

Practice Resource: Anti-money laundering and counter-terrorist financing updates

July 22, 2025

Lawyers are encouraged to consult the [Financial Action Task Force](#) (FATF) and [Financial Transactions and Reports Analysis Centre](#) (FINTRAC) publications regarding money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction, in addition to reading the Law Society's publications. Stay informed on high-risk jurisdictions, jurisdictions under increased monitoring, and terrorist and proliferation financing trends and take appropriate measures when providing legal services. Be aware that criminals try to obtain funds, resources and information that can be used to finance terrorism, crimes and/or build weapons of mass destruction.

The Financial Action Task Force (FATF)

The FATF, an independent inter-governmental body of 40 countries, including Canada, monitors how criminals raise, use and move funds. [The FATF Recommendations](#) address risks to the global financial system, as well as set standards aimed at preventing illegal activities and the harm they cause to society. Countries are assessed against the standards and FATF identifies the jurisdictions that may be assigned to what are referred to informally as the "grey or black lists." The lists are subject to change on an ongoing basis.

Grey-listed countries

On June 13, 2025, the FATF updated its list of jurisdictions under increased monitoring. It works with these grey-listed countries to address their strategic deficiencies. [Read about the countries under increased monitoring.](#)

Black-listed countries

On June 13, 2025, the FATF [released a statement](#) about high-risk jurisdictions. These black-listed jurisdictions are Iran, the Democratic People's Republic of Korea (North Korea) and Myanmar. These jurisdictions have significant strategic anti-money laundering and counter-terrorist financing deficiencies and have heightened proliferation risks.

The [Russian Federation's FATF membership has been suspended](#) since February 24, 2023. Sanctions related to Russia are in effect.

Comprehensive update on terrorist financing risks

On July 8, 2025, the FATF published an important report titled [Comprehensive Update on Terrorist Financing Risks](#). This report highlights serious and evolving terrorist financing risks and warns of gaps in countries' abilities to fully understand terrorism financing trends and thus respond effectively. It outlines current and evolving methods employed by terrorist organizations and individuals to raise, move, store, and use funds and assets, including cash transportation, hawala and other similar service providers, money value transfer services, online payment services, formal financial services, digital

platforms (including social media and crowdfunding sites), virtual assets, and the abuse of legal entities, such as shell companies, trusts and non-profit organizations. [Review this report](#) to help you understand and mitigate risks with respect to your practice.

FINTRAC

FINTRAC is known as “Canada’s financial intelligence unit and anti-money laundering and anti-terrorist financing supervisor.” It generates intelligence for Canada’s law enforcement and national security agencies. The reporting entities to FINTRAC must report certain transactions, including suspicious transactions, and include accountants and accounting firms, BC notaries, cheque cashers, financing or leasing entities, financial entities, life insurance, money services businesses, mortgage, real estate and securities dealers. [Find out more about who must report to FINTRAC](#)

For constitutional reasons, lawyers and law firms do not report to FINTRAC. A lawyer must not act for a client that the lawyer knows, or ought to know, on an objective basis, assists in or encourages any dishonesty, crime or fraud. BC lawyers are subject to the anti-money laundering and counter-terrorist financing requirements the Law Society imposes and must meet their obligations and comply with the law.

FINTRAC provides publications that are useful for lawyers when considering and managing risks:

- [FINTRAC guidance related to a Ministerial Directive on Financial Transactions Associated with the Islamic Republic of Iran](#) (July 2025). This guidance is applicable to specific persons and entities listed under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Lawyers must treat transactions originating from or bound for Iran as high risk. FINTRAC’s guidance includes detailed examples of ways in which a transaction could be originating from or bound for Iran, including transactions flowing through intermediary jurisdictions.
- [Special Bulletin on financial activity associated with evasion of counter proliferation sanctions](#) (July 2025)
- [Special Bulletin on financial activity associated with suspected sanctions evasion](#) (June 2024).

Assess your money laundering and terrorist financing risks and take action

You are encouraged to assess your practice for inherent risks of money laundering, terrorist financing and the financing of weapons of mass destruction and to adopt risk mitigation measures. Establishing proactive measures is especially important when providing legal services to high-risk clients and in high-risk sectors such as securities, real estate, private lending and international trade, and creating companies, trusts and complex ownership structures. High-risk clients include politically exposed persons, cash-intensive businesses, non-residents, clients with a criminal history and clients in high-risk occupations or from jurisdictions subject to increased monitoring and high-risk jurisdictions. Understand the risks associated with transactions you are asked to perform, including those involving cryptocurrency assets and international wire transfers.

See the Law Society’s [Client ID & Verification and Anti-Money Laundering Risk Management](#) page for more resources including:

- [Risk Assessment and Compliance](#),
- [Red Flags Quick Reference Guide](#),
- [Guidance on Politically Exposed Persons/Heads of International Organizations](#),
- Discipline Advisories: [A bright line rule: Rule 3-58.1 – Trust account only for legal services](#), [Client ID and Verification](#), [Country/Geographic risk](#), [Securities fraud: Micro-cap stocks](#), [Private lending](#), and [Lawyers are gatekeepers](#).
- [Risk Assessment Case Studies for the Legal Profession](#),
- [Consolidated Canadian Autonomous Sanctions List](#) (includes individual and entities subject to specific sanctions regulations made under Canada's *Special Economic Measures Act* and the *Justice for Victims of Corrupt Foreign Officials Act*).

Contact Barbara Buchanan, KC at 604.697.5816 or bbuchanan@lsbc.org for further practice advice about your anti-money laundering obligations and information about resources.