

Canada MSB Registration (Money Services Business) for Canadian or Foreign Businesses

Businesses dealing with foreign exchange, remitting or transferring funds, virtual currency or crowdfunding are required to register as a Money Services Business in order to carry on business in Canada.

Under the [Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act \(PCMLTFA\)](#), these businesses must register with the [Financial Transactions and Reports Analysis Centre of Canada \(FINTRAC\)](#). In general, all businesses providing money-related services require a MSB Registration and must register with FINTRAC.

Businesses providing cryptocurrency exchange services, and cryptocurrency transfer and issuance services, are all likely to require a Canada MSB (Money Services Business) Registration.

Under the PCMLTFA, foreign money services businesses are also required to register with FINTRAC and comply with their policies and procedures including reporting and record-keeping requirements.

Failure to comply with the PCMLTFA may result in criminal penalties, including fines and imprisonment.

Who is required to have a Canada MSB Registration?

Pursuant to the PCMLTFA, you are required to have a Canada MSB (Money Services Business) Registration if your business involves any of the following:

A. If you are providing any of the following services:

1. Foreign exchange dealing

Conducting transactions where you exchange one type of currency for another (for example, exchanging USD for CAD).

2. Remitting or transferring funds

Remitting or transmitting from one person or entity to another using an electronic funds transfer network or any other method such as Hawala, Hundi, Fei ch'ien, and Chitti.

This includes remitting or transmitting funds (as instructed by your clients) carried out by means of a credit/debit card if the beneficiary has an agreement with the payment service provider that permits payment by that means for the provision of goods and services.

3. Issuing or redeeming money orders, traveller's cheques or anything similar

Your business issues or redeems money orders, travellers' cheques or other similar negotiable instruments. This does not include cashing cheques made out to a particular person or entity.

4. Dealing in virtual currency (cryptocurrency)

This includes both virtual currency exchange and virtual currency transfer services.

Virtual currency exchange services include exchanging:

- a) funds for virtual currency,
- b) virtual currency for funds, or
- c) virtual currency for another virtual currency.

Virtual currency transfer services include:

- a) transferring virtual currency at the request of a client, or
- b) receiving a transfer of virtual currency for remittance to a beneficiary.

5. Crowdfunding platform services

You provide and maintain a [crowdfunding platform](#) for use by other persons or entities to raise funds or virtual currency.

B. You have a place of business in Canada:

1. You are incorporated in Canada;
2. You have a physical location in Canada; or
3. You have employees, agents or branches in Canada.

You will also require a Canada MSB (Money Services Business) Registration if:

1. You hold a permit or licence related to any of the above-mentioned services.
2. You are registered as someone offering any of the above-mentioned services.
3. You advertise (by any means, including newspaper, television, Yellow Pages, internet, any other media, or by an interior or exterior sign) that you engage in any of the above-mentioned services.
4. You do not advertise any MSB services, but you:
 - a) offer money transfer services in any amount;
 - b) conduct foreign exchange transactions for more than \$1,000 during a single transaction with the same person or entity. For these purposes, a single transaction is defined as two or more transactions related to a foreign exchange transaction of less than \$1,000 each that are made within 24 consecutive hours and that total \$1,000 or more; or
 - c) issue or redeem money orders, traveller's cheques or other similar negotiable instruments for more than \$1,000 during a single transaction with the same person or entity. For these purposes, a single transaction is defined as two or more transactions related to the redemption of money orders, travellers' cheques or other similar negotiable instruments of less than \$1,000 each that are made within 24 consecutive hours and that total \$1,000 or more.
5. You report the income of any of the above-mentioned services as income from a separate business for tax purposes.

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Who does not require a Canada MSB Registration?

The PCMLTFA does not apply to you if you are simply acting as an agent for a money services business or carrying out a money services business activity in the course of providing other services for which you are a reporting entity.

How to get your MSB Registration in Canada?

Contact Patrola Law for a free initial consultation. The primary purpose of this consultation will be to discuss whether your business requires a Canada MSB (Money Services Business) Registration and review next steps and costs.

Once retained, Patrola Law will review your current business/corporate structure, if any, and assist you with any incorporation or corporate reorganization that your business may need and will advise you on other relevant legal matters that may be important for your business and the MSB Registration.

Patrola Law will assist with the entire application process with FINTRAC, including (i) collection and submission of information required by FINTRAC; and (ii) drafting of a comprehensive compliance program and record-keeping documentation, to help you meet the PCMLTFA requirements, and any other relevant FINTRAC requirements.

Note: unlike most consultants providing MSB Registration services, Patrola Law is a business law firm with extensive experience assisting entrepreneurs, start-ups, and businesses.

Patrola Law can help navigate other legal matters that may arise in connection with your application process, or with your business, without you necessarily having to seek legal advice elsewhere.

Collaborate with us

Patrola Law is a reputable Canadian law firm that can assist Canadian and international businesses secure a Canada MSB (Money Services Business) Registration.

Quick Turn-around

Patrola Law's team of experienced lawyers and staff complete the work quickly, cost-effectively, and properly. In most cases, work is completed within 2-4 weeks, or sooner.

No Surprise Bills

To the greatest extent possible, Patrola Law provides flat-fee quotes for services, eliminating unexpected or 'surprise' bills.

About the Author



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Perpinder has counselled on a broad spectrum of matters from incorporations, complex mergers and acquisitions, public offerings, and private placements to international licensing agreements and multinational trade-mark applications.

He has advised private and public companies, large enterprises and start-ups, and Canadian and foreign companies.