



Non-Bank Financial Institutions Bill

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Order of Presentation

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Background

- FATF Revised 40 Recommendations plus 9 special recommendation on Terrorist Financing
- FATF Interpretative Note to SR VI: Alternative Remittance

3 Core Elements

- Jurisdictions should require licensing or registration of persons (natural or legal) that provide money/value transfer services, including through informal systems;
- Jurisdictions should ensure that money/value transmission services, including informal systems, are subject to applicable FATF Forty Recommendations (2003) (in particular, Recommendations 4-16 and 21-25) and the Eight Special Recommendations (in particular SR VII); and
- Jurisdictions should be able to impose sanctions on money/value transfer services, including informal systems, that operate without a license or registration and that fail to comply with relevant FATF Recommendations.

FATF Definition

- Money or value transfer service refers to a financial service that accepts cash, cheques, other monetary instruments or other stores of value in one location and pays a corresponding sum in cash or other form to a beneficiary in another location by means of a communication, message, transfer or through a clearing network to which the money/value transfer service belongs.
- Transactions performed by such services can involve one or more intermediaries and a third party final payment.

Proposed NBFIs Bill

- Introduce a regime for licensing and regulating the money services business and non-bank financial services business

Definitions

- Money Services Business
- Providing any or all of the following services:
 - Money transmission
 - Cheque cashing
 - Currency exchange
 - Issuance, sale or redemption of money orders or travelers cheques
 - Such other services as the Governor in Council may specify
 - Agents and franchise holders also covered

Definition

- Non-bank financial services business
- Consumer financing
- Mortgage financing
- Micro-credit financing
- Financial co-operatives ??????????
- Lease financing
- Such other services as the Governor in Council may specify

Goals of the NBFIs Bill

- Not to be unrealistic and too burdensome
- Raise awareness of the public to enhance use of licensed NBFIs
- Development and improvement of services in terms of cost, speed, efficiency and credibility
- Fill any gap in our AML/CFT regulatory framework to minimise risks.

Licensing Requirements

- Minimum capital
- Deposit
- Fit & proper test

Accounting Records and Internal Controls

- Accounting records to be kept
 - At least for 5 years
 - Provide a general understanding on the financial strength and performance
 - Risks, etc.
- Establish and maintain systems of internal control

Other Requirements

- Appointment of auditor approved by the Commission
- Auditor's certificate of existence of adequate and effective procedures to ensure compliance of the business with AML COP

The Commission

- Review and examine entities to ensure compliance with the NBFIs Act
- Sound financial position
- Conduct business in a satisfactory manner
- Investigation of any offence against relevant financial services legislation



The Commission

- Have access to books, records, etc.
- Request information from persons carrying on business in contravention of the Act.
- Conduct on-site inspections