Bill S-8: Proposed Changes to Canada's Financial Crime Framework

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Bill S-8, the *Combatting Financial Crimes and Drug Trafficking Act* (Bill S-8) marks the latest step in Canada's push to strengthen its financial crime framework. Introduced on November 3, 2026, Bill S-8 would impose new obligations and restrictions on money services businesses (MSBs), crypto ATM operators and businesses handling certain cash transactions.

Bill S-8 comes at a time of heightened scrutiny of Canada's response to money laundering and other financial crime, alongside growing concerns about organized crime, national security and the use of new technologies to facilitate illicit activity. It also reflects a broader shift toward stronger supervision and enforcement and greater coordination across Canada's anti-money laundering (AML), payments and national security frameworks. Against that backdrop, Bill S-8 would expand regulatory and law enforcement tools while imposing new operational and compliance requirements on affected businesses.

This alert highlights the key measures and practical considerations businesses should be assessing as Bill S-8 moves through Parliament.

New Ministerial Powers

Registration with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) could become subject to a broader assessment than compliance with the PCMLTFA alone. National security and the integrity of Canada's financial system would become express considerations in determining whether a business may obtain or retain its registration.

Where the Minister of Finance (Minister) considers a review necessary on national security or financial system integrity grounds, the Minister could review a new or existing registration application and direct FINTRAC to deny or revoke the registration. The Minister could also temporarily suspend FINTRAC's consideration of all registration or renewal applications, or applications from a specified class of businesses. Bill S-8 would further allow regulations to temporarily limit or prohibit certain domestic transactions in prescribed circumstances.

These powers would initially have particular significance for MSBs, who are currently required to register with FINTRAC. However, Bill S-8 refers more broadly to registered persons and entities. Their potential reach could therefore expand considerably when the planned universal registration regime comes into force, requiring other PCMLTFA reporting entities to register with FINTRAC.

Enhanced Oversight of MSBs

For MSBs, Bill S-8 would make registration an increasingly important regulatory gateway. A business could face consequences for its ability to operate not only because of customary PCMLTFA compliance concerns, but also because of national security concerns and, for businesses that are also payment service providers (PSP), regulatory action under the *Retail Payment Activities Act* (RPAA).

Bill S-8 would expand FINTRAC's authority to refuse or revoke the registration of an MSB. The expanded grounds would include where the Minister has directed that the business is ineligible for registration, the business has failed to make substantial progress in complying with a compliance order, or the grounds for a prior refusal or revocation remain unresolved. Significantly, an MSB could also become ineligible for FINTRAC registration where the Minister directs the Bank of Canada to refuse or revoke its registration as a payment service provider (PSP) under specified national security provisions of the RPAA. This creates a direct regulatory link between the AML framework under the PCMLTFA and the payments framework under the RPAA.

The proposed amendments would also expand criminal record screening to owners and investors holding an interest of at least 5% and require newly registered MSBs to provide additional information about the commencement of their operations, financial arrangements and services. For MSBs, this means greater scrutiny not only of the business itself, but also of its ownership and the information supporting its registration.

New Requirements for Crypto ATM Operators

Crypto ATM operators would face significantly more prescriptive requirements under Bill S-8, including identity verification, record keeping and reporting obligations, together with a $1,000 transaction limit over any 24-hour period.

Bill S-8 would introduce a dedicated framework for virtual currency automated teller machines (crypto ATMs). Among other requirements, if Bill S-8 is enacted, crypto ATM operators would be subject to the following measures:

- limit on customer's transactions at $1,000 over any 24-hour period;
- identity verification and record keeping obligations in respect of transactions;
- reporting transactions to FINTRAC, including prescribed transaction, customer and digital wallet information;
- comply with information requirements applicable to virtual currency transfers; and
- provide prescribed information about their crypto ATMs to FINTRAC.

These requirements would be supported by administrative monetary penalties and criminal offences. Bill S-8 would also prohibit operating a crypto ATM without any licence required under applicable provincial or territorial law and would extend potential

liability to persons who knowingly provide certain services supporting the operation of an unlawfully operated machine.

Restrictions on Certain Cash Transactions

The proposed restrictions on large cash transactions and third party cash deposits are not new. They were first proposed in Bill C-2, the *Strong Borders Act*, in 2025 and have now resurfaced in Bill S-8. If enacted, the measures would have implications beyond traditional PCMLTFA reporting entities, particularly for businesses and professionals in Canada that accept significant amounts of cash.

Bill S-8 would generally prohibit businesses, professionals and organizations soliciting public donations from accepting cash payments, donations or deposits of $10,000 or more, whether in a single transaction or a prescribed series of related transactions. Certain reporting entities would be excluded, with further exceptions to be prescribed by legislation. Bill S-8 would also restrict certain reporting entities from accepting cash deposits into an account from someone other than the account holder or a person authorized to give instructions on the account, again subject to prescribed exceptions.

For affected businesses, these measures represent a shift from reporting large cash transactions to restricting them outright. Businesses that routinely accept cash would therefore need to consider the application of the proposed prohibition to their payment practices and, if this Bill S-8 measure is enacted, what changes to transaction controls, customer communications or payment options may be required.

Information Sharing Expansion

Bill S-8 would clarify when reporting entities may collect and use information disclosed by government or law enforcement authorities for purposes related to detecting or deterring money laundering, terrorist financing and sanctions evasion. Further, the amendments would allow this information to be collected and used without the individual's knowledge or consent and would provide protection from liability where a reporting entity does so in good faith and in accordance with the PCMLTFA.

This measure would give reporting entities greater certainty about how they can use information received from government or law enforcement and incorporate it into their financial crime controls, including transaction monitoring and other risk management processes.

Postal Enforcement Measures

Bill S-8 proposes to expand law enforcement's ability to intercept illicit goods moving through the Canadian postal system by facilitating the search, seizure, detention and retention of mail under specified federal statutes. The proposed measures are intended to address existing constraints on investigating the use of the postal system for drug trafficking and other criminal activity.

Looking Ahead

As Canada's financial crime regime continues to evolve, businesses will need to assess how new requirements affect their existing compliance programs and operations. Businesses that are newly subject to the regime, or entering Canada, will also need to determine how these requirements apply to their activities and build appropriate compliance frameworks from the outset. This includes identifying gaps, updating or developing risk assessments, policies and procedures, and ensuring that controls remain appropriate in light of changing regulatory expectations and increased supervisory and enforcement activity.

BLG's Financial Services Regulatory team regularly advises businesses on financial crime regulatory requirements, as well as businesses entering Canada on the application of the PCMLTFA, the RPAA and all related financial services requirements.

For questions about Bill S-8, how these developments may affect your business, or any other financial services regulatory requirements, please contact a member of our team.

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