

CLIENT IDENTIFICATION AND VERIFICATION*

*These requirements are in force as of **January 1, 2022**. Review Part III of [By-Law 7.1](#) for more information and [defined terms](#). Consult the Law Society's [Practice Management COVID-19 FAQs](#) for additional information about client identification and verification in the context of COVID-19.

ACTIVITY

DELIVERING LEGAL SERVICES
 Licensee retained to provide legal services regardless of whether new or existing client

YES

REQUIREMENTS

CLIENT IDENTIFICATION

Unless an exemption applies, licensees must obtain the following information about:

- Client
- Third Party
- Each individual authorized to give instructions on behalf of an organization with respect to the matter

YES

ACTIVITY

RECEIVING, PAYING, OR TRANSFERRING FUNDS
 Licensee engages in or gives instructions in respect of the receipt, payment, or transfer of funds

YES

REQUIREMENTS

CLIENT VERIFICATION

Unless an exemption applies, licensees must verify the identity of:

- Client
- Third Party
- Individuals authorized to give instructions on behalf of an organization in the matter

SOURCE OF FUNDS

- Licensee must obtain information from the client about the source of funds being received, paid, or transferred

MONITORING

- Licensee must periodically monitor the professional business relationship with client to:
 - Determine if client's information regarding activities, source of funds, and instructions are consistent with purpose of retainer and information previously obtained
 - Assess if there is a risk of assisting with or encouraging fraud or other illegal conduct
- Licensee must also keep a record of the measures taken and information obtained

WITHDRAWAL

- Licensee who knows or ought to know that they would be assisting a client with fraud or other illegal conduct must decline or withdraw from representation

EXEMPTIONS

- Engaged by employer (e.g., in-house lawyer or paralegal)
- Engaged as agent for another licensee or lawyer authorized to practise law in Canada who has already complied
- Engaged for client referred by another licensee or lawyer authorized to practise law in Canada who has already complied, or
- Duty counsel in the limited circumstances prescribed in By-Law 7.1 or a legal aid services providers under the *Legal Aid Services Act, 1998*, except when duty counsel is engaged in the receipt, payment, or transfer of funds (other than an electronic funds transfer as defined in By-Law 7.1).

INDIVIDUALS	ORGANIZATIONS
<ul style="list-style-type: none"> • Full name • Business address and telephone number, if applicable • Home address and telephone number • Occupation(s) 	<ul style="list-style-type: none"> • Full name • Business address and telephone number • Incorporation or business ID number and place of issue / incorporation (except financial institutions, public bodies and reporting issuers) • General nature of business (except financial institutions, public bodies, and reporting issuers) • Name, position, and contact information for individuals authorized to give instructions with respect to the matter

EXEMPTIONS

- Client is a financial institution, public body, or reporting issuer
- Funds are received, paid, or transferred by electronic funds transfer
- Funds are paid by or to a financial institution, public body, or reporting issuer
- Funds are received from the trust account of another licensee or lawyer authorized to practice law in Canada
- Funds are received from a peace officer, law enforcement agency, or other public official acting in their official capacity
- Funds are paid or received to pay a fine, penalty or bail or
- Funds are paid or received for:
 - Fees billed or to be billed to a client for legal services provided by the licensee or the licensee's firm
 - Disbursements

METHODS TO VERIFY AN INDIVIDUAL

Option 1: GOVERNMENT ISSUED PHOTO IDENTIFICATION METHOD

- Review photo identification issued by federal, provincial, or territorial government, excluding health card. [Click here for a list of acceptable government-issued documents.](#)
- Ensure name and photograph match
- Record and keep client identification information, type of document, document number, issuing jurisdiction and country, expiry date, and date of verification



Option 2: CREDIT FILE METHOD

- Review Canadian credit file in existence for at least three years
- Ensure name, address, and date of birth match information provided by the client
- Record and keep client identification information, source of credit file, reference number, and date of verification



Note: A credit report or credit assessment is not sufficient, and the credit file request must be conducted at the time of verification (i.e., client cannot provide you with a copy of the credit file)

Option 3: DUAL PROCESS METHOD

- Review any two of the following pieces of information, each from a different reliable source who is not the individual, the licensee, or an individual acting on behalf of the licensee:
 - Individual's name and address
 - Individual's name and date of birth
 - Individual's name and confirmation that they have a deposit account, credit card, or other loan amount with a financial institution.
- Confirm documents are authentic, valid, and current
- Ensure information is provided by reliable sources (i.e., an originator or issuer of information that you trust; source should be well known and credible). [Click here for examples of reliable sources of information.](#)
- Make certain that name, address, and date of birth match information provided by the client
- Record and keep client identification information, the name of the two different sources used to identify your client, the type of information, account or reference number and date of verification



ADDITIONAL STEPS FOR VERIFYING MINORS

Licensees must take the following additional steps when verifying the identity of certain minors as identified in By-Law 7.1:

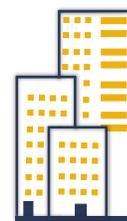
- **Individual under 12 years of age:** Verify the identity of minor's parent or guardian
- **Individual between 12 and 15 years of age:** Obtain information from a reliable source that contains the name and address of the minor's parent or guardian and confirms that the address of the parent or guardian matches the minor's address

TIMING FOR VERIFICATION: IMMEDIATELY

METHODS TO VERIFY AN ORGANIZATIONAL CLIENT

ENTITY THAT IS A CORPORATION OR SOCIETY

- Review written confirmation from a government registry of the existence, name, address of the organization, and the names of the organization's directors (e.g., certificate of corporate status or annual filings)
- Ensure the name and address of the corporation and the names of the directors match
- If you referred to an electronic document, record:
 - The corporation's registration number
 - The type of document referred to, and
 - The source of the electronic version of the document
- If you referred to a paper copy of a document, keep the paper document or a copy of it



ENTITY OTHER THAN A CORPORATION OR SOCIETY (E.G., TRUST OR PARTNERSHIP)

- Review a copy of the organization's constating documents, such as a trust or partnership agreement, articles of association, or any other similar record that confirms its existence as an organization
- Ensure the name and address of the entity match
- If you referred to an electronic record, record:
 - The entity's registration number
 - The type of record referred to, and
 - The source of the electronic version of the record
- If you referred to a paper document, keep the paper document, or a copy of it



ADDITIONAL REQUIREMENTS FOR ORGANIZATIONS

- Except where the organization is a securities dealer, obtain the name of each director of the organization
- Make reasonable efforts to obtain:
 - The names and addresses of each person who owns, directly or indirectly, 25% or more of the organization or of the shares of the organization, if applicable
 - The names and addresses of all trustees and all known beneficiaries and settlors of the trust, if applicable, and
 - Information establishing the ownership, control, and structure of the organization
- Apply sound, sensible judgment about the measures you take to identify beneficial owners – determine what is appropriate for each situation
- Take reasonable measures to confirm the accuracy of the information obtained and keep records of the information obtained, the date on which it was obtained, the measures taken to confirm the accuracy of the information, and the date the measures were taken



ALTERNATE REQUIREMENT

- If unable to obtain or confirm the accuracy of the information above:
 - Take reasonable measures to identify the most senior managing officer of organization
 - Determine if client's information in respect of the activities, source of funds, and instructions are consistent with the purpose of retainer
 - Assess if there is risk that you may be assisting in or encouraging fraud or other illegal conduct, and
 - Keep a record of the measures taken, the information obtained, your assessment, and the applicable dates



TIMING FOR VERIFICATION: WITHIN 30 DAYS



RECORDKEEPING REQUIREMENTS

Licensees must retain the above information, documents, and records **for the longer of**

- The duration of the licensee and client relationship and for as long as is necessary to provide service to the client
- Six (6) years following completion of the work for the client

QUESTIONS?

Contact the [Practice Management Helpline](#). To do so, call the Law Society at 416-947-3315 or 1-800-668-7380 extension 3315, Monday to Friday 9:00 a.m. to 5:00 p.m. EST, and select the Helpline option.



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