Travel rule for electronic funds and virtual currency transfers

Overview

This guidance came into effect on June 1, 2021.

This guidance is applicable to financial entities (FEs), money services businesses (MSBs), foreign MSBs (FMSBs), and casinos. It explains your requirement under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and associated Regulations to include or obtain certain information in relation to an electronic funds transfer (EFT) or a virtual currency (VC) transfer. This requirement is commonly referred to as the travel rule.

****Note**: Throughout this guidance EFTs refer to international EFTs **and** EFTs within Canada sent via a SWIFT MT-103 message or its equivalent. [1]

Who is this guidance for

- Financial entities (FEs)
- Money services businesses (MSBs)
- Foreign money services businesses (FMSBs)
- Casinos

In this guidance

What is the travel rule and when does it apply?

The travel rule is the requirement to ensure that specific information (listed below) is included with the information sent or received in an EFT or a VC transfer [2]. Information received under the travel rule cannot be removed from a transfer. [3]

The travel rule is not a separate record keeping requirement, however, fulfilling it will help you meet your VC and EFT record keeping and reporting requirements.

EFT — travel rule

FEs, MSBs, FMSBs and casinos must include the travel rule information when they **initiate** an EFT for which an EFT record must be kept. [4]

The required **travel rule information for EFTs is**: [5]

- the name, address and account number or other reference number (if any) of the person or entity who requested the transfer (originator information);
- the name and address of the beneficiary; and
- if applicable, the beneficiary's account number or other reference number.

FEs, MSBs, FMSBs and casinos must also take reasonable measures to ensure that the travel rule information is included when they **receive** an EFT**,** either as an intermediary or as the final recipient. [6]

When sending an incoming or outgoing EFT (after receiving it as an intermediary), FEs, MSBs, FMSBs, and casinos must include the travel rule information they received or obtained through reasonable measures.

For more information on your reporting and record keeping information, see FINTRAC's guidance on:

- Reporting electronic funds transfers to FINTRAC
- Record keeping requirements for financial entities
- Record keeping requirements for money services businesses and foreign money services businesses
- Record keeping requirements for casinos

VC — travel rule

FEs, MSBs and FMSBs must include the travel rule information when they **send VC transfers,** and must take reasonable measures to ensure that this information is included **when they receive VC transfers which require a VC record to be kept**. [7]

The required **travel rule information for VC transfers is**: [8]

- the name, address and the account number or other reference number (if any) of the person or entity who requested the transfer (originator information); and
- the name, address and the account number or other reference number (if any) of the beneficiary.

For more information on your reporting and record keeping requirements for VC transfers, see the following FINTRAC guidance:

- Reporting large virtual currency transactions to FINTRAC
- Record keeping requirements for financial entities
- Record keeping requirements for money services businesses and foreign money services businesses

2. What should I do if I receive an EFT or a VC transfer that does not include the required information?

If you receive an EFT or a VC transfer that should include the travel rule information but does not, you must take reasonable measures to obtain that information. [9] These reasonable measures should be outlined in your policies and procedures.

You must also develop in writing and apply risk-based policies and procedures for determining what to do when, after taking reasonable measures, you were unable to obtain the travel rule information. Your policies and procedures **must** address under which circumstances you **allow, suspend or reject the transaction, and outline any follow-up measures you will take.** [10]

For more information, see FINTRAC's Compliance programs requirements guidance.

Details and history

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For assistance

If you have questions about this guidance, please contact FINTRAC by email at guidelines-lignesdirectrices@fintrac-canafe.gc.ca.

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1 Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations (PCMLTFR), SOR/2002-184, s. 124(2).

2 Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), S.C. 2000, c 17, s. 9.5 and PCMLTFR, SOR/2002-184, ss. 124 and 124.1.

3 PCMLTFA, S.C. 2000, c 17, s. 9.5.

4 PCMLTFA, S.C. 2000, c 17, s. 9.5(a) and PCMLTFR, SOR/2002-184, s. 124(1).

5 PCMLTFA, S.C. 2000, c 17, s. 9.5 and PCMLTFR, SOR/2002-184, s. 124(3).

6 PCMLTFA, S.C. 2000, c 17, s. 9.5(b) and PCMLTFR, SOR/2002-184, s. 124(1).

7 PCMLTFR, SOR/2002-184, s. 124.1(1)(a) to (b).

8 PCMLTFR, SOR/2002-184, s. 124.1(1)(a).

9 PCMLTFA, S.C. 2000, c 17, s. 9.5(b) and PCMLTFR, SOR/2002-184, s. 124.1(1)(b)

10 PCMLTFA, S.C. 2000, c 17, ss. 9.5(c) and 9.6(2) and PCMLTFR, SOR/2002-184 ss. 124(4) and 124.1(2).

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