



The Honourable Peter Fonseca  
Chair of the House of Commons Standing Committee on Finance  
House of Commons  
Ottawa, Ontario K1A 0A4

Dear Colleague:

As the Minister of Public Safety, I am pleased to respond to the Report of the House of Commons Standing Committee on Finance (the Committee), *Invocation of the Emergencies Act and Related Measures* (the Report), on behalf of the Government of Canada.

I would like to thank the Committee for its important efforts to examine the events that led to the declaration of a public order emergency in February 2022 and the actions that the Government took to enable the peaceful resolution of the emergency situation. The Government takes note of the considerable effort put into this study and report, which is grounded in the outcomes of many hearings with dozens of Government and non-Government witnesses. The Report raises many important issues, such as privacy, transparency and oversight pertaining to the implementation of temporary financial measures in Winter 2022. The Government fully recognizes the gravity of these issues, which merit the utmost attention and serious consideration.

This Government Response is organized along five key themes that emerge from your recommendations: oversight and transparency, financial measures, investigations and law enforcement, engagement and communications, and research. The Government of Canada is taking action in these areas, and it is my pleasure to share with you here information on this work.

### **Theme 1: Oversight and Transparency**

The Committee has noted the importance of oversight and caution when invoking the *Emergencies Act* (EA). The Government supports transparency and accountability on the use of the EA, and recognizes that it is an instrument that should be used only in exceptional circumstances. The Government also recognizes that timely and rigorous oversight throughout the invocation, implementation and revocation of the EA is essential.

The Government of Canada fully appreciates that, given the gravity of invoking the EA, it is appropriate to seek opportunities to streamline oversight processes. We are committed to providing timely support to the Committees examining various aspects of the public order emergency. In addition to FINA, this includes, most notably, the Special Joint Committee on the Declaration of Emergency (DEDC), which was stood up only days after the revocation of the EA to study the exercise of powers and the performance of duties and functions pursuant to a declaration of emergency.

I would also take this opportunity to reaffirm the Government's commitment to the work of the Public Order Emergency Commission (POEC) under the Honourable Paul S. Rouleau, which is examining aspects of the public order emergency. POEC is a crucial mechanism to ensure transparency and oversight over the Government's use of the EA.

## **Theme 2: Financial Measures**

The Government notes that recommendations under this theme address issues such as crypto currencies, beneficial ownership, crowdfunding platforms, and reviewing the anti-money laundering/anti-terrorist financing (AML/ATF) Regime.

In relation to this theme, the Government of Canada committed in Budget 2022 to accelerate by two years the implementation of a public and searchable beneficial ownership registry. We expect this registry to be accessible by the end of 2023 and give authorities access to timely and accurate information on the natural persons who own and control corporations. It will cover private corporations governed under the Canada Business Corporations Act (CBCA).

I would also note that an initial set of legislative amendments to the CBCA was put forward in Bill C-19 Budget Implementation Act, 2022, No. 1, which received Royal Assent on June 23, 2022. These amendments will require federally incorporated companies to submit beneficial ownership information to Corporations Canada, the federal corporate registry, and allow Corporations Canada to disclose all or part of the information received from corporations to investigative bodies, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), and other prescribed entities.

In addition to these initiatives, the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations (PCMLTFR) were amended following the temporary measures put in place under the Emergency Economic Measures Orders (EEMO). On April 5, 2022, FINTRAC included previously exempt payment service providers, to ensure that crowdfunding platforms and payment service providers are captured under *the Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMTLFA). These new regulations require crowdfunding platforms and payment service providers to, for example, register with FINTRAC, develop and maintain a compliance program, and report suspicious transaction reports.

I would also highlight that the Department of Finance and other AML/ATF Regime partners work closely with international partners to help strengthen AML/ATF activities worldwide. Canada's Regime is reviewed by its peers through the Financial Action Task Force (FATF), the body that sets international standards for combatting money laundering and terrorist financing, and ensures that all members are held to the same criteria. Published in Fall 2021, Canada's 4th follow-up report to the FATF demonstrates the progress Canada has made in strengthening its Regime.

### **Theme 3: Investigations and Law Enforcement**

The Government notes that the Committee's recommendations under the theme of investigations and law enforcement pertain to issues of institutional capacity and bringing together existing resources and expertise.

I am pleased to note that Budget 2022 provided \$89.9 million over five years, and \$8.8 million ongoing, to provide FINTRAC with increased capacity to: implement new anti-money laundering and anti-terrorist financing requirements for crowdfunding platforms and payment service providers; support the supervision of federally regulated financial institutions; continue to build expertise related to virtual currency; modernize its compliance functions; and update its financial management, human resources, intelligence, and disaster recovery systems. As part of this funding, FINTRAC received more than \$28 million in new funding over five years and \$3.7 million ongoing to implement new regulations that add businesses offering crowdfunding platforms and payment service providers as regulated entities under the PCMLTFA.

In addition, Budget 2022 announced that Public Safety Canada will lead on the development of a proposal for the establishment of the Canada Financial Crimes Agency (CFCA). The objective of the CFCA is to become the country's lead enforcement agency in this area, and to bolster Canada's ability to quickly respond to complex and fast-moving cases of financial crime. Public Safety Canada will undertake the initial work to develop and design the new agency, with the support of the Department of Justice, Finance Canada and the Canada Revenue Agency.

Regarding law enforcement, the EEMO allowed the RCMP to proactively share basic personal information with entities listed in section 3 (e.g. banks, insurance companies, or crowd funding platforms) where the RCMP was satisfied that sharing would help in the implementation of the EEMO. Financial institutions had to exercise their own discretion in whether or not to freeze assets based upon the information provided. I would note that the RCMP did not freeze any assets of any individuals or businesses. By February 23, when the Order was repealed, the RCMP had disclosed 57 entities to financial institutions, which included individuals and owners or drivers of vehicles involved in the blockades, and 170 Bitcoin wallet addresses to virtual asset service providers. It is also important to note that financial institutions were not obligated to inform the RCMP of actions that they took within their own businesses.

### **Theme 4: Engagement and Communications**

The Government notes that recommendations under this theme address issues such as: stakeholder engagement, including within government, external organizations, and impacted Canadians; the importance of financial institutions having access to clear information; and privacy.

In considering this theme, I would note that Canadian financial institutions, whether federally regulated or provincially, must comply with applicable privacy laws. Banks and other federally regulated financial institutions must comply with the requirements in the *Personal Information*

*Protection and Electronic Documents Act (PIPEDA)*, which sets national standards for privacy practices in the private sector. With respect to requiring institutions to provide individuals with notification upon the freezing of an account, the RCMP adheres to legislation such as the *Privacy Act* and the *Canadian Charter of Rights and Freedoms*, ensuring that every Canadian's personal information is protected.

As for stakeholder engagement, the Department of Finance engages regularly with financial sector participants to discuss relevant policy matters. The Department typically conducts engagement through industry associations, such as the Canadian Bankers Association, the Canadian Credit Union Association, the Canadian Life and Health Insurance Association, or the Insurance Bureau of Canada. This engagement strategy enables the Department to communicate with the greatest number of financial institutions and to establish a dialogue on complex situations where the input from financial sector participants is crucial.

### **Theme 5: Research**

The Report registers the importance of coordinated research with international partners to better understand how money moves in support of illegal activities. The Government notes that the Department of Finance and AML/ATF Regime partners work closely with international allies, including the Five Eyes, to identify and prevent money flowing to illegal or terrorist activities. In addition to information sharing agreements with international allies, Canada has been a member of FATF since 1990, is a member of the Asia Pacific Group, provides support to the Caribbean Financial Action Task Force (CFATF), and observes the Financial Action Task Force of Latin America (GAFILAT). The AML/ATF Regime will continue to work with our Five Eyes allies and others to identify trends and ways to mitigate the flow of money to illegal or terrorist activities.

### **Conclusion**

As you are aware, there are a number of other bodies currently examining these issues, including DEDC, the Standing Committee on Public Safety and National Security (SECU), the Standing Committee on Procedure and House Affairs (PROC) and POEC. The Government commits to respond to the FINA Committee as part of a coordinated approach to all findings and recommendations related to the invocation of the EA, once all relevant processes have concluded. I would note that many of the recommendations in the Report would carry with them resourcing needs, which departments will better understand in the context of recommendations stemming from future reports.

The Government appreciates the insights and recommendations provided by the Committee, and looks forward to continuing to work with the Committee on these issues moving forward.

Sincerely,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

The Honourable Marco E. L. Mendicino, P.C., M.P.  
Minister of Public Safety