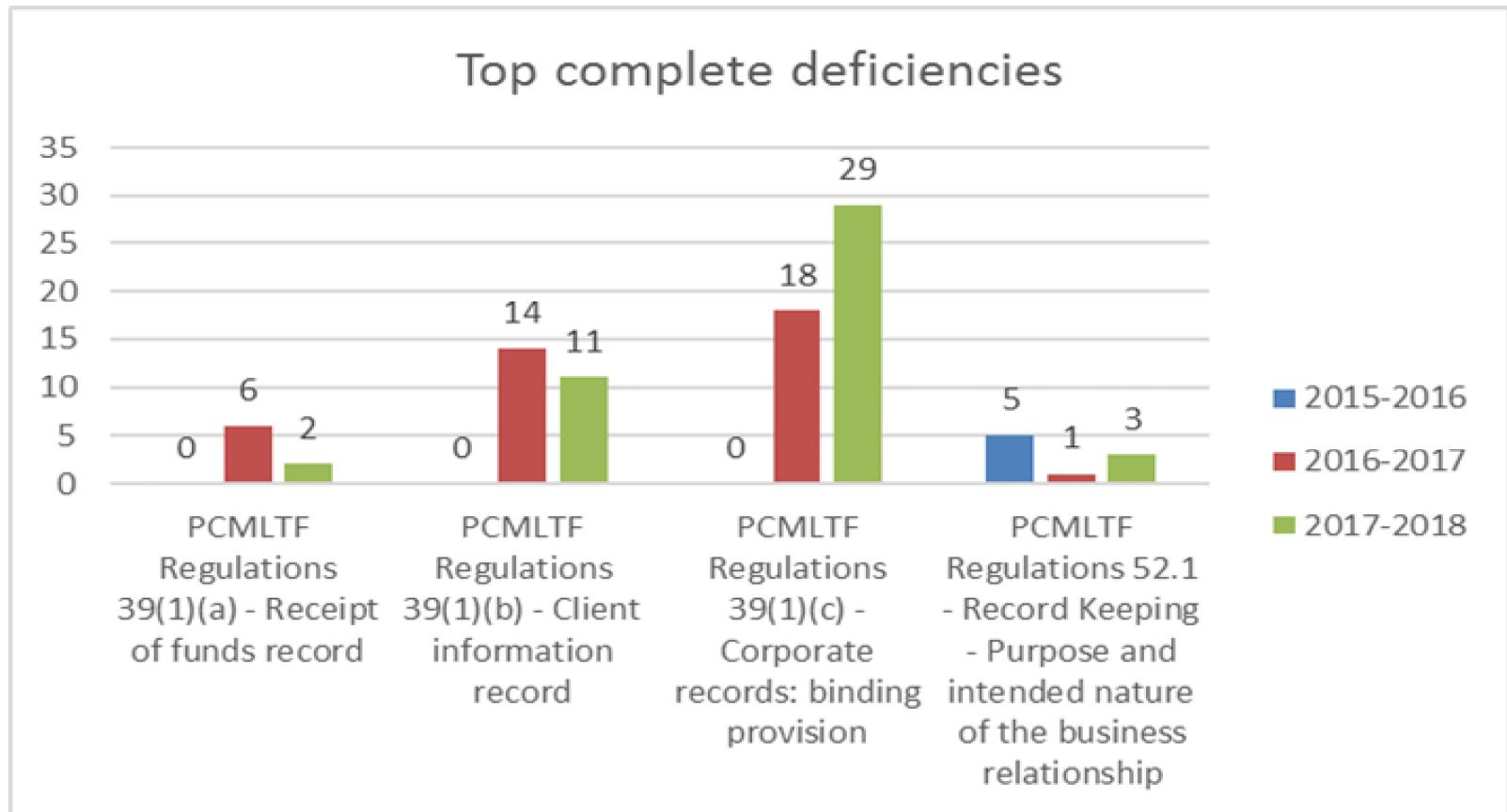
PCMLTF Regulations 71(1)(c) - Compliance  
Program - Risk Assessment Complete



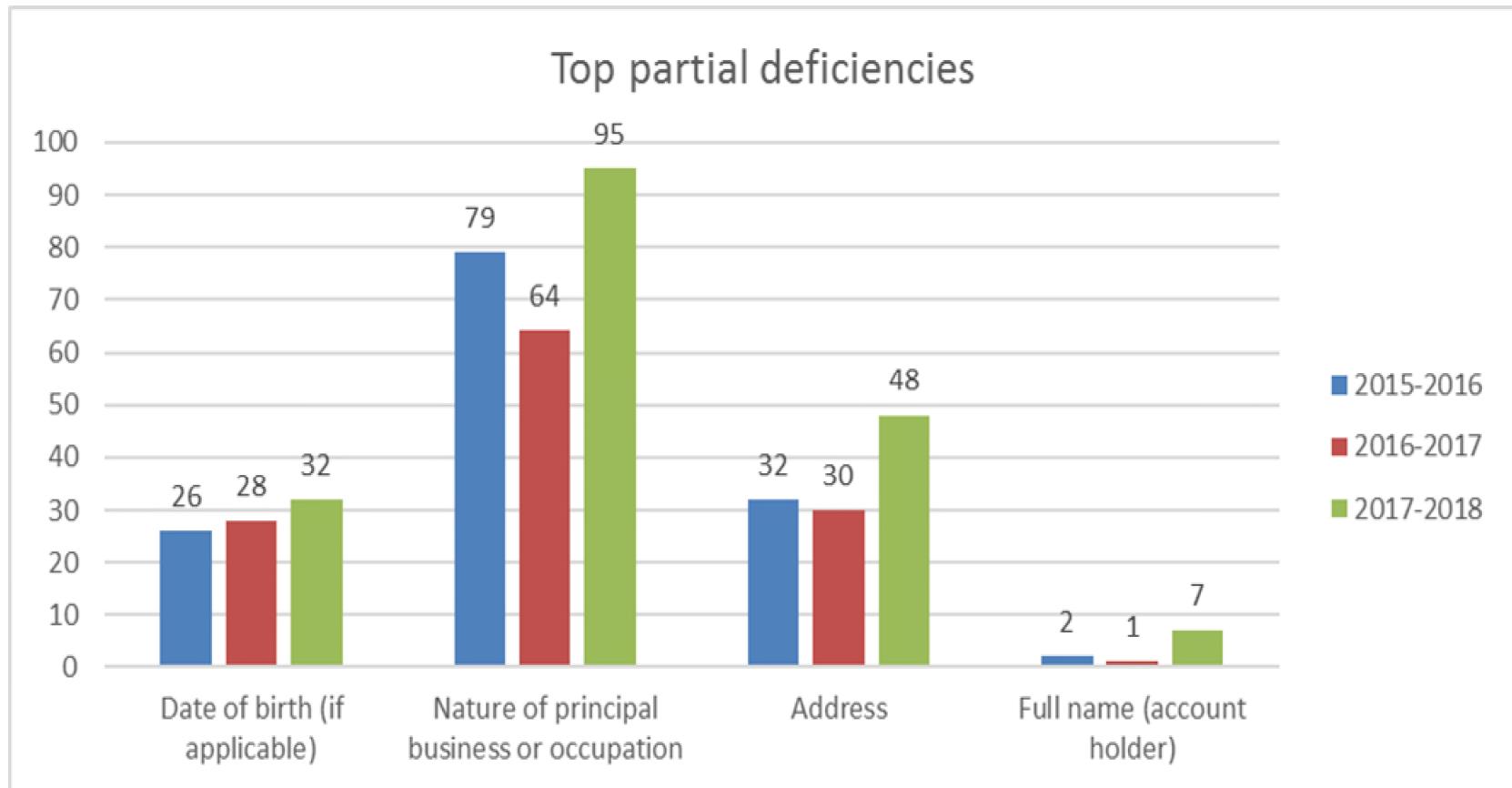
### 3. Exam element: record keeping



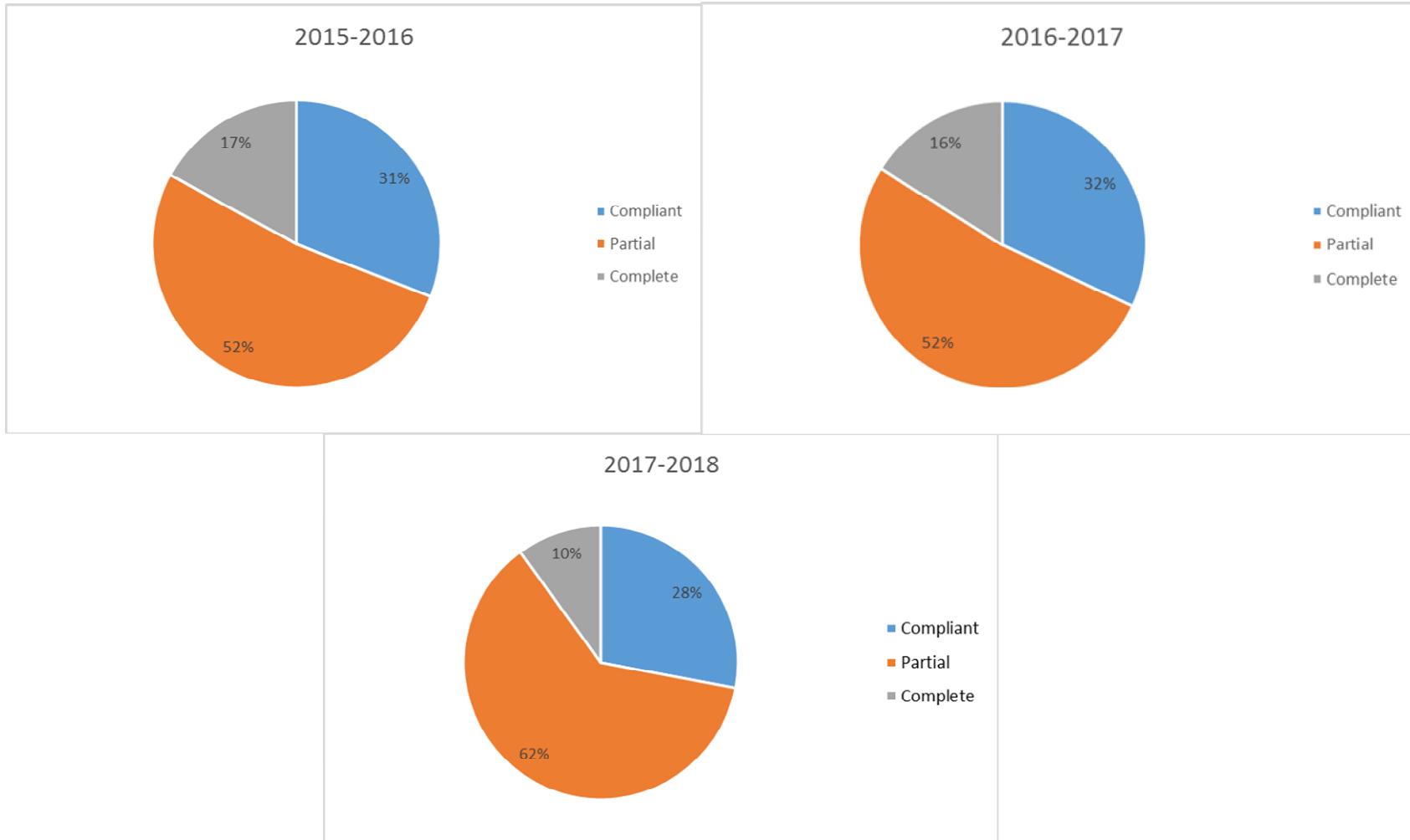
## *Cont. Top complete deficiencies for record keeping*



## *Cont. Top partial deficiencies for record keeping*

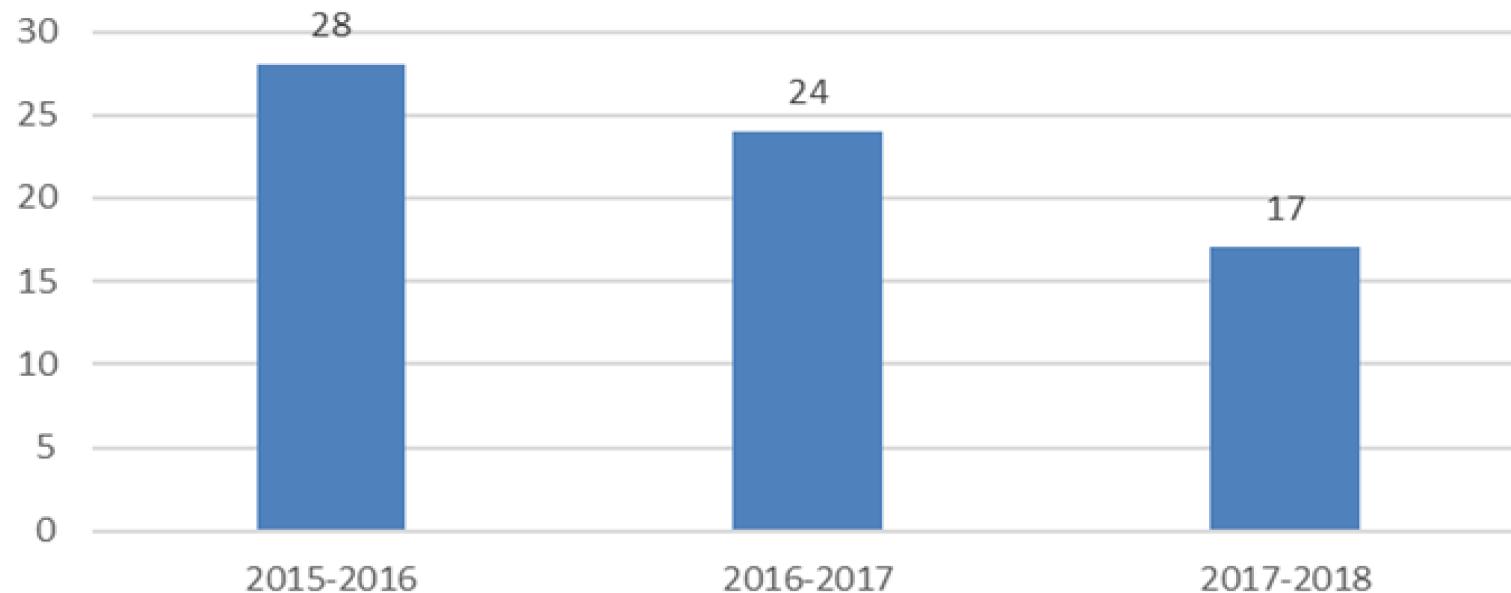


## 4. Exam element: policies & procedures

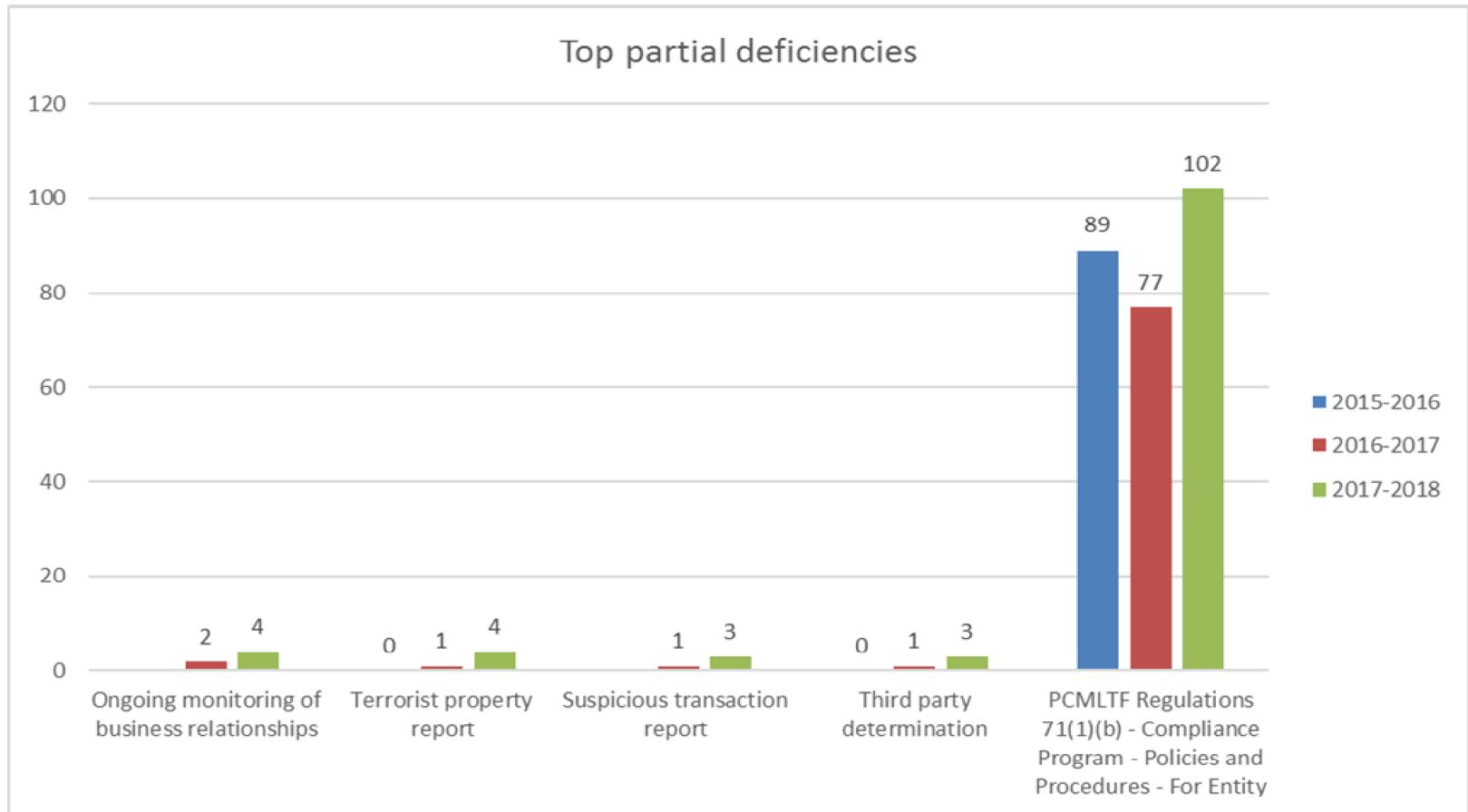


# *Cont. Complete deficiencies for policies procedures*

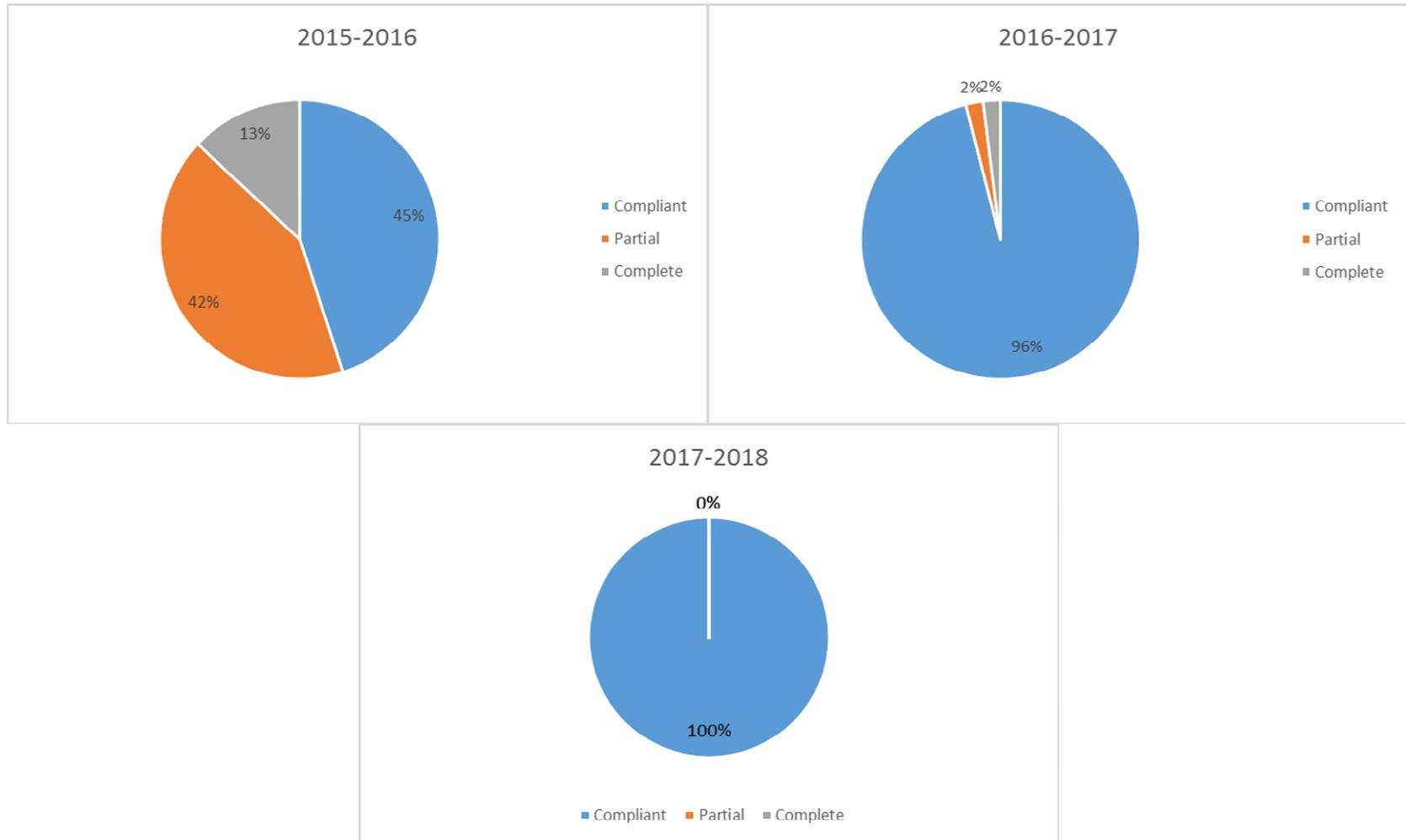
PCMLTF Regulations 71(1)(b) - Compliance  
Program - Policies and Procedures - For Entity  
Complete



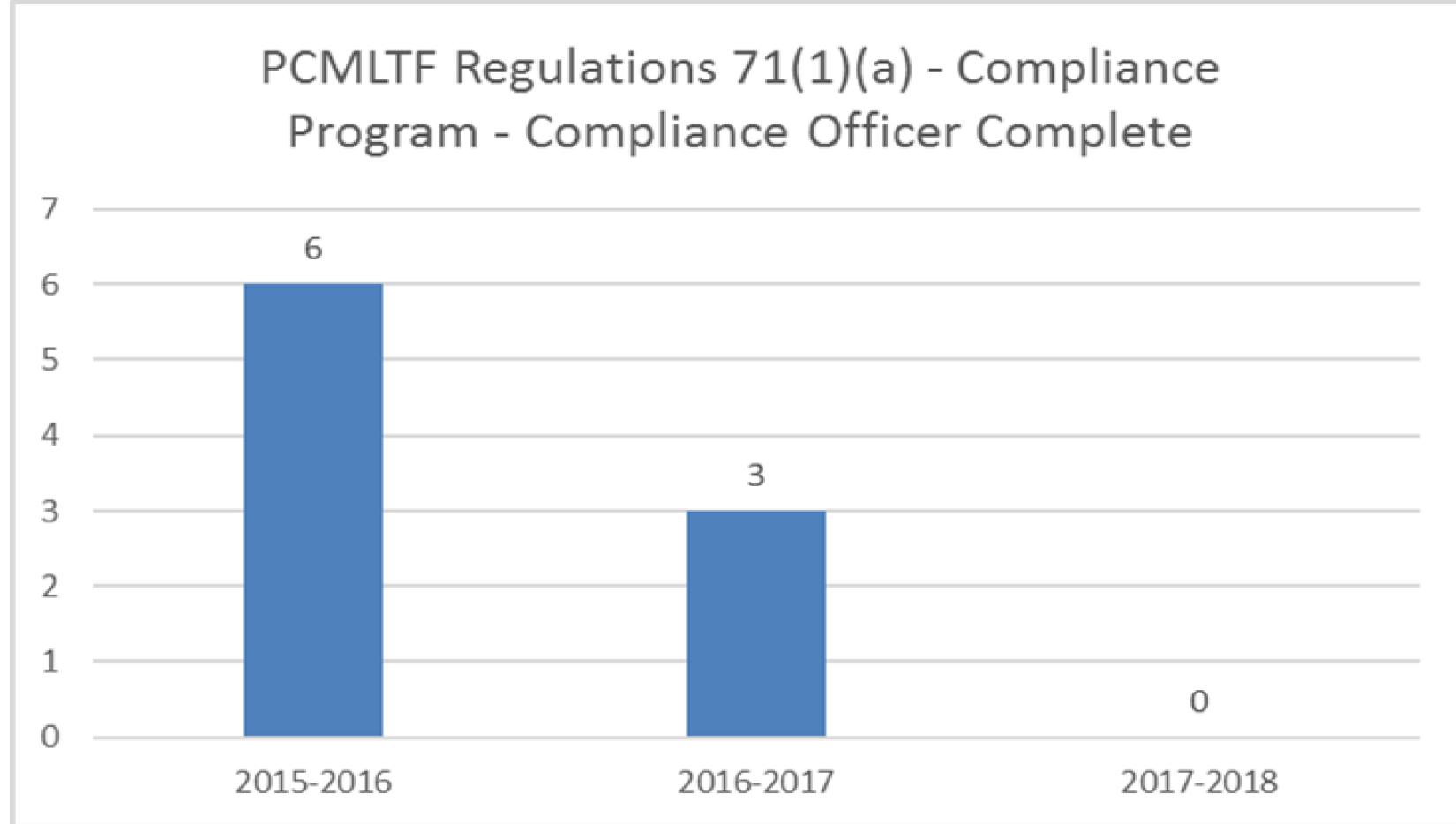
## Cont. Top partial deficiencies for policies procedures



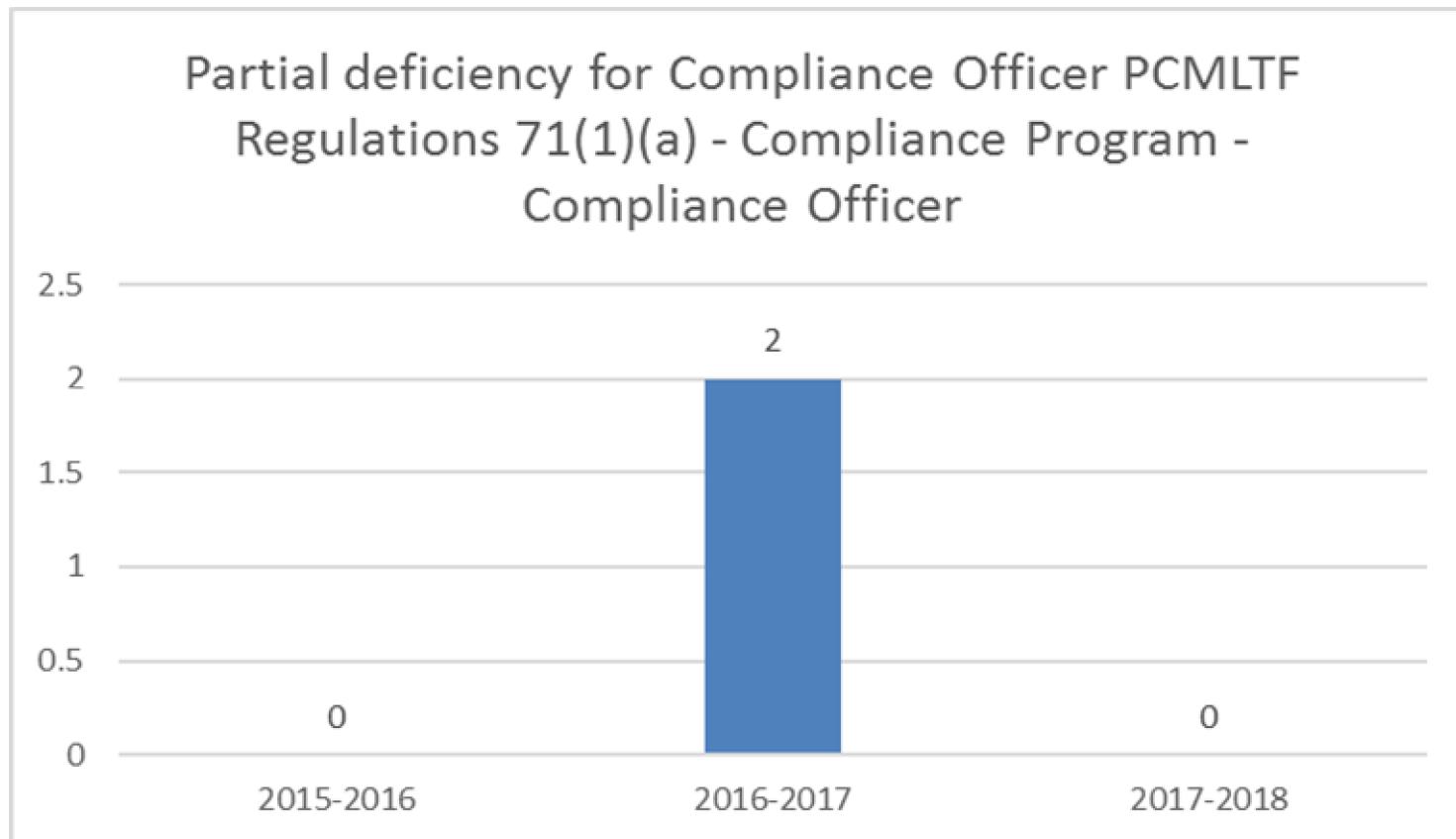
## 5. Exam element: compliance officer



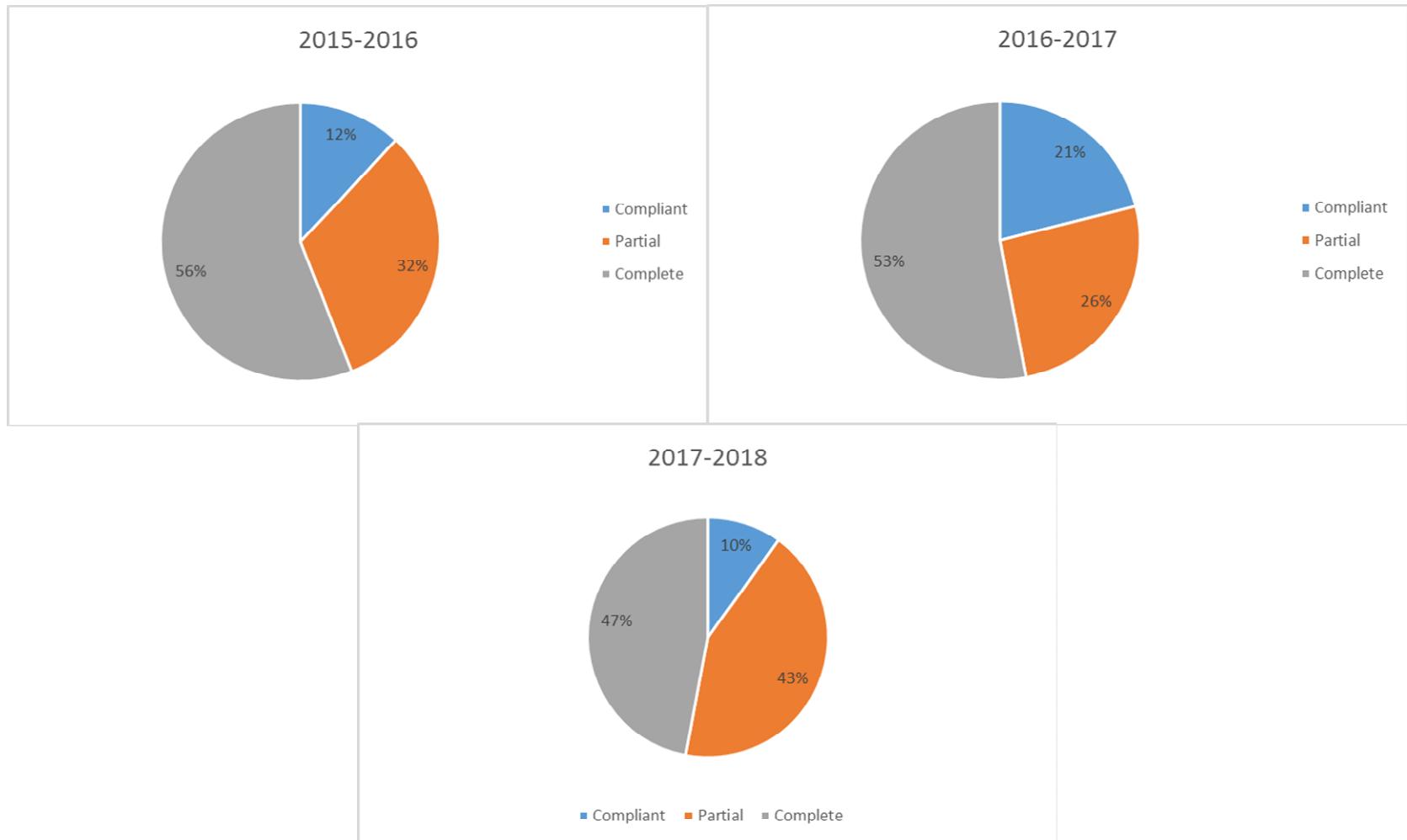
## *Cont. Complete deficiencies for compliance officer*



## *Cont. Partial deficiencies for compliance officer*

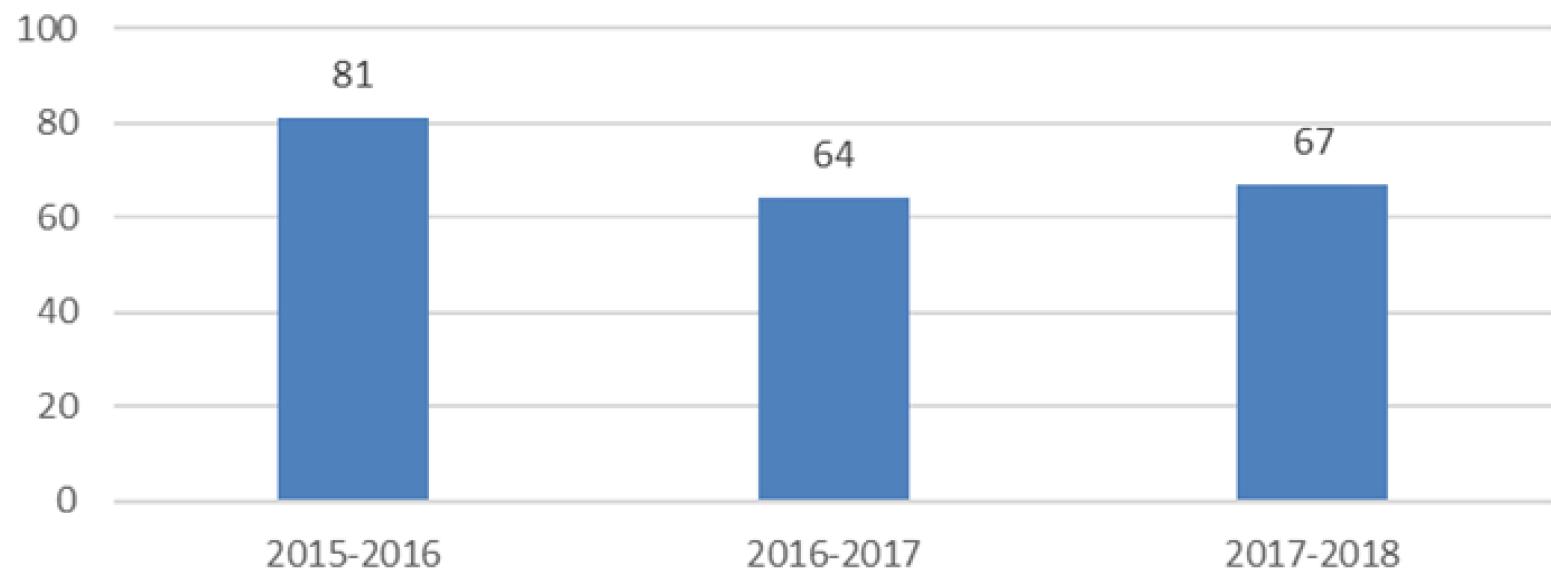


## 6. Exam element: two year review

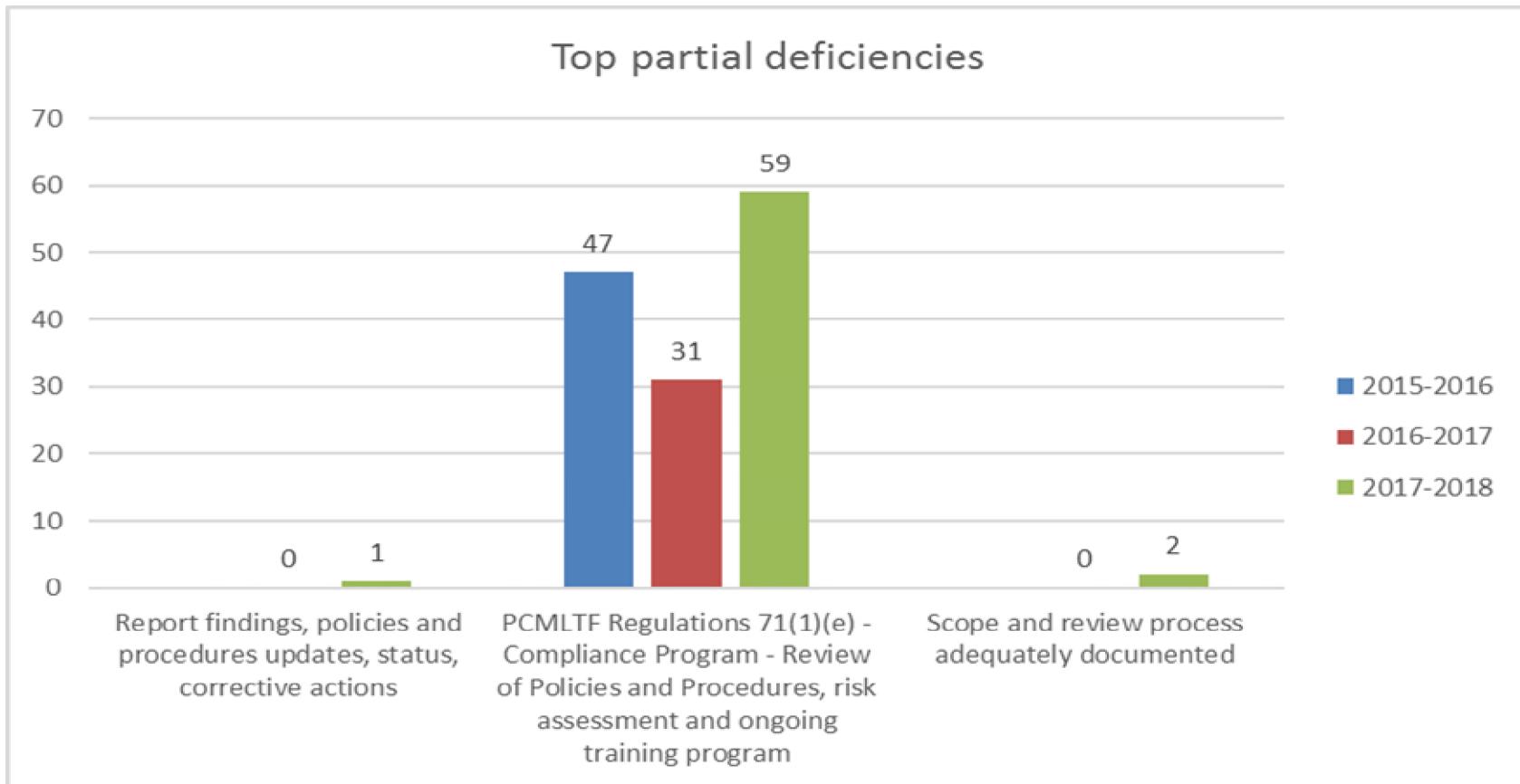


## Cont. two year review

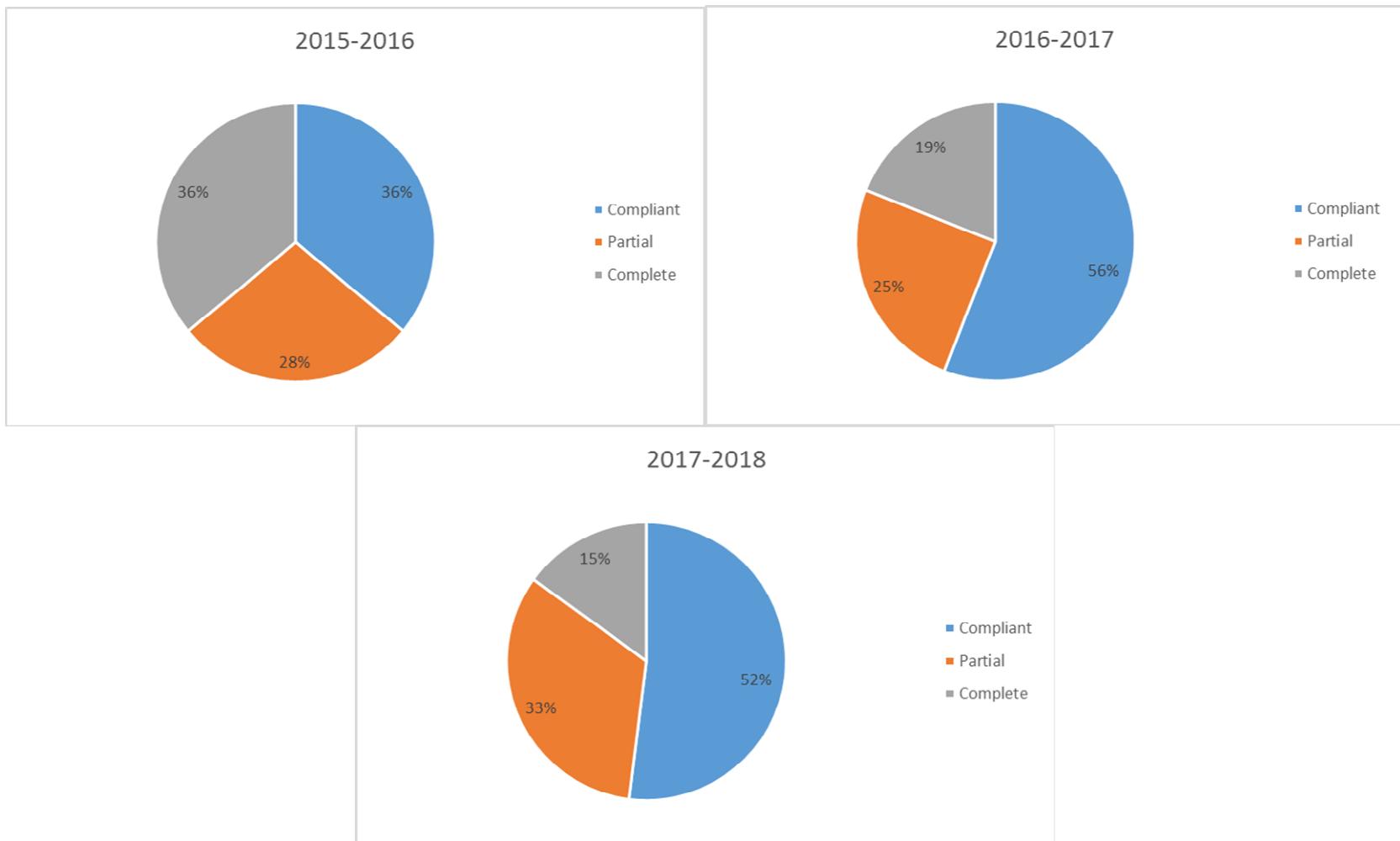
PCMLTF Regulations 71(1)(e) - Compliance  
Program - Review of Policies and Procedures, risk  
assessment and ongoing training program  
Complete



## Cont. Partial deficiencies for two year review

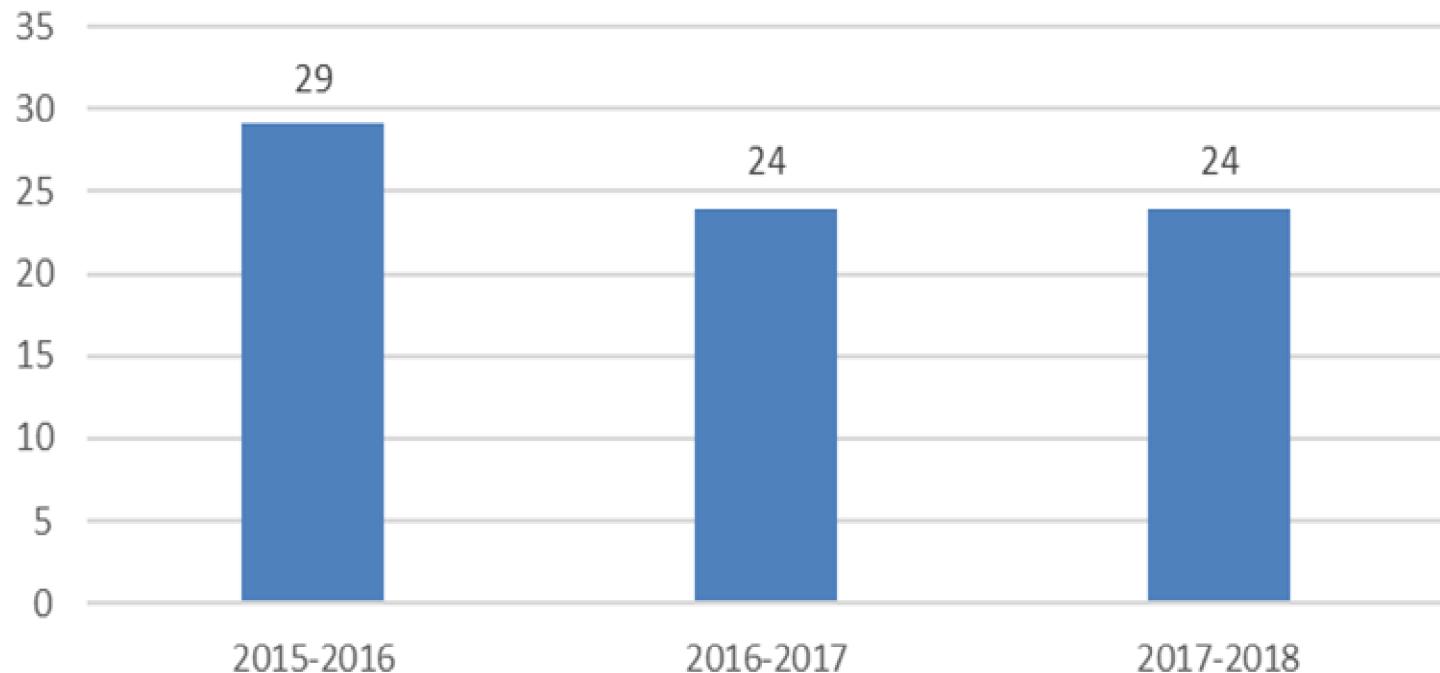


## 7. Exam element: training program

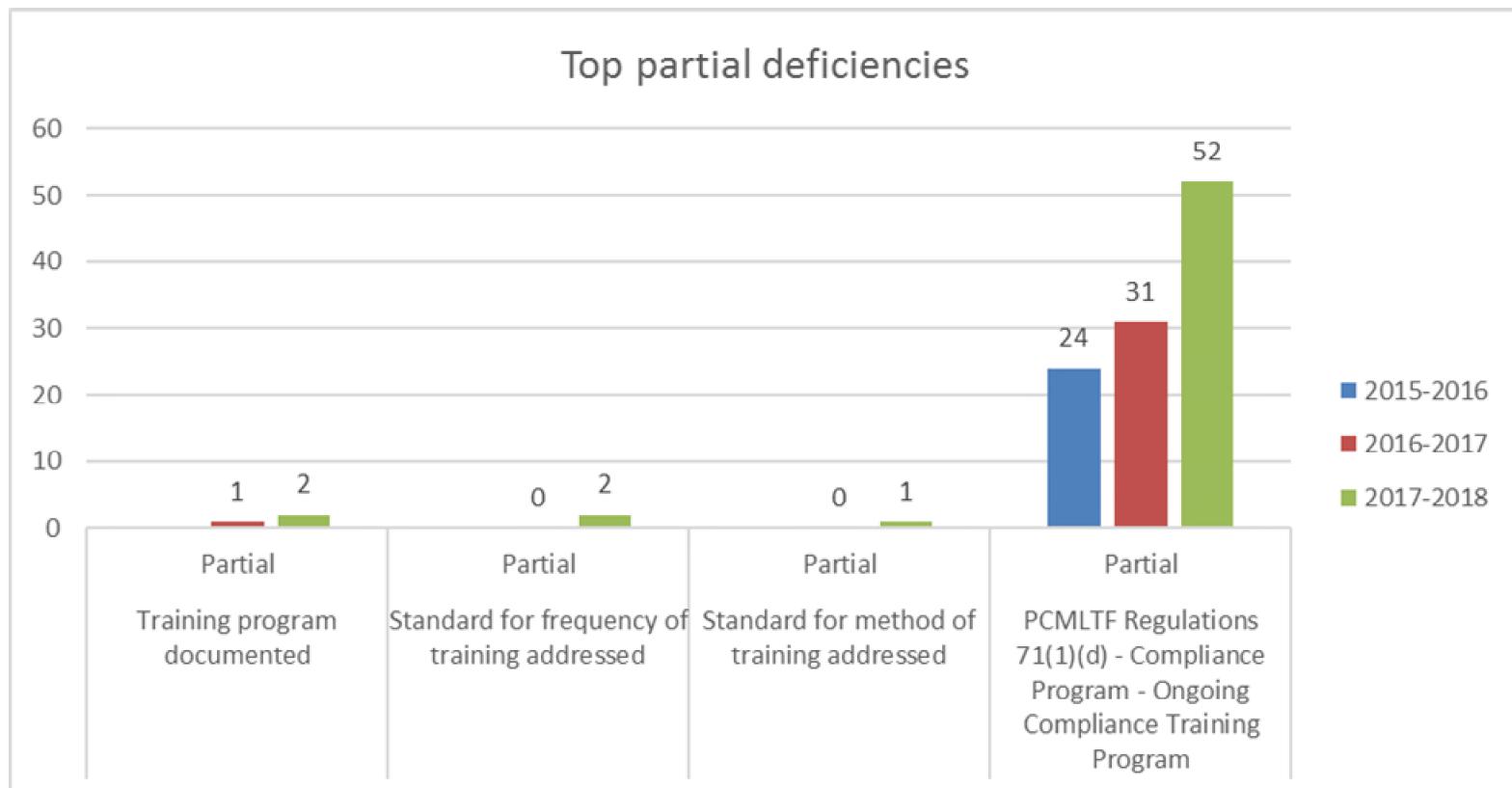


## *Cont. training program*

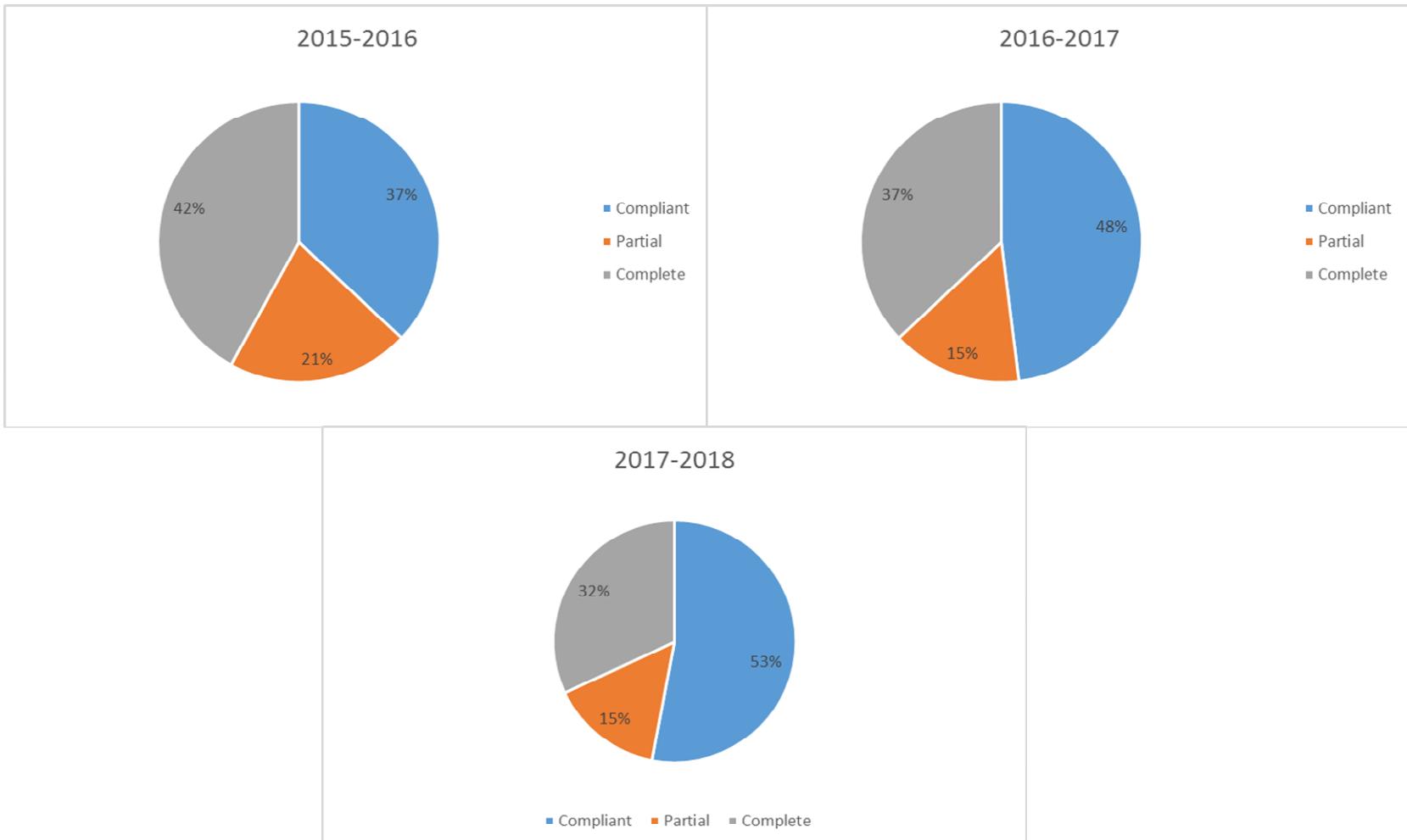
PCMLTF Regulations 71(1)(d) - Compliance  
Program - Ongoing Compliance Training Program  
Complete



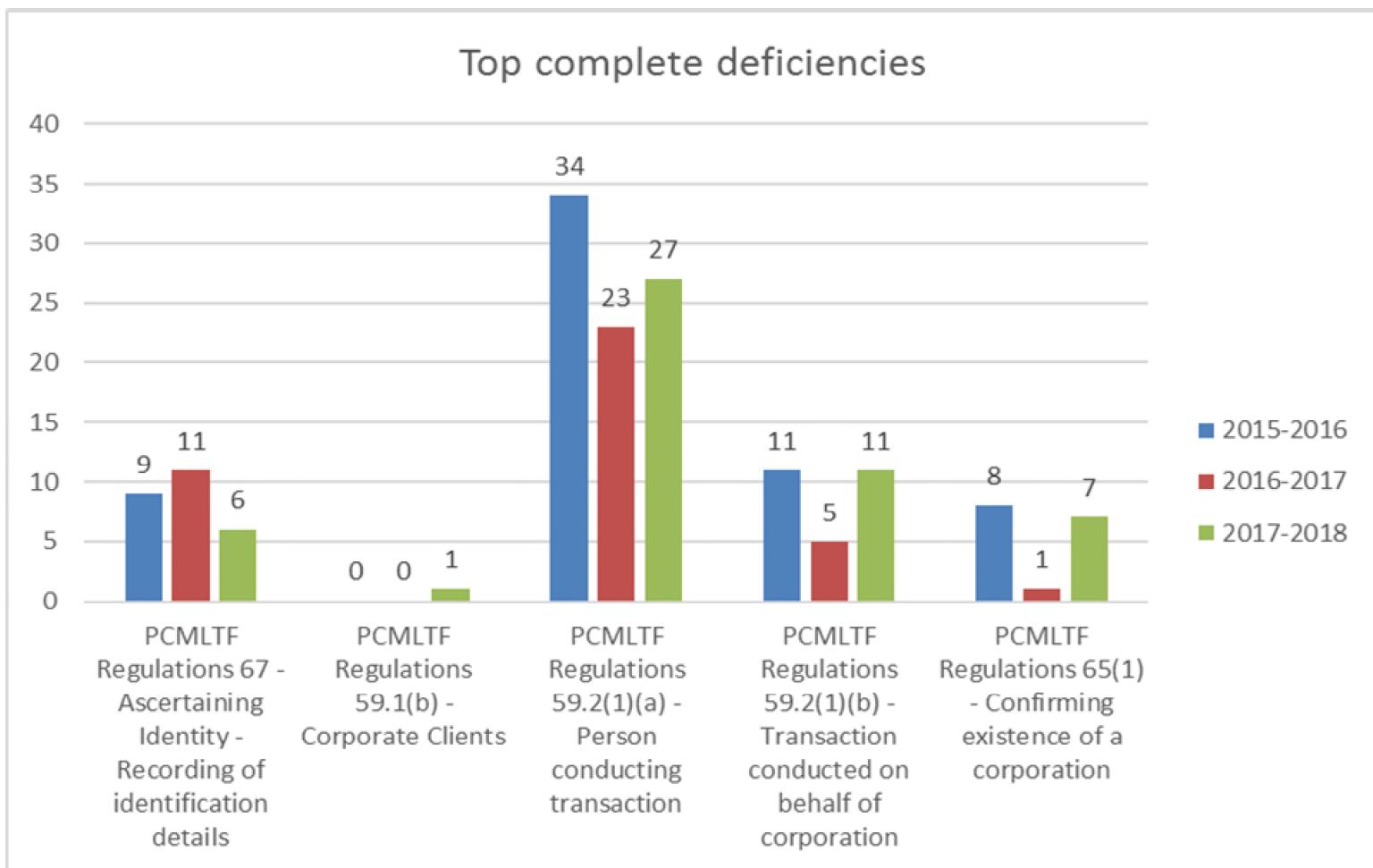
## *Cont. Top partial deficiencies for training program*



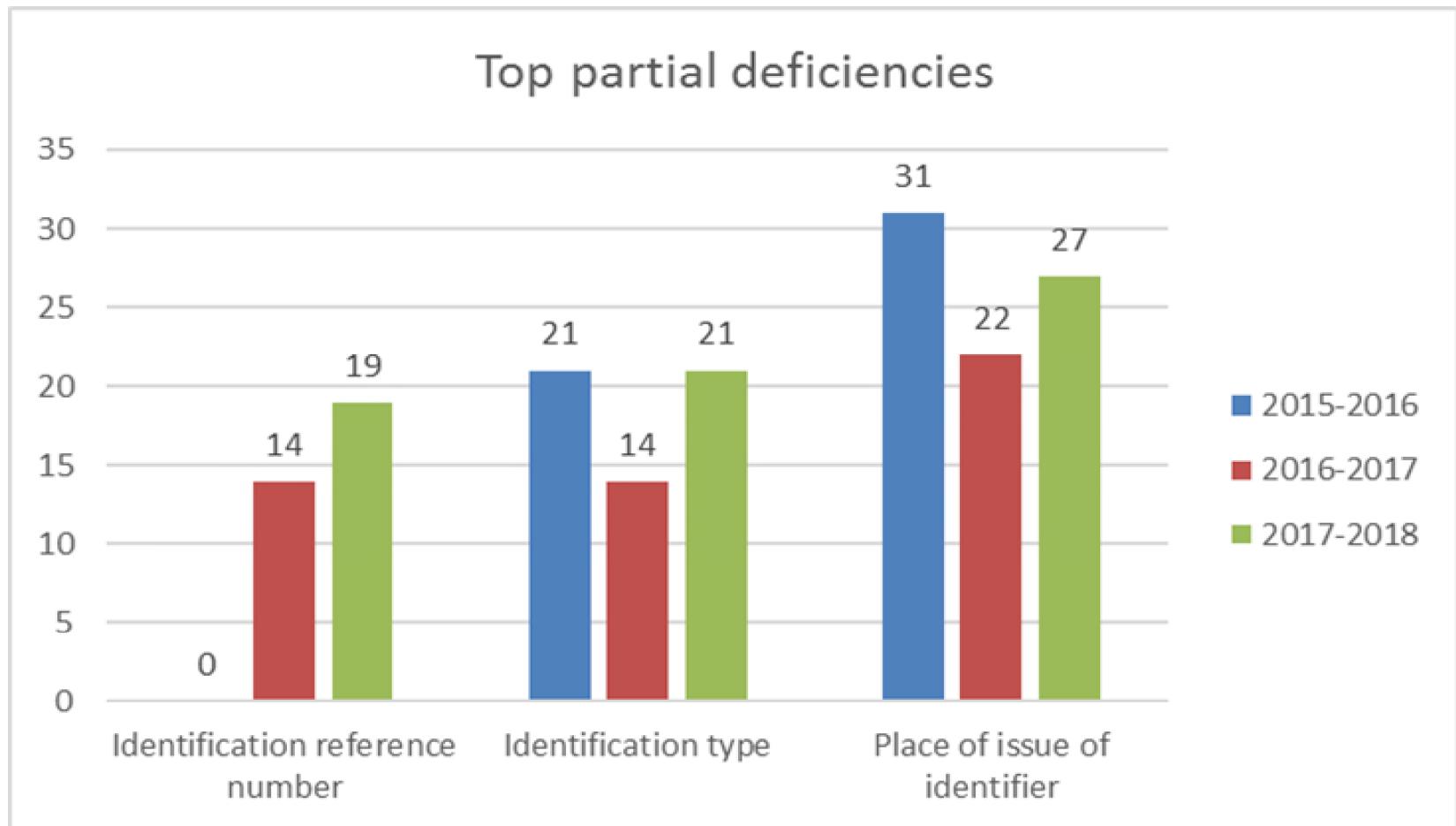
## 8. Exam element: client identification



# Cont. Top complete deficiencies for client identification



## Cont. Top partial deficiencies on client identification



# *Business Relationship*

- where a broker or sales person is required by the Regulations to ascertain identification more than once within one transaction, then these ACTIVITIES do generate a business relationship (e.g., client information record and receipt of funds record).
- This is in line with the definition of business relationship which refers to “transactions and activities in respect of which that person or entity is required to ascertain the identity”.



# STRs on Leases

- PI issue in 2014:

- where a real estate broker or sales representative is subject to Part 1 (because of being an agent in respect of the purchase or sale of real estate) and also performs activities related to property management (**such as leases or rental management**), only the activities (purchase or sale) for which the real estate broker or sales representative act as an agent in respect of the purchase or sale of real estate will be subject to the obligations/requirements under our Act and its associated Regulations.



## *Client's Occupation*

- CREA would like to have FINTRAC's position regarding level of detail required when recording a client's occupation; as for example, teacher, doctor and retired were all accepted (PI provided in 2013).
- A review of the deficiencies over the past two fiscal years do not indicate that problematic.



## *Looking forward*

- STR Indicators consultation
- STR review within the sector
- Improving compliance
  - Implication of other Associations
  - Members of Associations attending
- Tailored Focus



# *Thank you! Questions?*

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