

NEWS

Virtual Currency Dealers Soon to be Impacted by New Regulations

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Changes to Canada's federal anti-money laundering legislation are coming, and they will impact those in the cryptocurrency space.

Some of the change will require 'dealers' in virtual currency to register as 'money service businesses' with FINTRAC by June 1, 2020. Dealers are basically: cryptocurrency exchanges, bitcoin ATM proprietors and digital wallet service providers.

There is a ton to unpack in the [Canada Gazette](#) publication that details the regulation amendments but for now, it is important that every 'dealer in virtual currency' review the amendments and start to consider the following:

1. Appointing a chief compliance officer (and perhaps a deputy CCO!) for your organization.
2. Adopting written anti-money laundering policies and procedures to reflect your company's system of complying (and identifying non-compliance) with the amended regulations.
3. How you intend to comply with the new regulations - which include requirements to identify customers and record details of your customer transactions, and report to FINTRAC (large cash transactions, electronic fund transfers, suspicious or terrorist property).
4. Assessing risk - each money service business must conduct risk assessment for money laundering and terrorist financing transactions, and will have to examine and identify its customer base, examine the types of relationships it has with customers and what processes are in place to control or decrease exposure to money laundering risks.
5. How you intend to actually follow-through with the implementation of your policies and procedures. Having a great policy is one thing, but it is meaningless if you don't apply it to your business. Money service businesses are expected to regularly update their policies and adopt such things as regular employee training programs.
6. Asking for professional help - Sometimes engaging a Cryptocurrency & Blockchain professional is the best way to get clarity on new legislation and to help ensure compliance with that new legislation.

What's next?

You can [subscribe](#) for our updates on how these new regulations will impact 'dealers' or 'money service businesses' and learn what [Matthew Burgoyne](#), the head of the McLeod Law [Cryptocurrency & Blockchain](#) group

recommends.