Canada's AML Shift: Preparing for Universal Enrolment, Higher Penalties and FINTRAC Enforcement

April 29, 2026

Amendments to Canada's *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (**PCMLTFA**), summarized in our previous bulletin, Canada's New Border Bill to Combat Money Laundering, and introduced by Bill C-12, *An Act respecting certain measures relating to the security of Canada's borders and the integrity of the Canadian immigration system and respecting other related security measures* (**Bill C-12**), received royal assent on March 26, 2026. The amendments substantially increase administrative monetary penalties (**AMPs**), introduce universal enrolment, requiring all reporting entities subject to the PCMLTFA to register with the Financial Transactions and Reports Analysis Centre of Canada (**FINTRAC**), and raise overall compliance expectations, fundamentally changing how businesses must approach anti-money laundering risk and enforcement.

Universal Enrolment: All reporting entities must register with FINTRAC

While not yet in effect, Bill C-12 sets out the universal enrolment framework that will require all reporting entities subject to the PCMLTFA to apply and enrol with FINTRAC in a prescribed form for a prescribed period. Bill C-12 also provides a renewal process for such enrolment. Future regulations will provide more clarity as to the substance and manner in which the enrolment framework will be implemented.

The enrolment framework represents an expansion of the existing registration requirements which are currently only applicable to domestic and foreign money service businesses. Once in force on a date that is to be set by Order in Council, all reporting entities will be required to abide by the new requirements, which incorporate ongoing obligations such as notifying FINTRAC of any change in information within 30 days after the day on which the reporting entity becomes aware of the change or obtains the new information.

AML Compliance Programs

As summarized in our previous bulletin, reporting entities must ensure their compliance programs are “reasonably designed, risk-based and effective.” This compliance standard requires anti-money laundering and anti-terrorist financing policies to be tailored to the specific risk and operations of the reporting entity – simply copying and pasting FINTRAC guidance or using generic templates is not sufficient. Compliance programs must be functional and defensible, particularly considering heightened enforcement powers and compliance expectations.

Significant AMPs and FINTRAC Enforcement

Bill C-12 increases AMPs that FINTRAC may impose for contravention of the PCMLTFA by a factor of forty. Minor violations can result in penalties up to $40,000, serious violations up to $4,000,000, and very serious violations up to $20,000,000. For multiple violations, cumulative penalties are capped at the greater of $20 million or 3 per cent of a reporting entity’s gross global revenue (where revenue exceeds $20 million). For individuals, the cap is the greater of $4,000,000 or 3 per cent of their gross global income from the prior year.

Bill C-12 also amends the criteria FINTRAC considers when determining the amount of an AMP for violations that do not have a fixed penalty amount. Additionally, FINTRAC will be required to consider the ability of the individual or entity to pay the AMP.

Bill C-12 implements transitional provisions for violations that will determine whether the pre-Bill C-12 AMP framework, or the Bill C-12 AMP framework will be applied. If the violation is committed before March 26, 2026, the pre-Bill C-12 AMP framework is to be considered. If the violation is committed after March 26, 2026, the Bill C-12 AMP framework would apply.

Bill C-12 is accompanied by a shift in FINTRAC’s enforcement approach, reflected in both supervisory guidance and updated AMP policy. As summarized in our bulletin, Changes to FINTRAC Supervision Model and Penalty Policy, FINTRAC signalled a more assertive and outcomes-focused approach to supervision. Taken together with the increased AMPs, these developments underscore the importance of demonstrably risk-based and defensible compliance programs.

Further to the passing of Bill C-12, on April 13, 2026, FINTRAC published a modernization update, Modernization and upcoming changes impacting reporting entities, setting out a centralized roadmap detailing how and when the resulting legislative and regulatory changes will apply to reporting entities under the PCMLTFA. FINTRAC will be updating its AMP policy and developing accompanying guidance to assist reporting entities subject to the PCMLTFA in complying with their applicable obligations when the amendments come into force.

Next Steps

Regulations containing the substance of the legal requirements are expected to be published in spring 2026. Bill C-12 will come into force using a phased implementation approach, as detailed in the FINTRAC roadmap published in its above-referenced modernization guidance. Reporting entities must ensure readiness for each stage once the new obligations take effect.

Contact us

For more information on these updates to Canada's anti-money laundering and anti-terrorist financing legislation, please reach out to the key contacts below or any lawyer from BLG's Banking & Financial Services Group.

By

Suhuyini Abudulai, Maria Nasr

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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

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