

PRACTICE NOTE

To: Money Services Businesses outside Québec
Date: December 8, 2016

The Autorité des marchés financiers (“**AMF**”) can and does conduct inspections of registered money services businesses (“**MSB**”) with the AMF including, those that reside outside the province of Quebec.

In this note, I provide some insight into what to expect in the event of an AMF inspection. In the normal course, you can also expect a phone interview between management and AMF inspectors. The AMF will also transmit to the MSB a list of documents that it would like to obtain for the purposes of the inspection and gives a delay of approximately 15 business days to comply with the request. The system enables the AMF to conduct an inspection from a distance rather than on site at the registered office of the MSB. The list of the questions and documents requested by the AMF can be extensive and include such things as updating the information provided by the MSB at the time of its registration, identifying other parties with which it enters into contracts in the province of Quebec, client lists, compliance documentation and financial records including bank reconciliations. Documents and questions are exchanged between the MSB and the AMF using the AMF’s electronic file exchange system.

Even though an MSB may keep its books and records outside the province of Quebec, they must be available for the inspection at the request of the AMF. Pursuant to section 66 of Money-services Businesses Act, the failure to communicate or deliver a document requested by the AMF in the course of an inspection is an offence subject to a monetary penalty of not less than \$15,000 in the case of a legal entity or \$5,000 in the case of an individual. The AMF may charge MSB’s up to \$91 per hour (adjusted annually) for the conduct of the inspection.

If you have any questions about your obligations as a registered MSB in Quebec or about the inspections of the AMF, we would be pleased to discuss them with you.