

Practice Resource

Client ID, Verification and Source of Money – Top 10 tips

1. Identification and verification are two different concepts

Client identification (Rule 3-100) and verification (Rules 3-102 to 3-103) are different but related concepts. Identification refers to the basic information in Rule 3-100 that you must obtain and record about the client when retained. You can ask the client for the information. You are not required to view an individual's government-issued photo ID to identify them. See the [FAQs](#) on identification vs. verification.

2. A “financial transaction” generally triggers verification and source of money obligations

With limited exceptions, if there is a “financial transaction” (widely defined in Rule 3-98), you must verify the client's identity and obtain information about the source of money for the transaction (Rule 3-102). See the [FAQs](#) on source of money and the Discipline Advisories: [Client ID and Verification](#) (2024) and [A bright line rule: Rule 3-58.1 – Trust account only for legal services](#) (2025)

3. Relying on an exemption to the verification and source of money obligations

Before relying on a Rule 3-101 exemption, carefully consider if the exemption applies. Each client and financial transaction must be considered separately. For example, an exemption applying to the receipt of money may not apply to the payment out to the client. Both the receipt and payment out would need to be exempt for every financial transaction for there to be a general exemption from verification and the source of money obligations. Even if an exemption applies, if there are red flags, be mindful of the duty to make reasonable inquiries and record them as set out in *BC Code* rule 3.2-7 and its commentaries.

4. There are four methods to verify ID

Rule 3-102 provides for four methods to verify an individual's identity: (1) the government-issued photo ID method with a physical meeting; (2) the government-issued photo ID method with a virtual meeting using reliable authentication technology; (3) the credit file method; and (4) the dual process method. You can use any one of the four methods. If you use the government-issued photo ID method, you are required to use at least one ID. See the [FAQs](#) on Methods to verify an individual's identity.

5. A member of your law firm, employee or agent may also verify ID

You or a member or employee of your firm, wherever located, may verify the client's identity. Alternatively, you may use an agent to verify the client's identity. As of March 8, 2024, a BC lawyer is no longer required to use an agent to verify a client's identity if the client is outside of Canada.

6. Your agent need not be a lawyer

If you use an agent to verify a client's identity on your behalf, you are not required to use another lawyer as your agent. However, your agent should be someone who is reputable, who takes the verification of client identity seriously, and who will carry out the required work diligently and within your timeframe. It is desirable to use a regulated professional if you do not use a lawyer. See the [FAQs on Using an agent to verify a client's identity](#).

7. You must verify the identity of the instructing individual of a company

If your client is a company and there is a financial transaction triggering verification, you must verify both the company and the instructing individual (Rule 3-102 and the definition of "client" in Rule 3-98). You must also obtain identifying information about the directors (unless it is a "securities dealer") and make reasonable efforts to obtain information about the shareholders, owners, control and structure (Rule 3-103). You are not required to verify the identity of a director or shareholder unless they are the instructing individual.

8. You do not always need to obtain supporting documents regarding source of money

In the absence of suspicious circumstances, you may accept a client's explanation regarding the economic activity or action that generated a client's source of money for a financial transaction (e.g. savings from salary) without obtaining copies of documents to support the client's explanation. If there are red flags, you must make further inquiries (which may include obtaining documents that support the client's explanation), record the information and assess the risks of acting. If you aren't satisfied, you must withdraw. See the [FAQs](#) on Source of money.

9. Rule definitions may differ from common usage

Read the definitions in Rule 3-98. Some terms are broadly defined and may differ from ordinary use (e.g. client, financial transaction, money, organization).

10. Refer to the extensive resources on our website

For more detailed information, see the resources on the "[Client ID & Verification](#)" web page, including the [Client Identification, Verification and Source of Money Checklist](#), articles, [FAQs](#) and the free Anti-Money Laundering Measures webinar – 2024 update. If you have questions, lawyers can contact practiceadvice@lsbc.org, phone 604.443.5797, or [book an appointment](#).