

## ATTACHMENT FOR CANADA

(Revised November 2020)

1. QI is subject to the following laws and regulations of Canada governing the requirements of QI to obtain documentation confirming the identity of QI's account holders:

- i. *The Proceeds of Crime (Money Laundering) and Terrorist Financing Act*;
- ii. *The Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*;
- iii. For its members, the Investment Industry Regulatory Organization of Canada (IIROC) (formerly the Investment Dealers Association of Canada) Dealer Member Rules, Rule 1300 and Rule 2500;
- iv. The *Income Tax Act* (Canada).

2. QI represents that the laws identified above are enforced by the following enforcement bodies and QI shall provide the IRS with an English translation of any reports or other documentation issued by these enforcement bodies that are relevant to QI's functions as a qualified intermediary:

- i. Financial Transactions and Reports Analysis Centre (FINTRAC) of Canada;
- ii. For its members, IIROC; and
- iii. The Canadian Minister of National Revenue.

3. QI represents that the following penalties apply to failure to obtain, maintain, and evaluate documentation obtained under the laws and regulations identified in item 1 above:

- i. Items 1(i) and (ii): an Administrative Monetary Penalty not exceeding C\$1,000 in the case of a minor violation; a penalty not exceeding C\$100,000 in the case of a serious violation; a penalty not exceeding C\$500,000 in the case of a very serious violation; or
- ii. Item 1(iii): monetary penalties not exceeding C\$1,000,000 for an employee of a dealer and C\$5,000,000 for a dealer per offence, disgorgement, reprimand, restrictions on trading, suspension, termination or expulsion from IIROC and individuals may be banned from the industry; or
- iii. Item 1(iv): monetary penalties for each form which is missing or does not include a valid Social Insurance Number, or for making false statements.

4. QI shall use the following specific documentary evidence (and also any specific documentation added by an amendment to this item 4 as agreed to by the IRS) to comply with section 5 of this Agreement, provided that the following specific documentary evidence satisfies the requirements of the laws and regulations identified in item 1 above. In the case of a foreign person, QI may, instead, use a Form W-8 in accordance with section 5 of this Agreement. Either QI, or a banking or securities association in Canada, may request an amendment of this item 4.

i. For natural persons:

- a) Passport;

- b) National Identity Card;
- c) Driving license;
- d) Provincial health insurance card;
- e) Birth certificate provided by an individual under the age of 21;
- f) Government-issued Age of Majority Card;
- g) Canadian citizenship card;
- h) Record of Landing (IMM1000) or Confirmation of Permanent Residence (IMM 5292) issued prior to 1/1/2004;
- i) Permanent Residence Card;
- j) Canadian Forces Identification Card issued by the Canadian Department of National Defence;
- k) A government-issued Certificate of Indian Status;
- l) Alberta Photo Identification Card;
- m) B.C. Identification Card;
- n) B.C. Driver's License and Services Card;
- o) B.C. Services Card (Photo Card);
- p) Government of Newfoundland and Labrador Photo Identification Card;
- q) Nova Scotia Photo Identification Card;
- r) Prince Edward Island Voluntary ID;
- s) Saskatchewan Mandatory Photo ID;
- t) Ontario Photo Card;
- u) Manitoba Identification Card;
- v) NEXUS Membership Card;
- w) An otherwise acceptable Form W-8 (W-8BEN/W- 8ECI/W-8EXP) or a copy of same, with the penalties of perjury statement modified by replacing the words "foreign person" with the words "not a U.S. citizen or U.S. resident alien";
- x) For accounts opened prior to January 1, 2001, a Social Insurance Number that does not indicate non-residence (i.e., a number that does not begin with the digit "9"), that has been established by the QI as valid, and that must be reported to the Canada Revenue Agency in one or more periodic filings, and the QI has no other information that suggests the person is a non-resident of Canada.

ii. For Legal Persons:

- a) Canadian Acceptable Institutions, Acceptable Counterparties and Regulated Entities, that are identified as Canadian entities on IIROC's list of Domestic and Foreign Acceptable Institutions and Acceptable Counterparties;
- b) For registered charities and other accounts individually registered with the Canada Revenue Agency, a notation of its unique tax registration number, provided that such tax registration number is valid and is regularly confirmed with the Canada Revenue Agency;
- c) Copy of the certificate of incorporation, articles of association, trust agreement/deed/indenture or other constating documents;
- d) Copy of extracts from public registers; or
- e) An otherwise acceptable substitute Form W-8 (W-8BEN/W-8ECI/W-8EXP) or a copy of same, with the penalties of perjury statement modified by replacing the words "foreign person" with the words "not a U.S. person".

5. QI shall follow the procedures set forth below (and also any procedures added by an amendment to this item 5 as agreed to by the IRS) to confirm the identity of account holders that do not open accounts in person or who provide new documentation for existing accounts other than in person. In the case of a foreign person, QI may, instead, use a Form W-8 in accordance with section 5 of this Agreement. Either QI, or a banking or securities association in Canada, may request an amendment to this item 5.

- i. QI shall not open an account by any means other than by establishing in person the identity of a customer through the account holder's own identity documents, except as permitted in (ii), (iii), (iv), (v), and (vi) below.
- ii. QI may obtain by mail or otherwise a copy that is an exact reproduction of the specific documentary evidence listed in item 4 above from another person that is subject to know-your-customer rules that have been approved by the IRS for purposes of qualified intermediary agreements, provided that the laws and regulations listed in item 1 permit QI to rely on the other person to identify the account holder.
- iii. QI may obtain a photocopy of the specific documentary evidence listed in item 4 by mail or otherwise remotely from the account holder or a person acting on behalf of the account holder, provided that the photocopy can be associated with a valid Social Insurance Number of the account holder on file that does not begin with "9" or the photocopy has been certified as a true and correct copy by a person whose authority to make such certification appears on the photocopy, and provided that the laws and regulations listed in Item 1 permit QI to rely on the certified photocopy to identify the account holder.
- iv. a) QI may obtain by mail or otherwise a copy that is an exact reproduction of the specific documentary evidence listed in Item 4 from an affiliate of QI or a correspondent bank of QI, provided that the affiliate or correspondent bank has established in person the identity of the account holder and the laws and regulations listed in Item 1 permit QI to rely on documentation provided by that affiliate or correspondent bank to identify the account holder.

b) For accounts opened prior to January 1, 2001, if QI was not required under its know-your-customer rules to maintain originals or copies of documentation, QI may rely on its account information if it has complied with all other aspects of its know-your-customer rules regarding establishment of an account holder's identity, it has a record that the documentation required under the know-your-customer rules was actually examined by an employee of QI, an employee of an affiliate of QI, a correspondent bank of QI, in accordance with the know-your-customer rules, and it has no information in its possession that would require QI to treat the documentation as invalid under the rules of section 5.10(B) of this Agreement.

- v. Where pursuant to a contractual relationship, a third party is acting as agent for QI, QI may rely on documentation (as defined in section 2.13 of this Agreement) obtained and retained by the third party in accordance with section 5 of this Agreement. The acts of such a third party agent of a QI will be imputed to the QI. The QI shall remain fully liable for the acts of such agent and QI shall not be permitted to assert any of the defenses that may otherwise be available, including under common law principles of agency, in order to avoid tax liability under the Internal Revenue Code.
- vi. QI shall comply with the following due diligence obligations pursuant to FINTRAC Guidance on the Know Your Client Requirements under The Proceeds of Crime (Money Laundering) and Terrorist Financing Act:

"QI may determine the authenticity of a government-issued photo identification document by using a technology capable of assessing the document's authenticity if an individual is **not physically present**. For example:

- an individual could be asked to scan their government-issued photo identification document using the camera on their mobile phone or electronic device; and
- a technology would then be used by the QI, to compare the features of the government-issued photo identification document against known characteristics (for example, size, texture, character spacing, raised lettering, format, design), security features (for example, holograms, barcodes, magnetic strips, watermarks, embedded electronic chips) or markers (for example, logos, symbols) to be satisfied that it is an authentic document as issued by the competent authority (federal, provincial, territorial government).

When an individual is **not physically present**, the QI must still determine if the individual presenting the government-issued photo identification document matches the name and photo of the person in the authenticated document provided. For example:

- An individual could participate in a live video chat session and the QI, would then be able to compare the name and the features of the live video image to the name and photo on the authentic government-issued photo identification document; or
- An individual could be asked to take a "selfie" photo using the camera on their mobile phone or electronic device, and an application used by the QI, would apply facial recognition technology to compare the features of that "selfie" to the photo on the authentic government-issued photo identification document. A process would have to exist to also

compare the name on the government-issued photo identification document with the name provided to the QI, by the individual.”