



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

June 5th, 2018

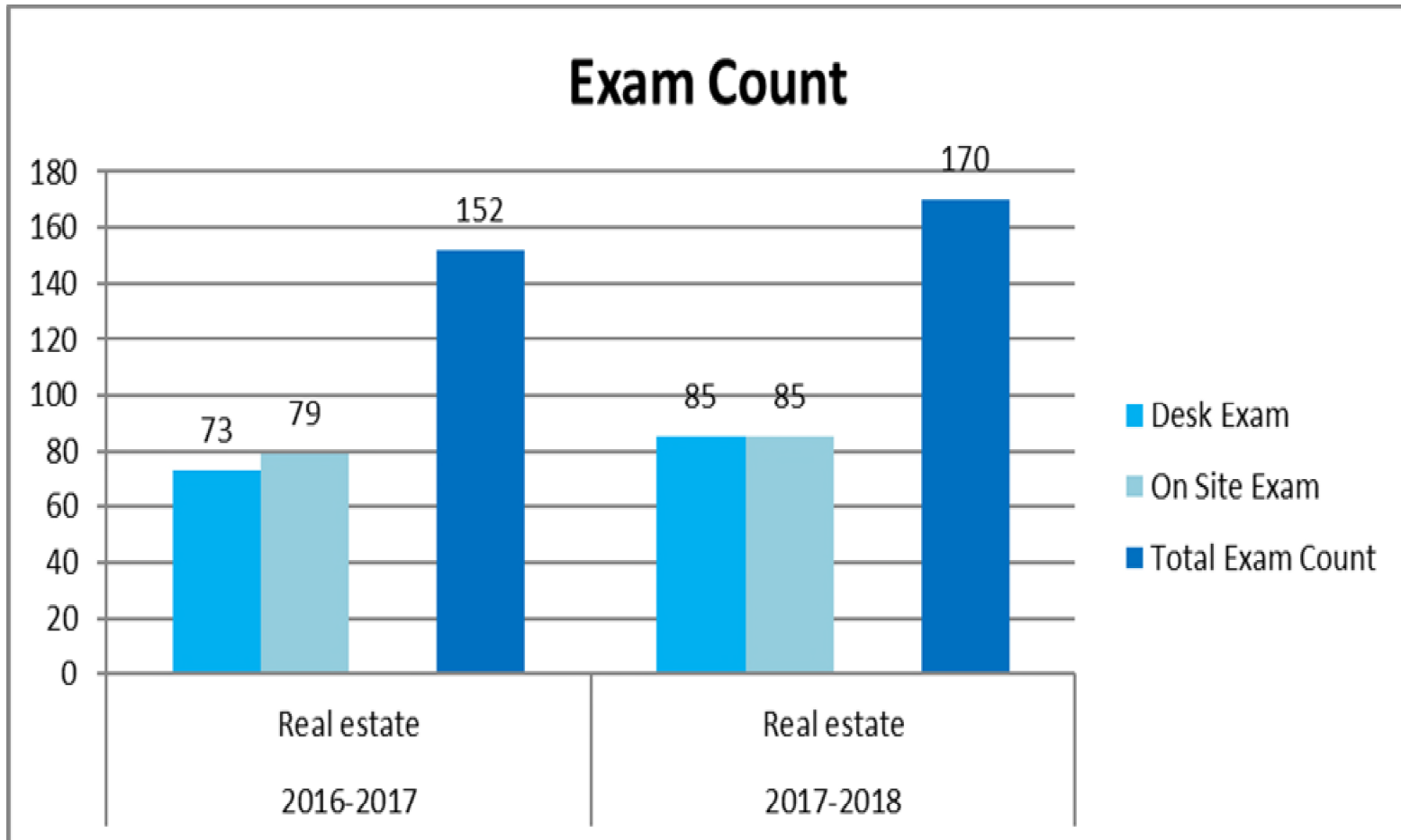
Overview

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

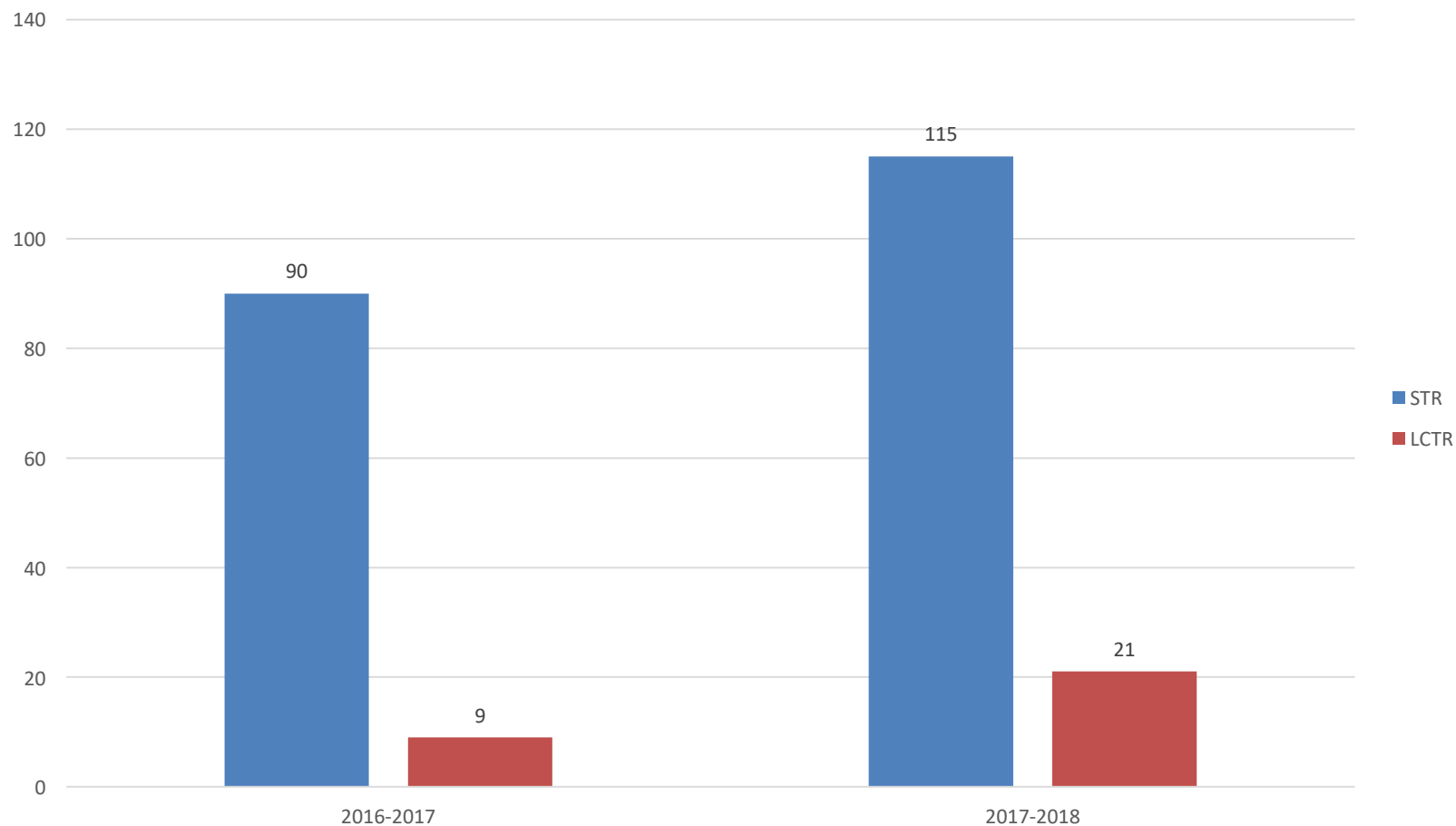


Examinations in the Real Estate Sector

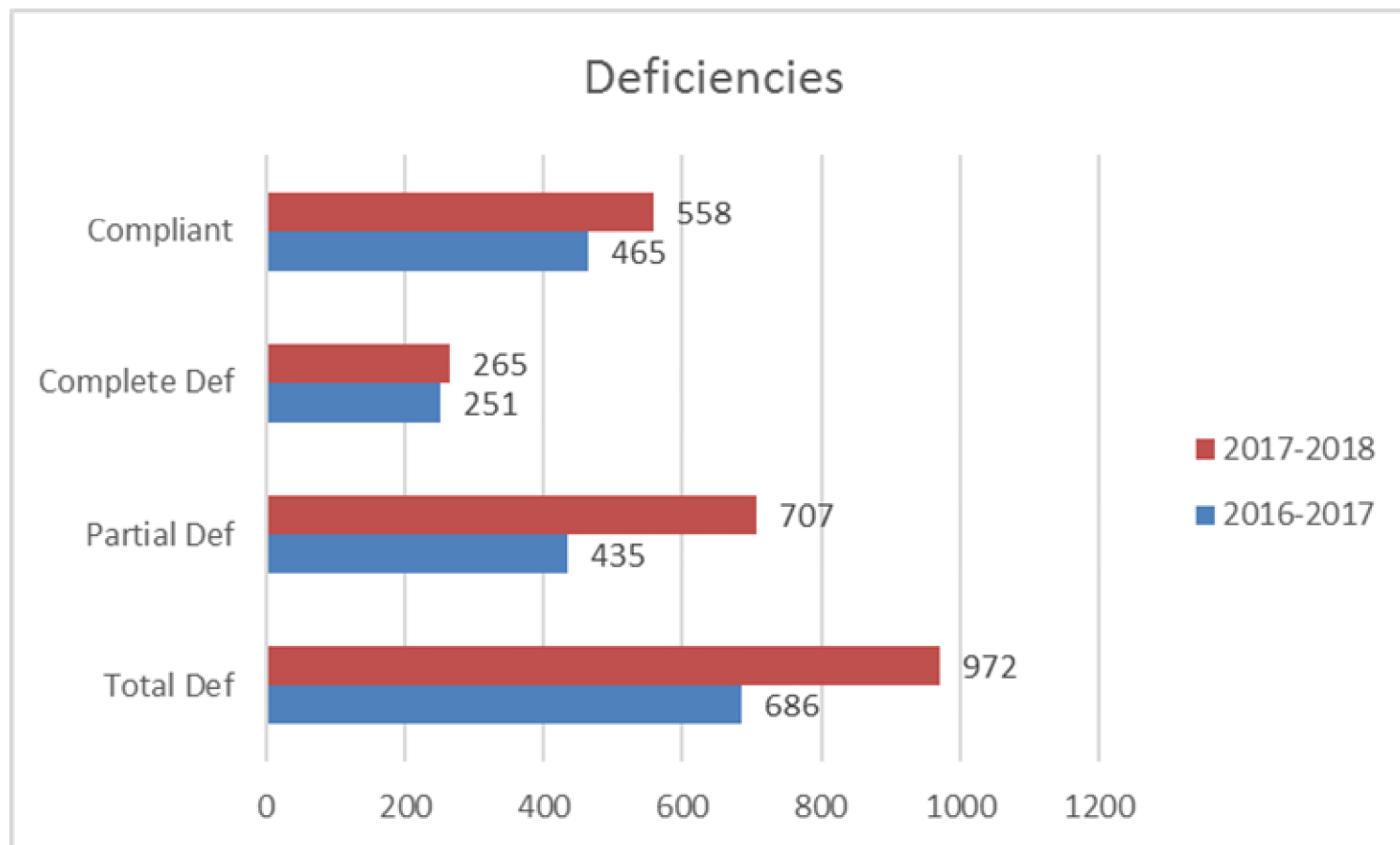
Unclassified



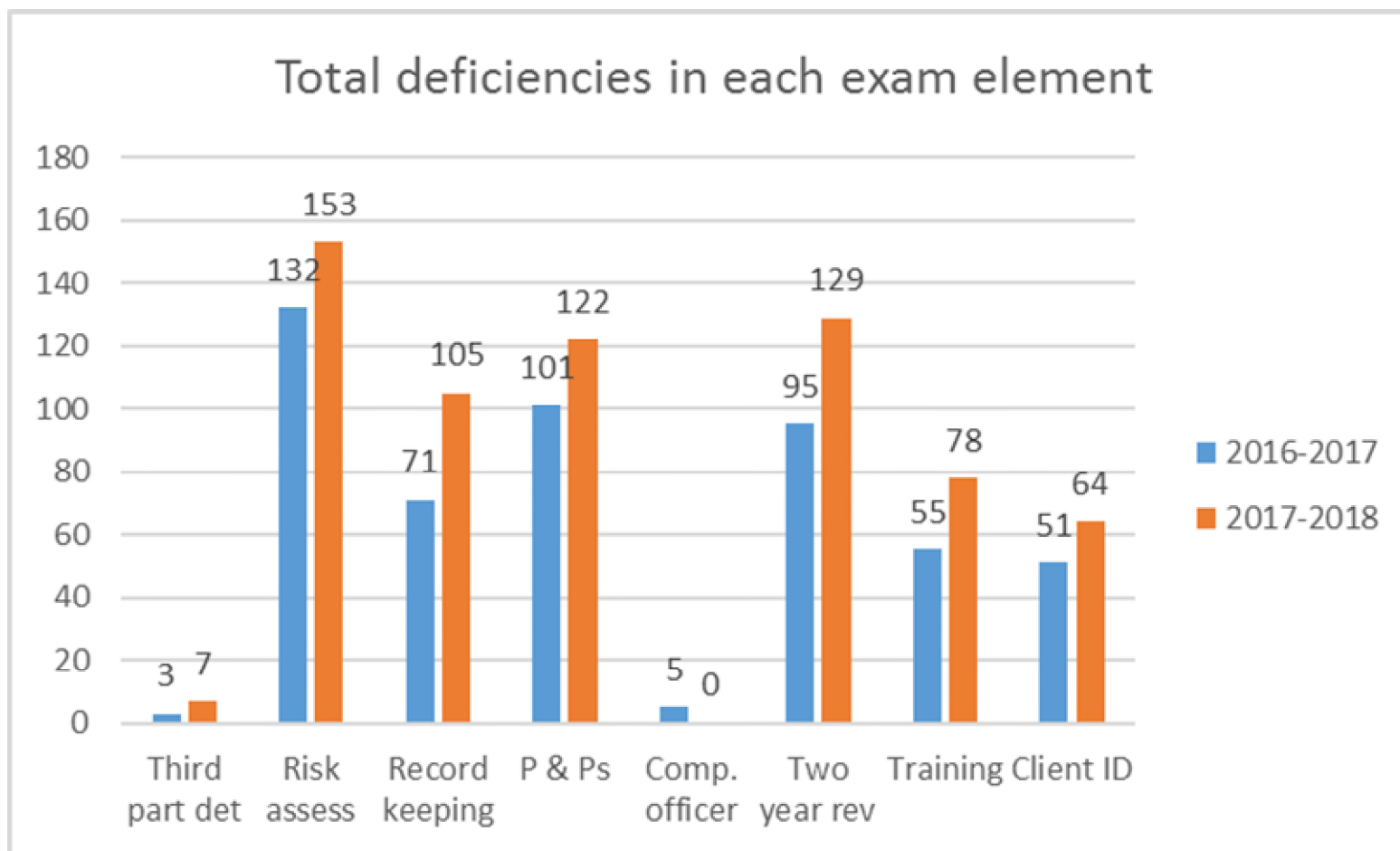
Reporting volume of STRs and LCTRs



Real estate sector's deficiencies:

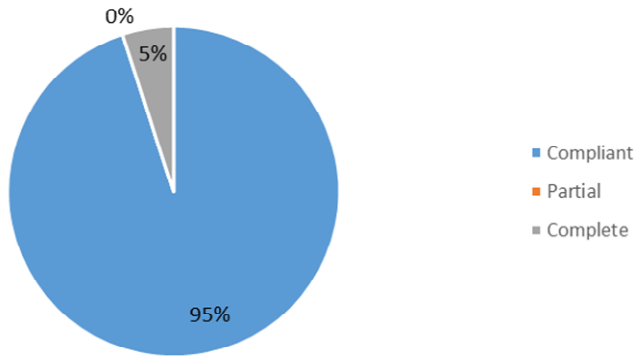


Exam element partial and complete deficiencies

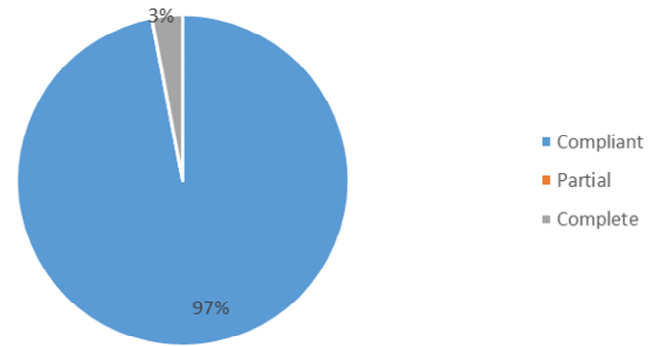


1. Exam element: third party determination

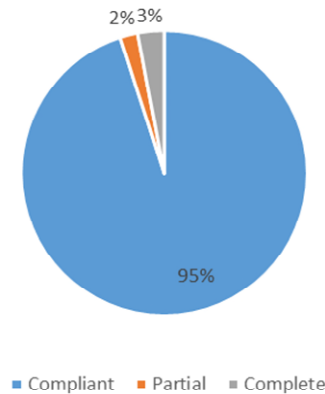
2015-2016



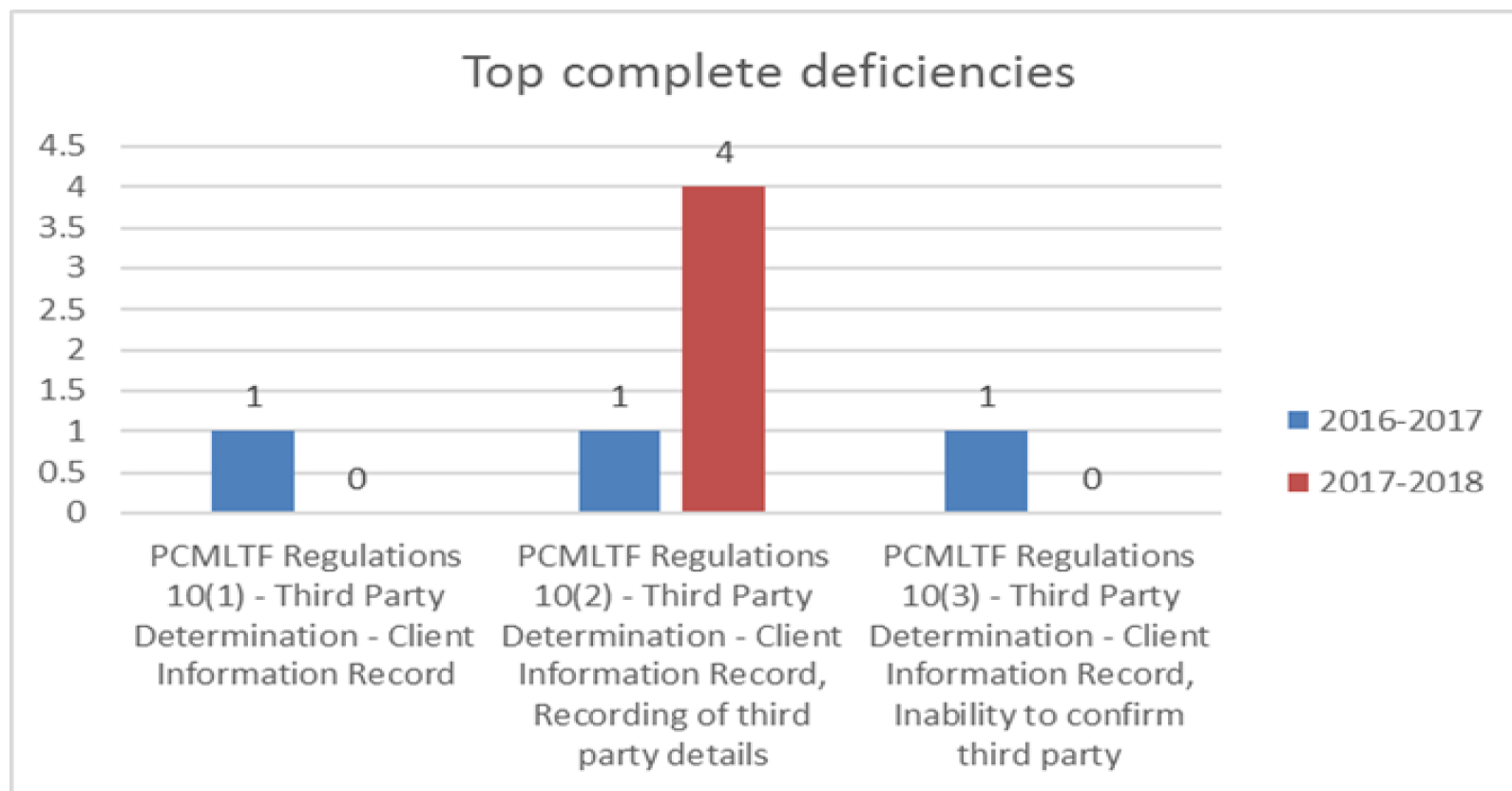
2016-2017



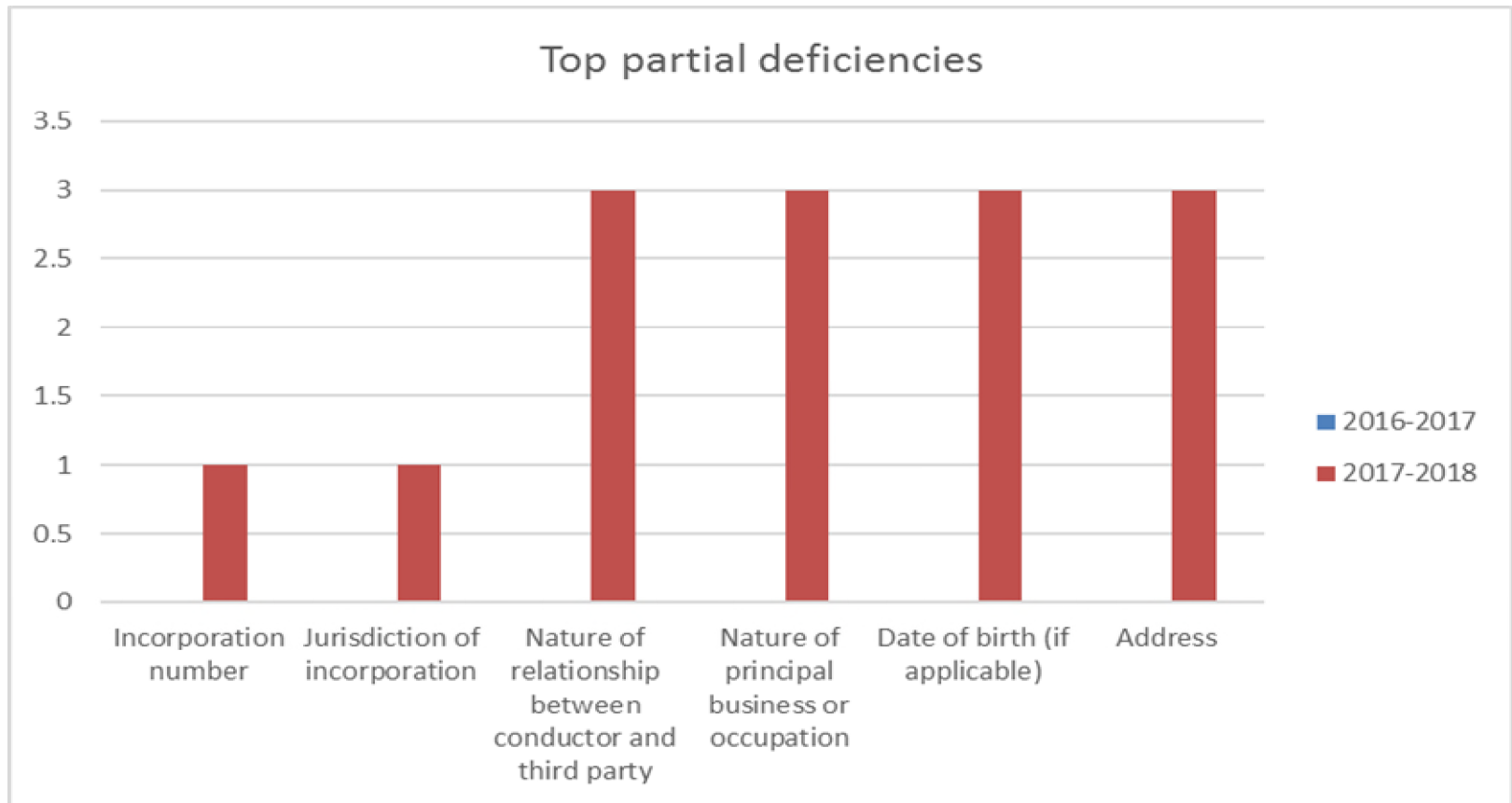
2017-2018



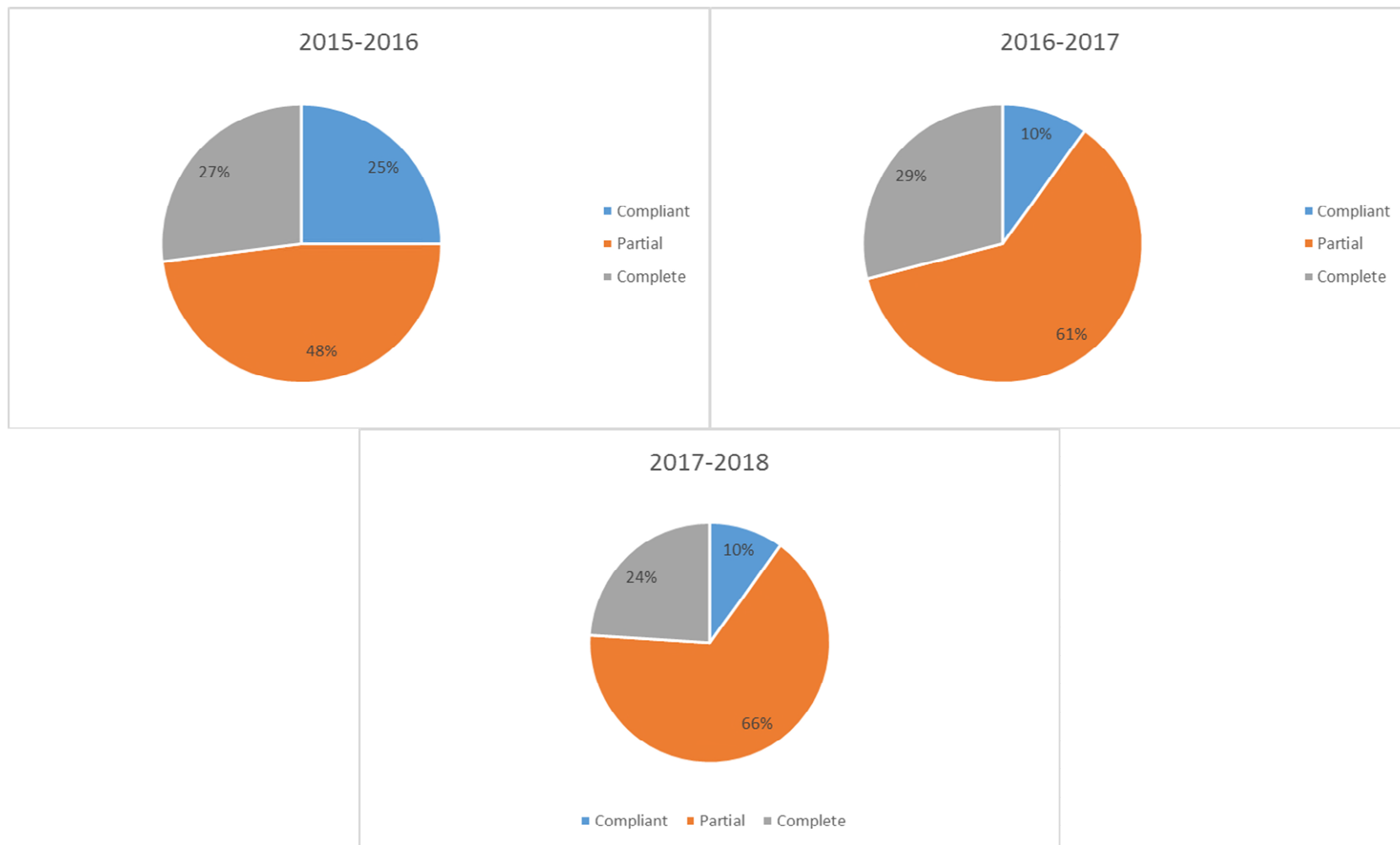
Cont. Top complete deficiencies for third party determination



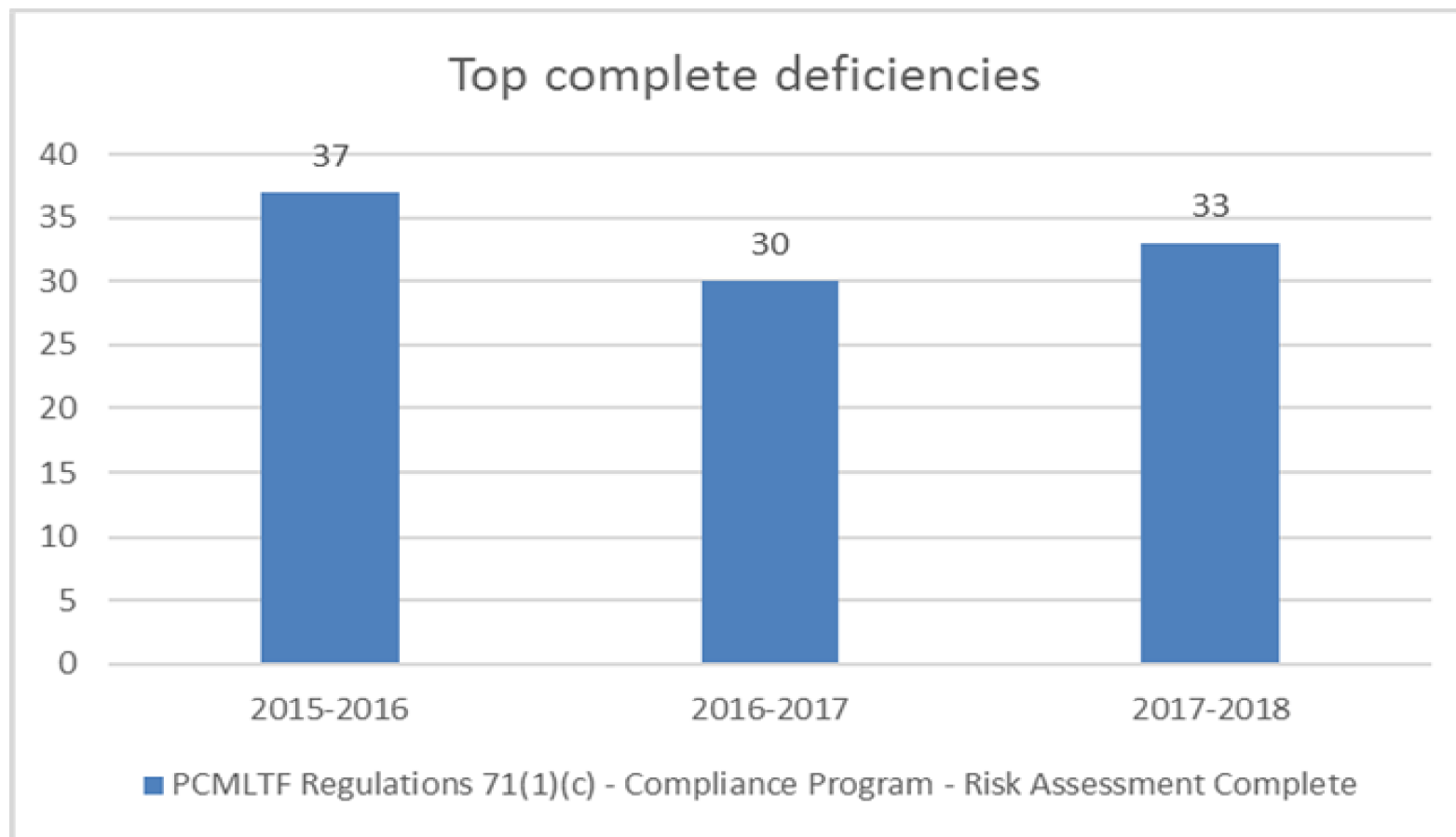
Cont. Top partial deficiencies for third party determination



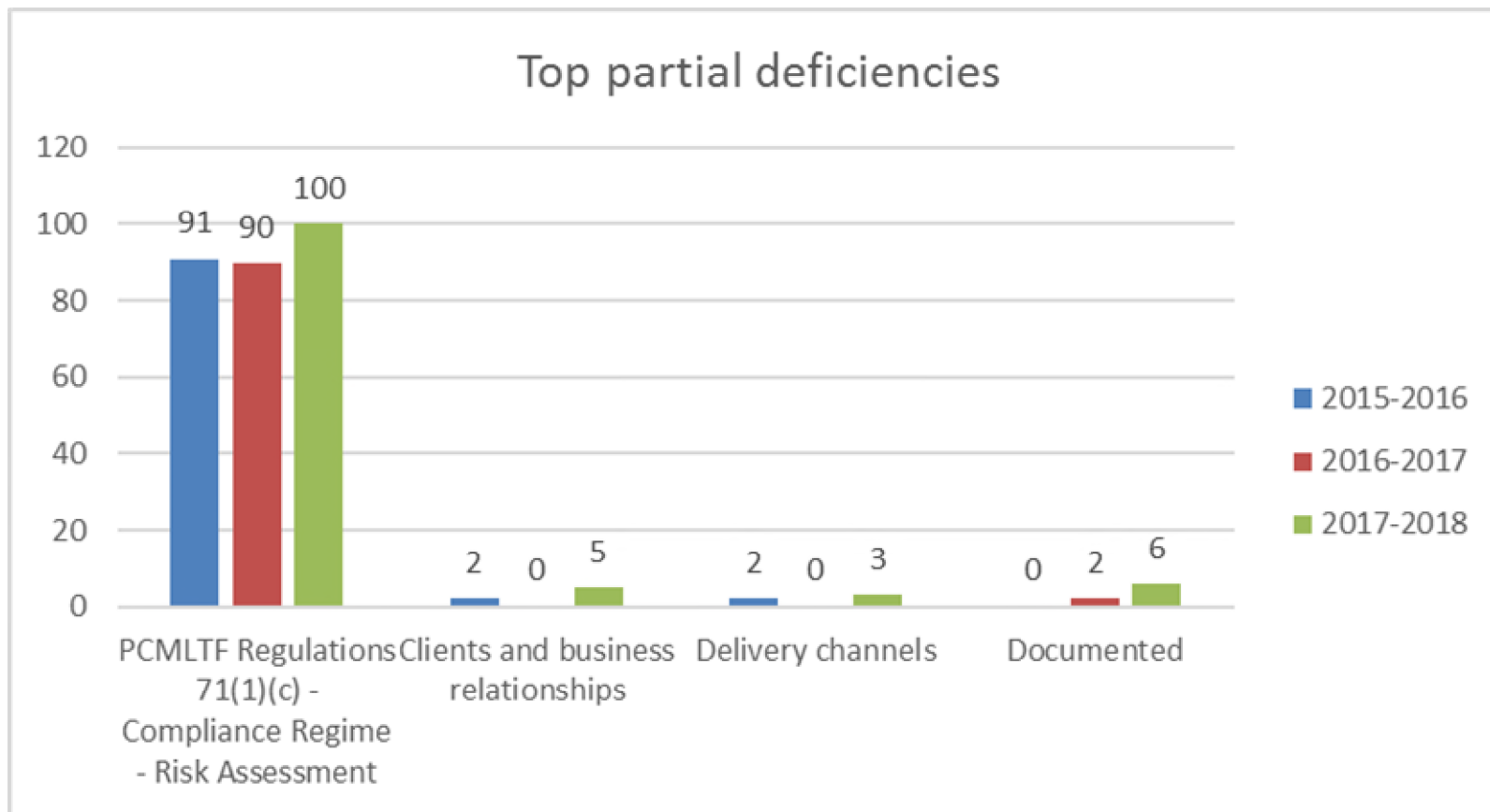
2. Exam element: risk assessment



Cont. Top complete deficiencies for risk assessment

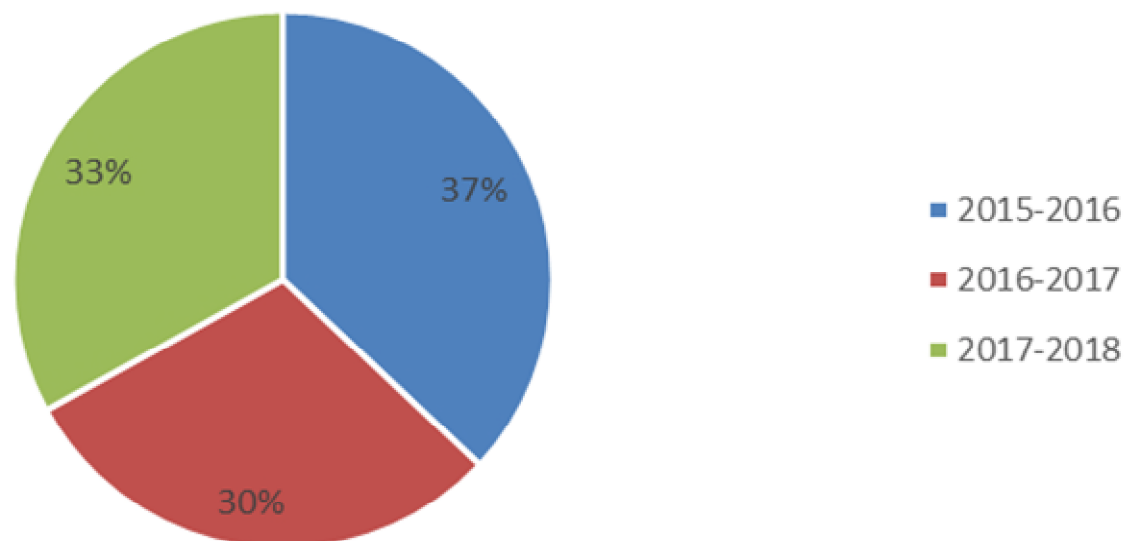


Cont. Top partial deficiencies for risk assessment

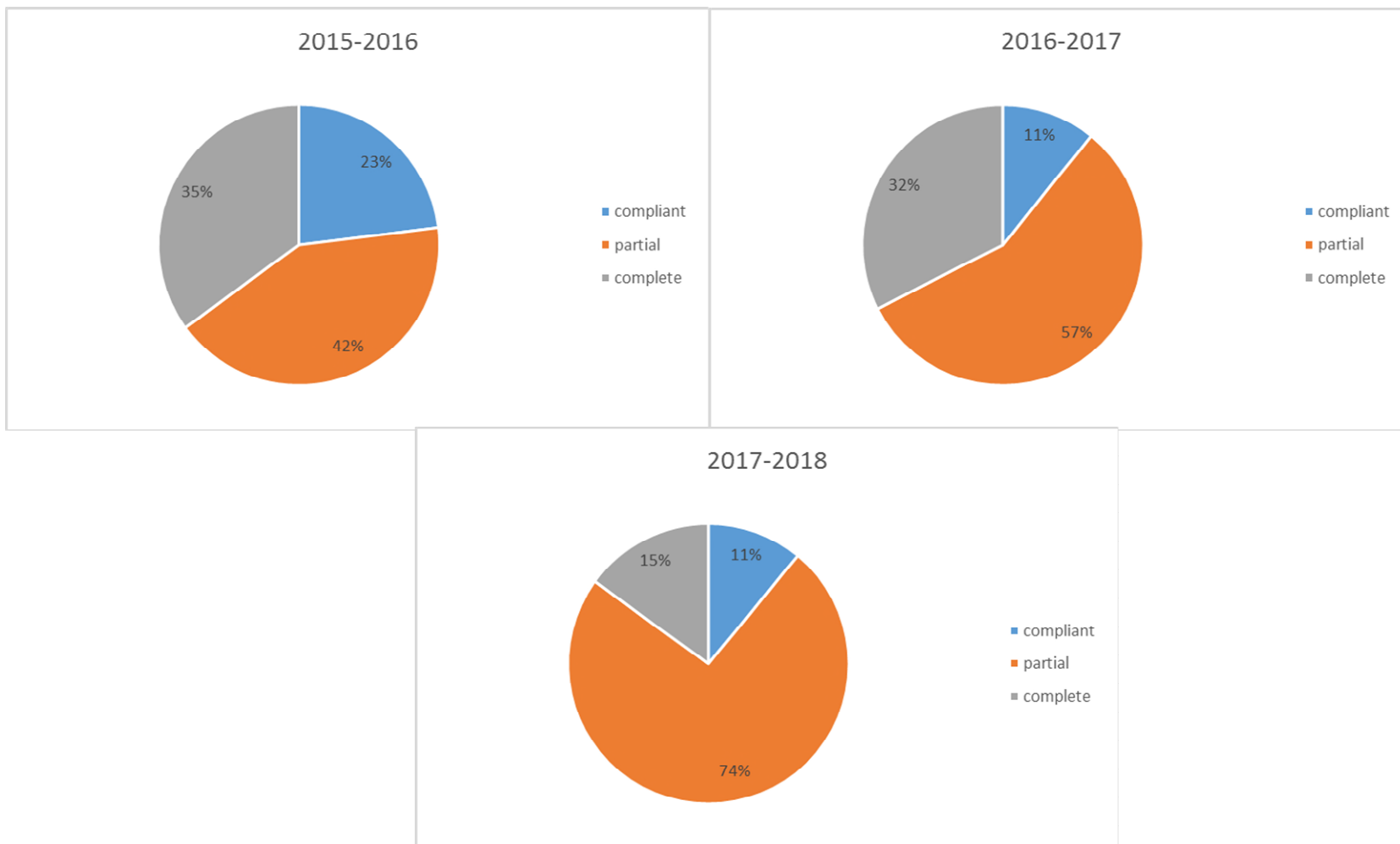


Cont. risk assessment % of complete deficiency

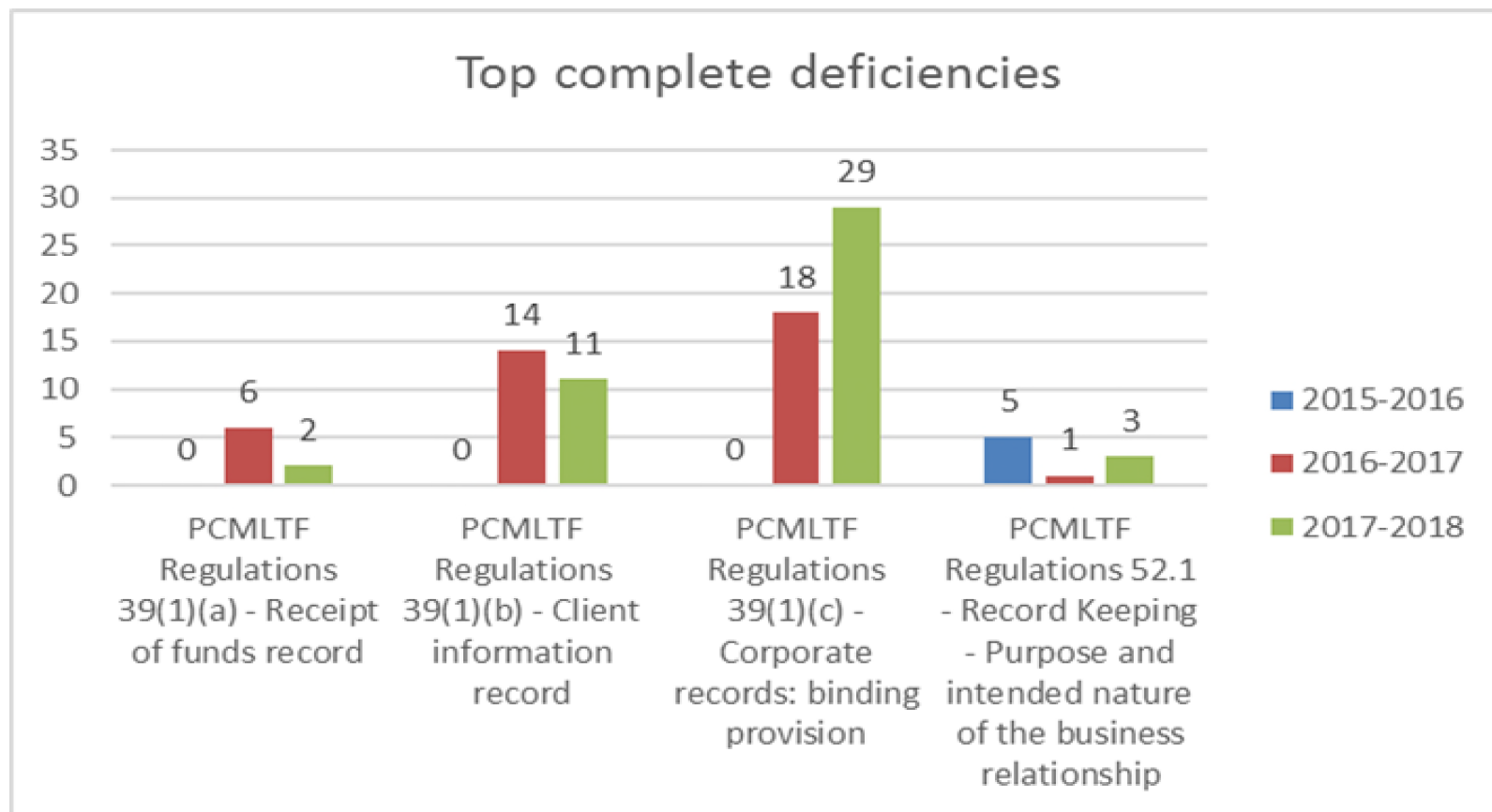
PCMLTF Regulations 71(1)(c) - Compliance Program - Risk Assessment Complete



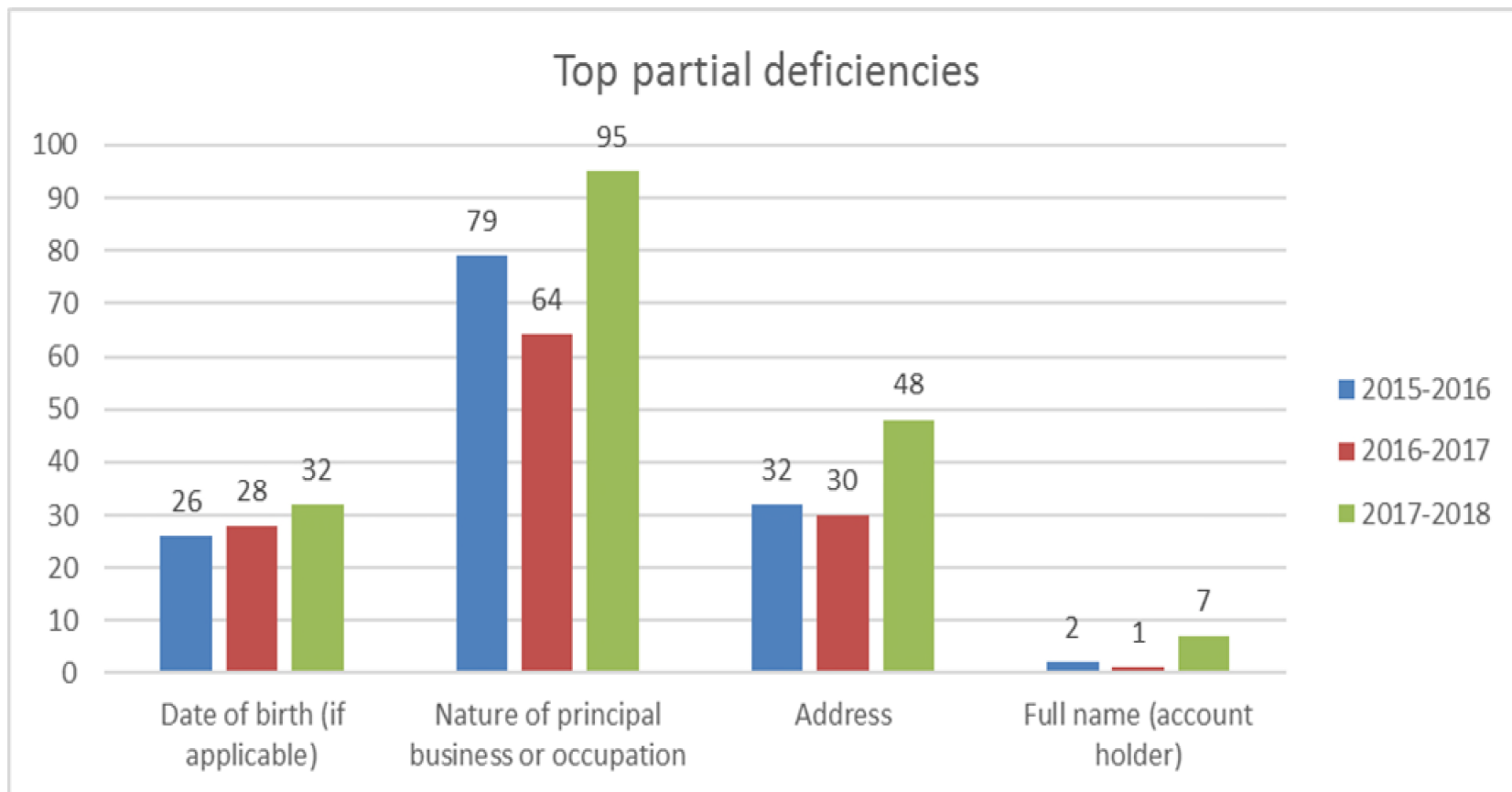
3. Exam element: record keeping



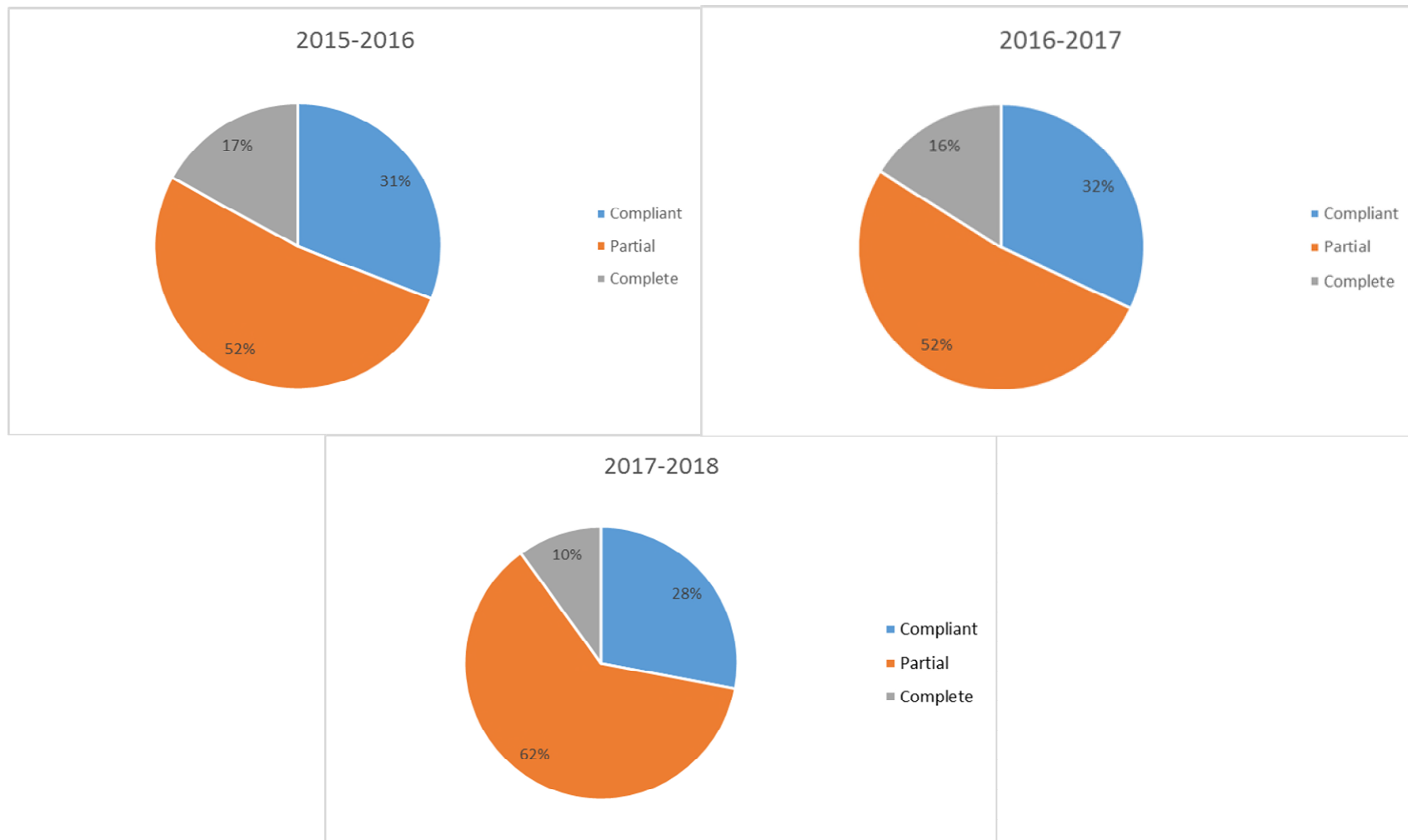
Cont. Top complete deficiencies for record keeping



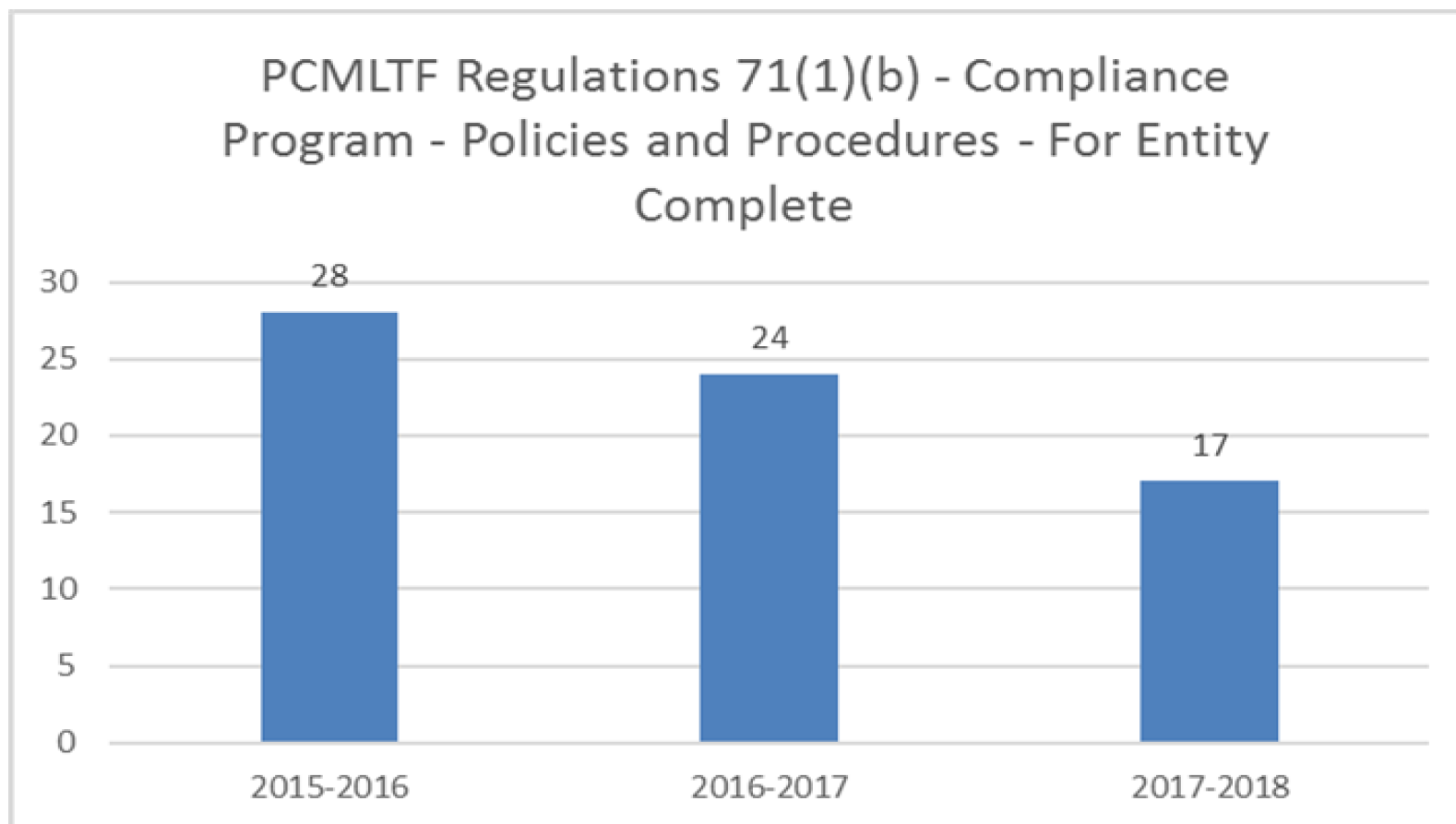
Cont. Top partial deficiencies for record keeping



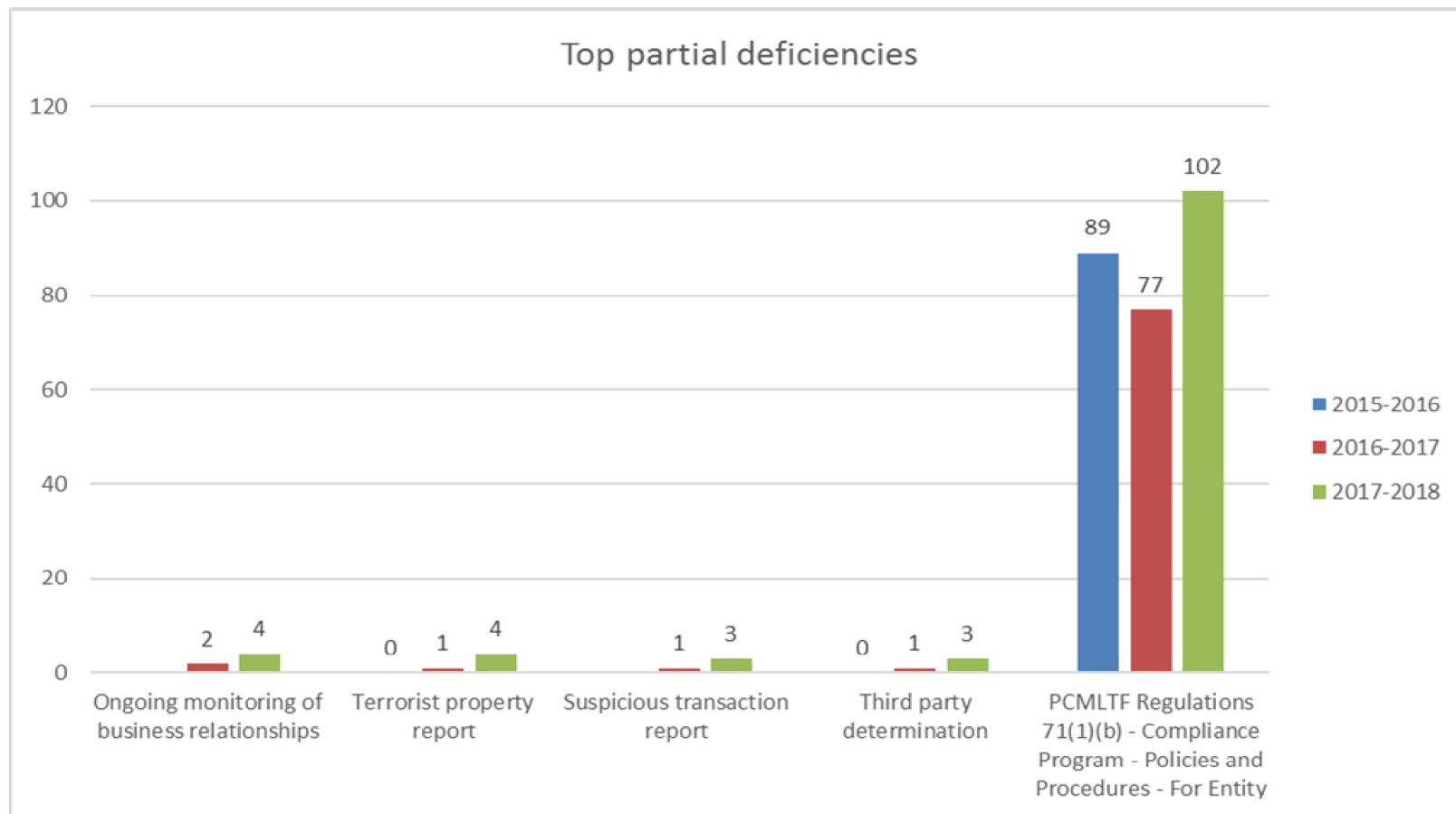
4. Exam element: policies & procedures



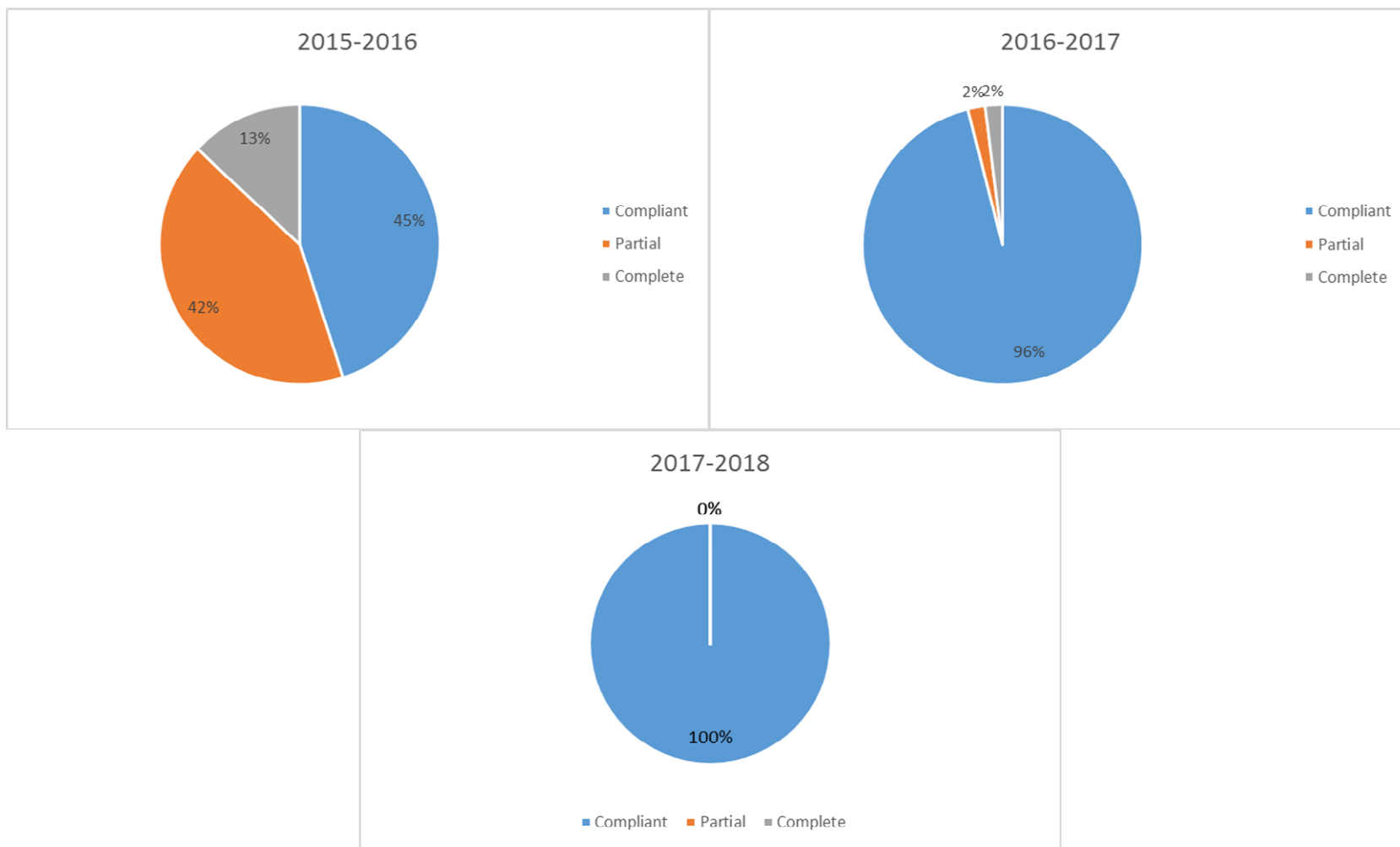
Cont. Complete deficiencies for policies procedures



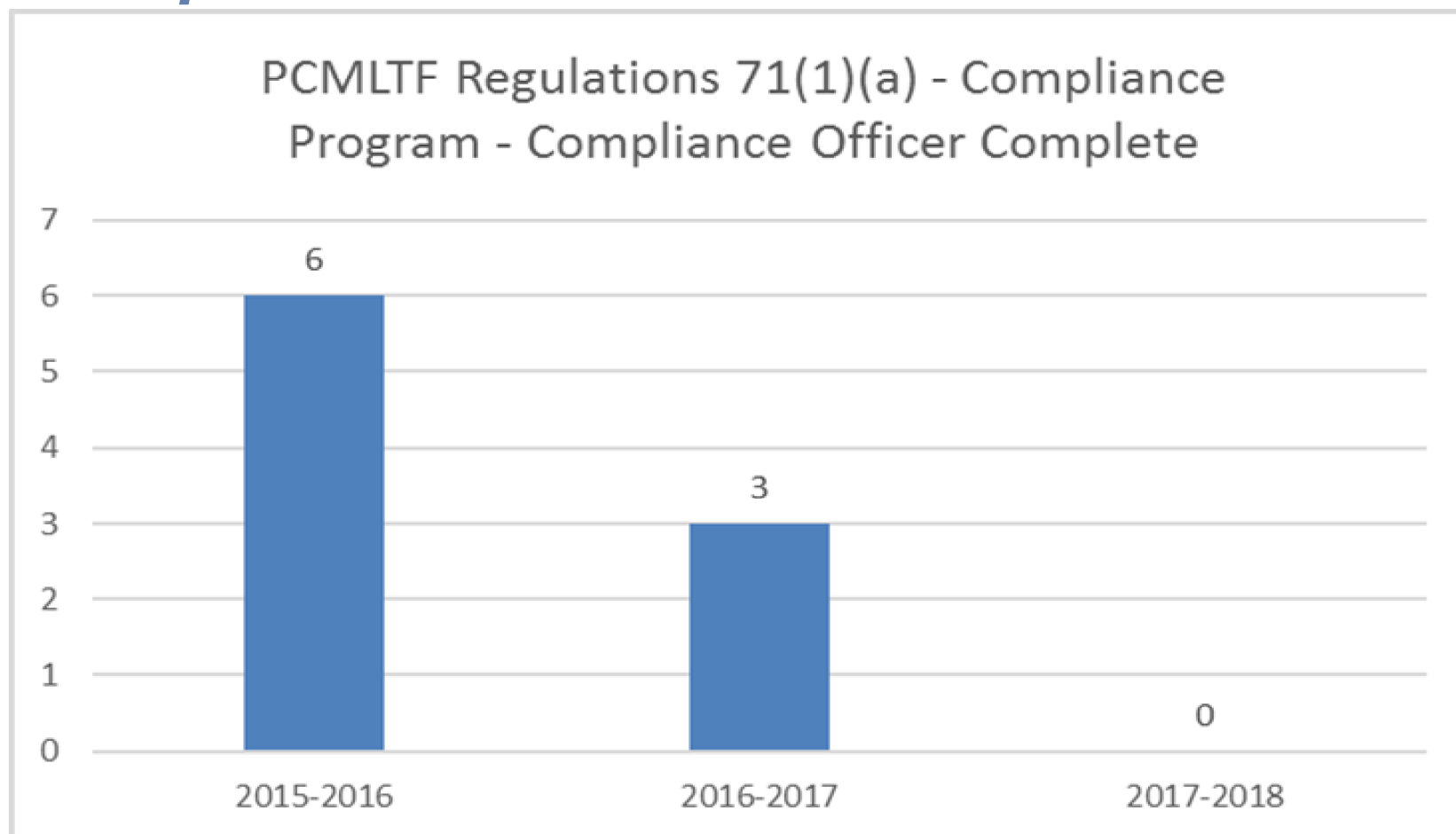
Cont. Top partial deficiencies for policies procedures



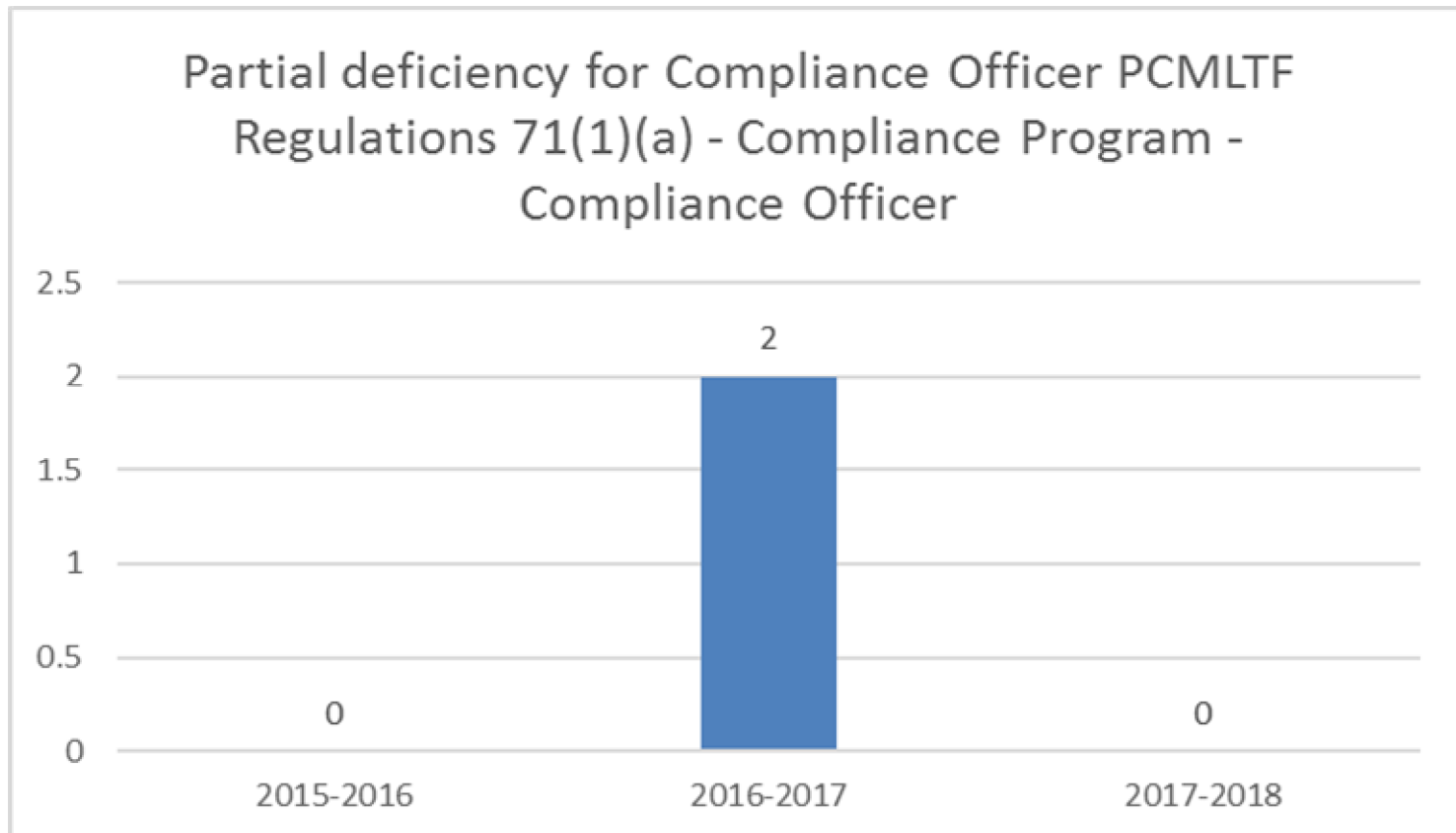
5. Exam element: compliance officer



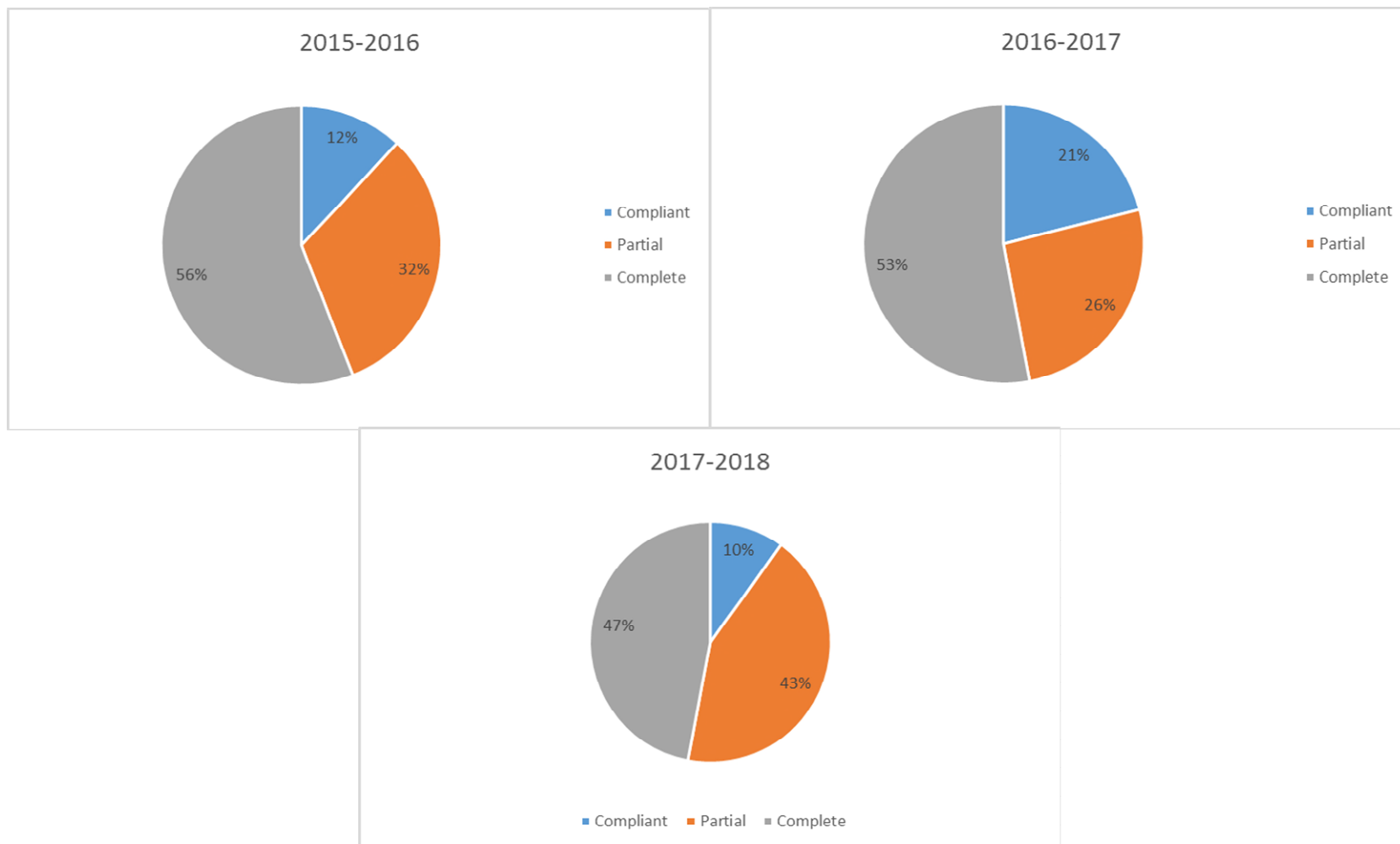
Cont. Complete deficiencies for compliance officer



Cont. Partial deficiencies for compliance officer

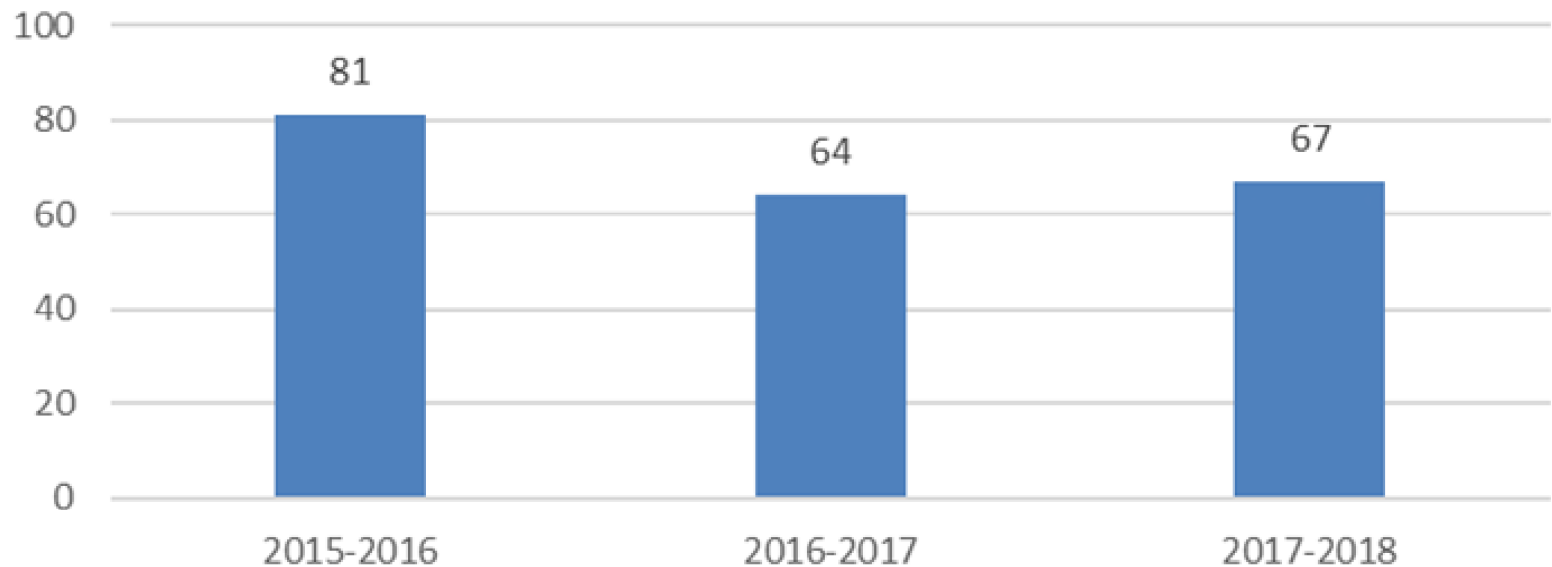


6. Exam element: two year review

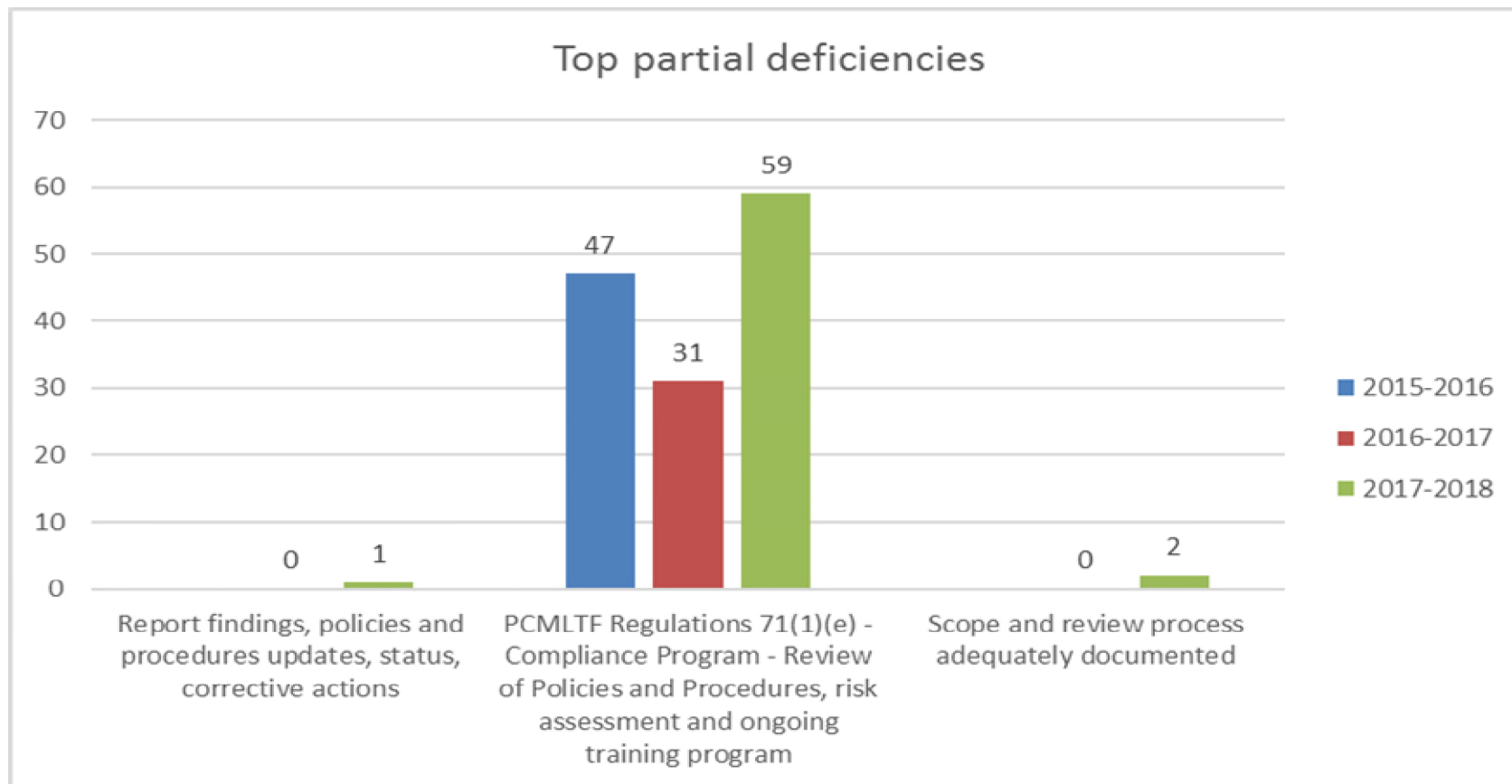


Cont. two year review

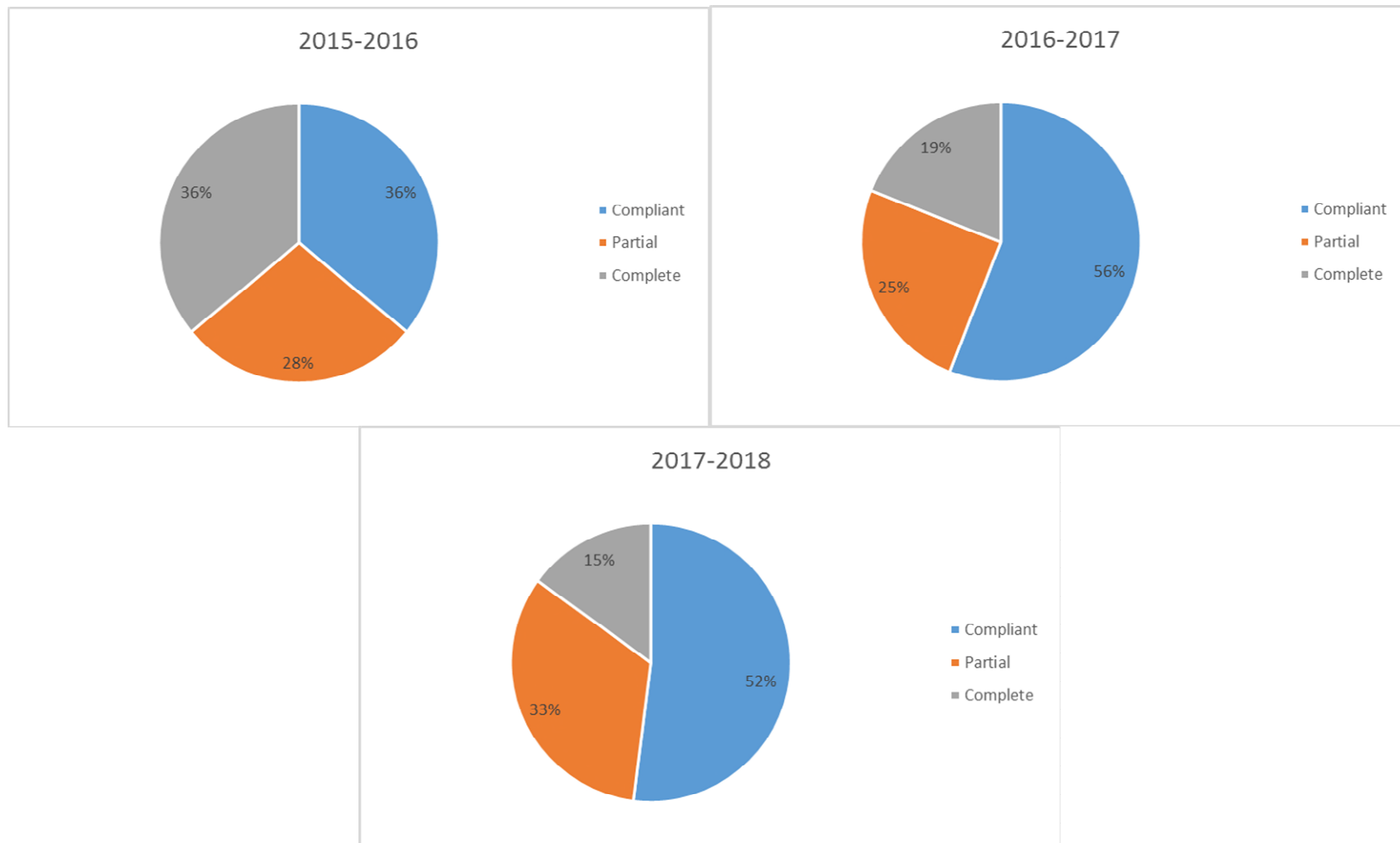
PCMLTF Regulations 71(1)(e) - Compliance Program - Review of Policies and Procedures, risk assessment and ongoing training program Complete



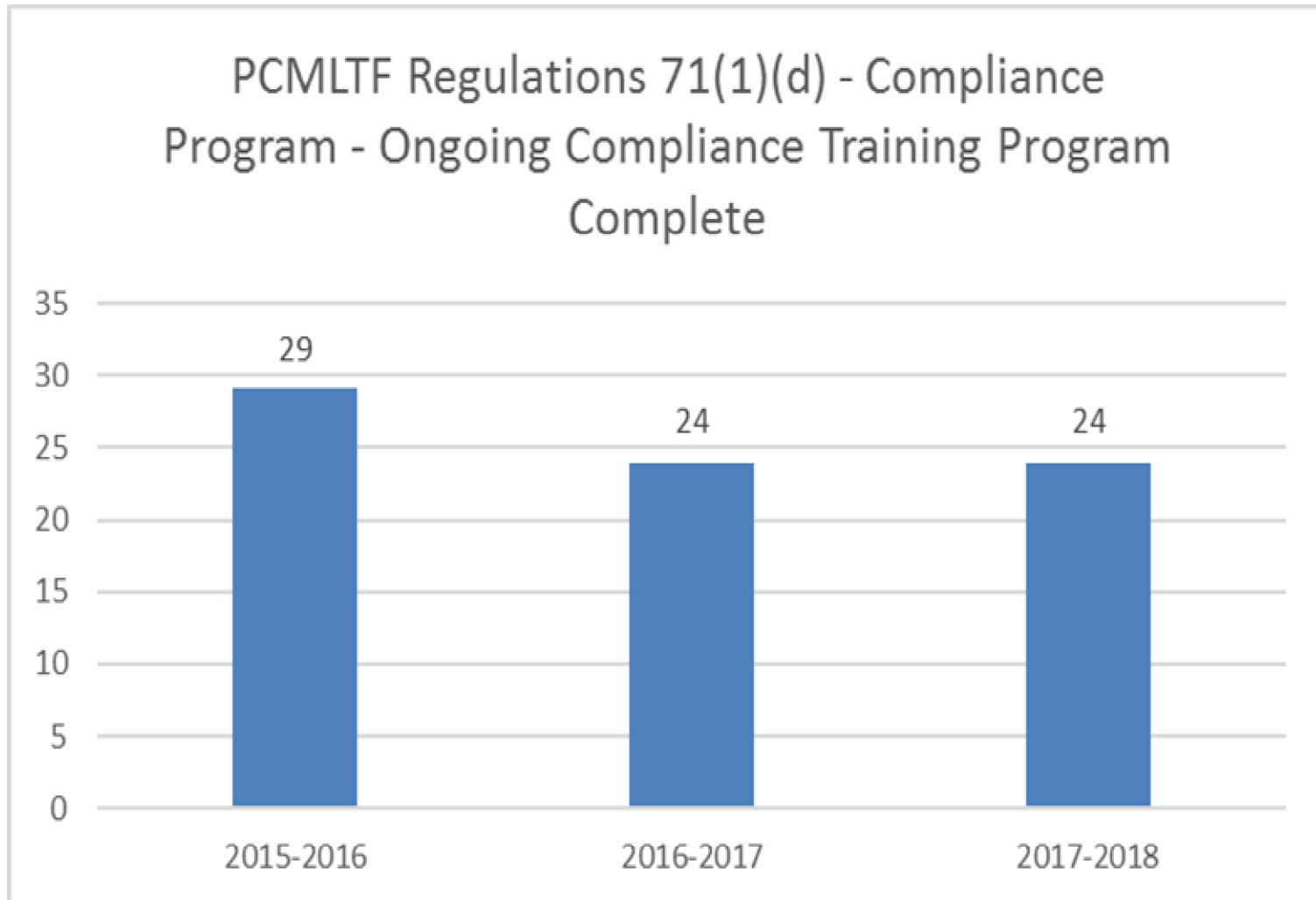
Cont. Partial deficiencies for two year review



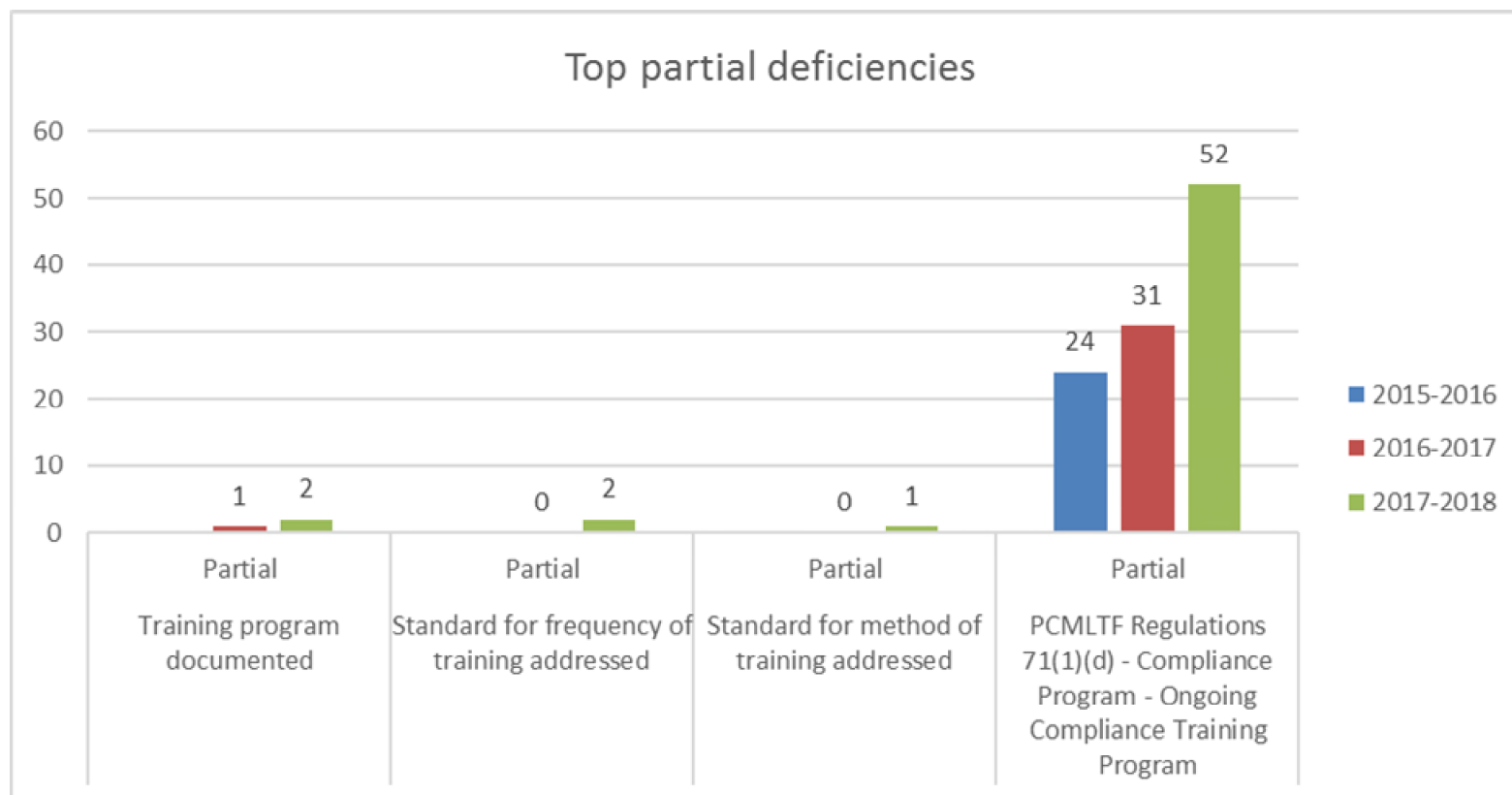
7. Exam element: training program



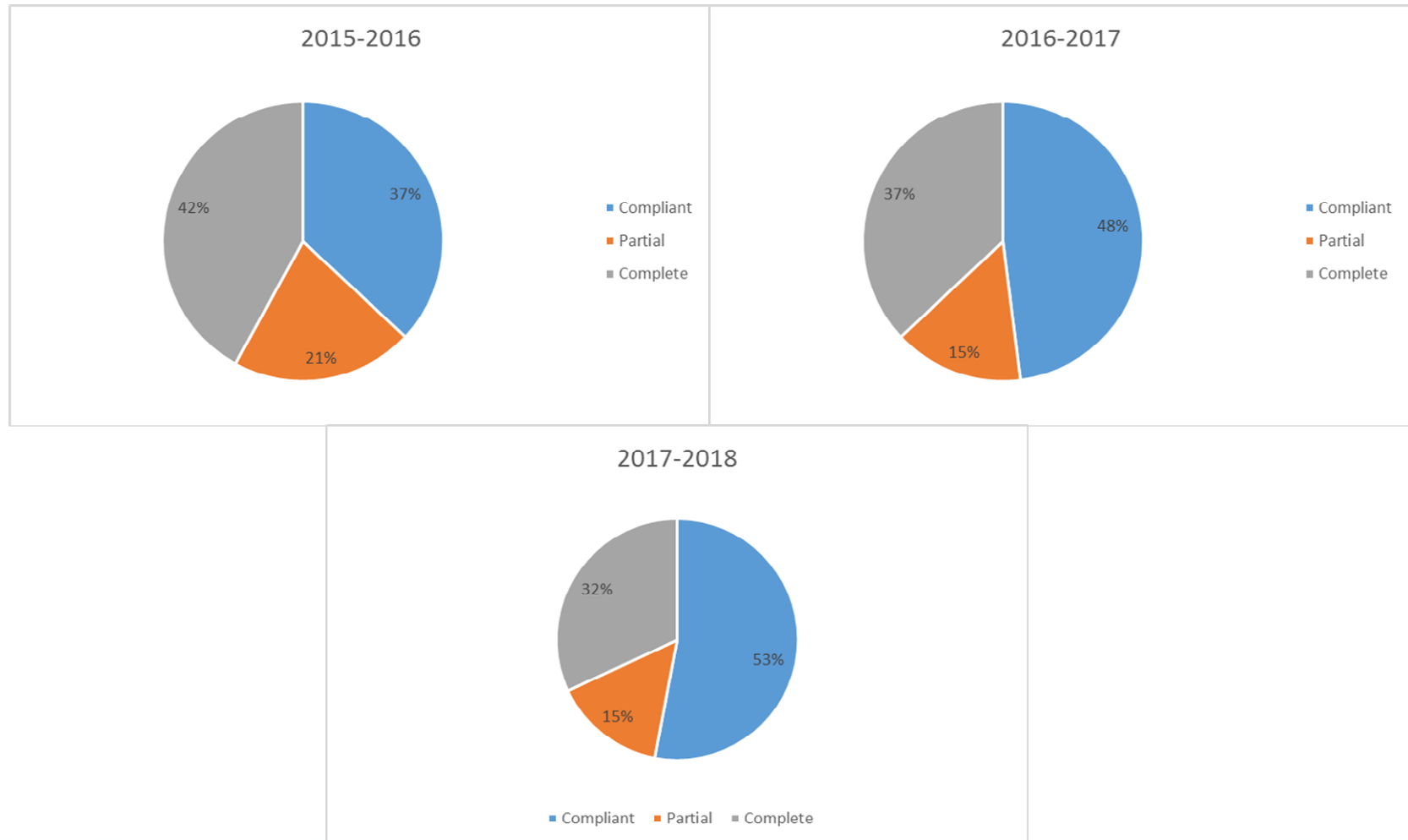
Cont. training program



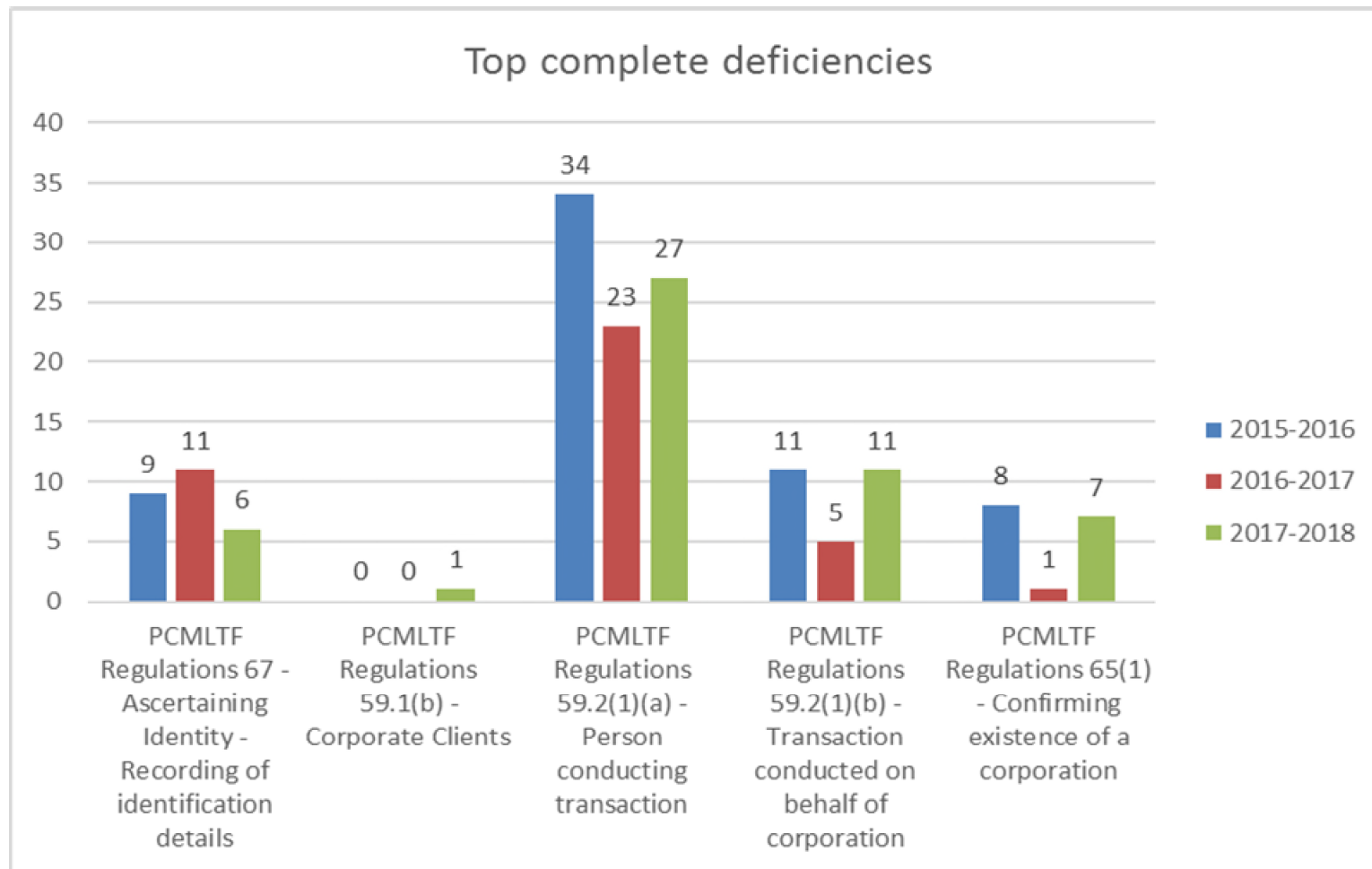
Cont. Top partial deficiencies for training program



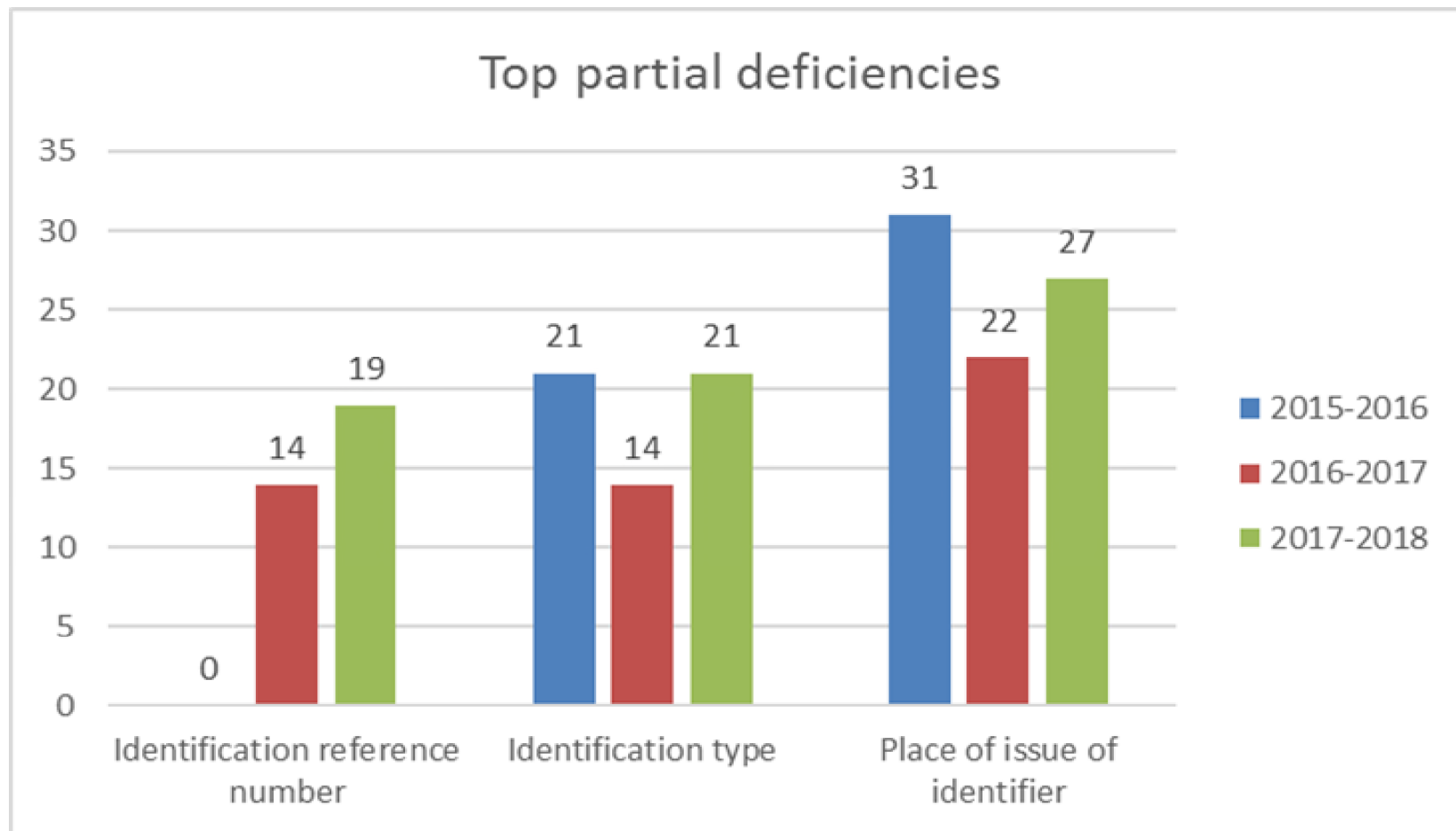
8. Exam element: client identification



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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