CFLA ACFL

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Regulatory Update

New Anti-Money Laundering Regulations for Leasing & Financing Entities in Effect – Increased Obligations for Lessors

On April 1, 2025, the regulations covering financing and leasing entities under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* ("PCMLTFA") came into effect.

Businesses engaging in financing or leasing are now subject to supervision by the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC"). A financing or leasing entity is engaged in a business or profession for the purposes of paragraph 5(j) of the PCMLTFA when it is financing or leasing, either directly or indirectly:

- property, other than real property or immovables, for business purposes;
- passenger vehicles in Canada; or
- property, other than real property or immovables, that is valued at $100,000 or more (this limit only applies to consumer goods, not business-to-business transactions).

This regulatory change will legally require lenders to collect additional information from borrowers and equipment and vehicle dealers to comply with the new obligations, including enhanced identity verification, beneficial ownership information, and third-party determinations.

While the regulations are now in effect, full compliance is expected by April 1, 2026. We encourage all industry participants to begin updating their compliance programs, train staff accordingly, and audit their third-party relationships. **Please note that failure to comply may result in significant penalties.**

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Additionally, the new framework permits voluntary private-to-private information sharing between reporting entities, with appropriate privacy safeguards, to help strengthen the collective fight against financial crime.

This notice is intended to support industry participants in understanding and preparing for regulatory obligations. It does not constitute legal advice or replace guidance from FINTRAC or other regulatory authorities.

- The Canadian Finance & Leasing Association

The Canadian Finance & Leasing Association (CFLA) is the trade association representing **Canada's asset-backed financing, vehicle and equipment leasing industry**. We support, inform, and advocate for members to advance the asset-backed finance industry.

For questions or additional information, please contact info@cfla-acfl.ca.