

# Dancing to FINTRAC's beat: Expectations for client monitoring

August 30, 2024

Reporting entities such as advisers and dealers are required by FINTRAC to monitor clients with whom they have a business relationship on an ongoing basis. One reason ongoing monitoring is required relates to the obligation to report suspicious transactions to FINTRAC. The frequency of monitoring depends in part on the risk level that has **been assigned to clients as part of a reporting entity's risk assessment**. Reporting entities must keep records of both the measures taken and the information obtained from the ongoing monitoring of clients.

The requirement for ongoing monitoring only ends when the **business relationship** with a client ends, and thus the meaning of a "business relationship" is quite important for these obligations and can be nuanced. As an example, unless an exemption is available, a reporting entity that is an adviser or dealer generally enters into a business relationship with a client when an account is opened, or if a client otherwise engages in a financial transaction with the adviser or dealer twice within a five-year period where there is a requirement to verify client identity.

If a business relationship exists because of an account opening transaction, that **relationship does not end until five years after the day on which a client closes their last account with the reporting entity**. Otherwise, the business relationship ends after at **least five years has passed since the day of the last transaction requiring the adviser or dealer to verify its client's identity**.

As a result, we are aware that FINTRAC has been reminding reporting entities that ongoing monitoring requirements do continue to apply for five years after the account is closed (or if there is no account, from the last transaction requiring identity verification). During this period, the requirements to file suspicious transaction reports with FINTRAC **also continue**. One implication is that if a **former client engages in suspicious activity**, that activity could be reportable as a suspicious transaction for five years after the client's account is closed. These obligations and timeframes should be on registrants' radar screens and reflected in AML training and policies and procedures. Please [contact us](#) if you have any questions.

By

[Chris Tooley](#)

Expertise

[BLG Beyond AUM Law](#)

---

## **BLG | Canada's Law Firm**

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

[blg.com](http://blg.com)

### **BLG Offices**

#### **Calgary**

Centennial Place, East Tower  
520 3rd Avenue S.W.  
Calgary, AB, Canada  
T2P 0R3

T 403.232.9500  
F 403.266.1395

#### **Ottawa**

World Exchange Plaza  
100 Queen Street  
Ottawa, ON, Canada  
K1P 1J9

T 613.237.5160  
F 613.230.8842

#### **Vancouver**

1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC, Canada  
V7X 1T2

T 604.687.5744  
F 604.687.1415

#### **Montréal**

1000 De La Gauchetière Street West  
Suite 900  
Montréal, QC, Canada  
H3B 5H4

T 514.954.2555  
F 514.879.9015

#### **Toronto**

Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada  
M5H 4E3

T 416.367.6000  
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing [unsubscribe@blg.com](mailto:unsubscribe@blg.com) or manage your subscription preferences at [blg.com/MyPreferences](http://blg.com/MyPreferences). If you feel you have received this message in error please contact [communications@blg.com](mailto:communications@blg.com). BLG's privacy policy for publications may be found at [blg.com/en/privacy](http://blg.com/en/privacy).

© 2025 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.