

ANNEX 3- Compliance and Internal Governance Rules

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The role of the OACIQ is to protect the public, notably by promoting a culture of compliance among permit holders. To this end, it requires agency directors to develop, disseminate, and supervise the implementation of an internal compliance program based on the guidelines published by the Organization. Compliance, of course, means adhering to laws and regulations, but also conducting real estate brokerage activities with prudence, diligence, competence, integrity, and courtesy, while demonstrating a spirit of collaboration.

- To reduce the risks of ethical, professional, criminal, and penal liability for permit holders and their employees, the agency must ensure their supervision in an adequate manner, which involves ensuring:
- Compliance with the requirements for obtaining and maintaining broker permits (e.g., continuing education, liability insurance, updating information), until the end of their activities within the agency, including for brokers' corporations;
- Prevention and management of conflicts of interest;
- Compliance with advertising, representations, promotions, and solicitations;
- Adherence to brokers' verification, information, and advisory obligations;
- Protection of personal information and cybersecurity;
- Complaint management;
- Compliance with collaboration and remuneration sharing obligations;
- Proper maintenance, management, and preservation of files, books, records, and accounts;
- Prevention of money laundering, terrorist financing, and real estate fraud.

The implementation of policies, procedures, and control measures of the compliance program ensures this supervision. Control can be carried out through client file verification, broker practices, training, coaching, mentoring, and feedback.

Compliance with the requirements for maintaining brokers' licenses

The validity period of your real estate broker license runs from May 1 to April 30. To keep your license active, you must complete several actions by April 30 each year, including paying all required fees (such as FARCIQ and your professional insurance) and updating your information. In addition to the annual renewal steps, you must also comply with the following requirements:

- Update your license photo every five years.
- Always adhere to the conditions required by the license and the code of ethics.
- Complete the mandatory training courses within the deadlines set by the OACIQ.

- Complete the Mandatory Continuing Education Program (MCEP) every two years.

If you hold a residential real estate broker license, you may handle any transaction involving a part or the entirety of a primarily residential building with 4 or fewer housing units, a vacant lot designated solely for residential use, or a fraction of a residential building subject to a condominium agreement or declaration (divided or undivided). You are also permitted to act as an intermediary for the rental of a dwelling, regardless of the number of units in the building.

To ensure better public protection and reduce the risk of errors and omissions, Charisma's real estate brokers who are limited to residential brokerage must follow two additional rules:

- They are prohibited from participating in any operation aimed at the sale of a business.
- They must work in collaboration with a fully licensed broker for the sale of a primarily residential building of 4 or fewer units when part of the space is designated for commercial use.



The OACIQ also states in its guidelines that, regardless of their license category, brokers are always required to consider their abilities, the limits of their knowledge, and the resources they have available to handle a real estate transaction. Consequently, they should not agree to undertake a brokerage operation beyond their area of competence without obtaining the necessary assistance, notably from another licensed broker with the required skills.

Prevention and Management of Conflicts of Interest

Under the Real Estate Brokerage Act and the Regulation on the Conditions for Conducting a Brokerage Transaction, on Broker Ethics, and Advertising, license holders are required to avoid placing themselves in a situation of actual or apparent conflict of interest.

The Obligation to Avoid Entering an Actual or Apparent Conflict of Interest

A conflict of interest arises when your personal or professional interests diverge from those of your client. You must always prioritize your client's interests and avoid any situation where your own interests—or those of your close relations—could influence your judgment or loyalty. To prevent conflicts of interest, you must separate your personal interests from those of your client and, if necessary, cease serving the client. This obligation is part of the ethical rules that require honesty, loyalty, integrity, and objectivity, all designed to reassure the public about broker integrity and enhance professional credibility. It is crucial to avoid not only real conflicts but also situations that might appear as conflicts, as even the appearance of a conflict can compromise your independence and ethical duty.

Situations in Which You Are Prohibited from Acting as a Broker

Direct and Indirect Interests of the Broker

Ethical rules regarding conflicts of interest define situations where a broker is directly or indirectly involved in a real estate transaction, particularly when owning or seeking to acquire a property interest in the concerned property. In such cases, you cannot represent the other parties. Note that "interest" has two meanings in the regulation: a personal benefit (conflict of interest) and a property right (direct or indirect interest). You personally hold a direct interest, whereas an indirect interest is held by a company in which you are a shareholder or by someone closely related to you, such as a spouse or child.

Prohibition on Representing a Seller When Acquiring a Property or Business

If you obtain a direct or indirect interest in a property or business, you are prohibited from representing the seller. In other words, if you purchase a property for your own account (direct interest) or if you are a shareholder in a company (indirect interest) that acquires a property, you cannot act on the seller's behalf as it would create a conflict of interest. Moreover, a broker who acquires an interest in a property or business is specifically prohibited from claiming any fee for that transaction. If you wish to acquire a property for which you are responsible for selling, leasing, or exchanging, you must either terminate your sales brokerage contract or wait for its expiration before submitting a transaction proposal. Note that you cannot terminate the contract if there are ongoing transactions or collaborations with another broker, and even after expiration, you must not propose to acquire the property until a purchase offer becomes null and void. Acquiring a property you are tasked to sell may put you in a conflicting situation—even after the contract ends—as your familiarity with the seller's strategies gives you an unfair advantage. To protect the seller, it is recommended they be represented by another broker. An appearance of conflict may also arise if you fail to provide adequate advice on the initial sale price or do not exert enough effort to find potential buyers offering the best price.

Prohibition on Representing a Buyer or Tenant When the Property or Business Belongs to the Broker

When you sell, exchange, or lease a property or business in which you hold a direct or indirect interest, you cannot represent the interested buyer or tenant or obtain any fee for that transaction. These rules ensure transparency and integrity in the sales process and guarantee that all parties are fully informed of your role and interests. Even if there is no direct requirement to terminate your sales brokerage contract, you must not compete with your client for the acquisition of a property, as doing so would constitute a conflict of interest.

Regarding the Accumulation of Roles or the Exercise of Other Professional Activities

A broker may hold more than one title and be a duly registered member of multiple orders or associations. However, you cannot perform both functions in the same transaction. Common examples include a real estate broker who also acts as a building inspector, or one who holds an AMF license and acts as a mortgage broker simultaneously—both situations representing conflicts of interest.

Regarding FARCIQ Insurance Coverage

For a claim to be covered under FARCIQ's liability insurance, your professional services must benefit third parties. Thus, if you are a party to a transaction (acting as buyer, seller, creditor, shareholder, guarantor, or lessor), any claims you might file in that context will not be covered by FARCIQ.

The Obligation to Disclose a Conflict of Interest

It is well known that a real estate broker must avoid conflicts of interest at all times and take all necessary measures to prevent actual or apparent conflicts. However, a conflict of interest may sometimes be unavoidable. As stated in the guidelines, "The law does not give the real estate broker the choice between avoiding a conflict of interest or disclosing it; at all times, they must avoid being placed in a conflict of interest." Even after disclosing an unavoidable conflict, you remain in a conflict situation, which may cause discomfort or concern for your client. In such cases, you should offer the client the option to terminate the brokerage contract or mandate and select another broker. The client must always feel entirely confident in your representation. To disclose an unavoidable conflict, you must provide in writing, without delay, the following information to the concerned parties: your name and license number, the contact details of the seller/buyer involved, the subject of the brokerage contract, a description of the conflict, and the reasons why you cannot avoid it. This disclosure must be made immediately and in writing, with proof of receipt retained in your records. At Charisma, we provide a standardized form titled "Conflict of Interest Disclosure Notice when the Broker Has Neither a Direct Nor an Indirect Interest in the Transaction," available on our intranet. Note that it is essential not to confuse the obligation to promptly disclose an unavoidable conflict in writing with the obligation to disclose your license status and the nature of your interest in the transaction—a separate ethical requirement aimed at re-establishing balance between the parties.

Dual Representation

When a real estate broker holds a brokerage contract with both parties to a transaction (buyer and seller, or lessor and tenant), this constitutes a situation of dual representation. In such a case, you cannot fulfill your ethical duty to promote and protect the interests of both clients nor act loyally towards them, as their interests' conflict. Dual representation is a clear conflict of interest, and you must take all necessary measures to avoid it—specifically by terminating one of the brokerage contracts and recommending that the client seek representation from another broker. In such cases, you cannot demand a fee from the client nor obtain one from any broker to whom you refer the client. As a reminder, you must inform the non-represented party at the earliest opportunity that they have the right to be represented by another broker. Should they waive this right, they are entitled to fair treatment, full access to all essential information for the proper conduct of the transaction, and all legally required protections.

Compliance of Advertisements, Representations, Promotions, and Solicitations

Representations, advertising, and information disseminated by a broker must comply with the Organization's regulations. These rules also apply to agency leaders and directors, franchisors, and any individual or company promoting real estate brokerage services. In addition, certain display laws must be observed—such as those applicable when installing a "For Sale" sign. It is essential to verify the applicable laws with the relevant authorities, such as the Ministry of Transport and local municipalities.

Rules Regarding Representations

Mandatory Information

The following details must appear in all advertisements, solicitations, or representations related to the practice of real estate brokerage (including business cards, signs, brochures, radio, television, emails, websites—including social media, promotional items, etc.), except in periodicals that have specific requirements:

- Your name as it appears on your license,
- Your full license category (scope of practice) (in periodicals, only the following abbreviations are accepted: Crt imm., Crt imm. rés., Crt imm. comm.),
- The name of your agency followed by the designation "real estate agency" (in periodicals, only the following abbreviations are accepted: Agce imm., Agce imm. rés., Agce imm. comm.).

When working as a team, each broker must be individually identified; a phrase like "A team of residential and commercial real estate brokers" is misleading and may falsely suggest that all brokers are fully licensed.

The Incorporated Broker

When a broker works for a corporation, the representations and advertising must be conducted by that corporation. They must include the broker's full name, the type of license held, the name of the agency, and the name of the corporation. A broker may omit their name and license type if, following the corporate name, the designation "real estate broker corporation" is added, where applicable. To avoid any public confusion, especially in the case of a restricted license, Charisma requires its brokers to supplement this with either "residential" or "commercial" as appropriate.

Affiliations, Professional Title, Education, and Diplomas

To promote your services, you may mention your membership in an association, your professional titles, diplomas, and completed training—such as those from the Mandatory Continuing Education Program (MCEP). You must ensure that you have met all the necessary requirements and can substantiate the accuracy of this information.

Awards and Recognition

If you have received an award or recognition as a Charisma broker, you may use it to promote your services provided that the award criteria are available upon request and that the advertising tool indicates where this information can be found (via a QR code or direct Internet link). The year the award or title was received must also be mentioned.

Years of Experience

You may state the number of years of experience you have gained as a broker in your advertisements, provided that the information is truthful and verifiable. However, you may not use the combined total years of experience of all licensed individuals within a team or agency.

Number of Transactions Completed

When publishing the number of transactions completed during a given period, the information must be verifiable and include sufficient detail to avoid confusion. You should always specify the relevant market sector, the period of calculation, and the source of the data.

Rules Regarding Listings and Completed Transactions

Obligation to Have a Valid Brokerage Agreement

To advertise a property for sale, you must hold a valid brokerage agreement. Article 9.5.1 of the sales brokerage contract grants you the right to market the property, while the following article allows you to announce that it has been sold. In this context, the OACIQ reminds us in its guidelines that “publications [notably] on social media using terms like ‘Coming Soon’ or ‘Soon on the Market’ are prohibited if they appear before the brokerage agreement is signed and the listing on the information dissemination service ([Centris]) is completed, where applicable.” The installation of a sign on the property is only permitted after the listing has been published on Centris, unless there are written instructions from the seller (exceptional cases only).

Concerning Tools for Disseminating Information About Properties for Sale

THE DESCRIPTIVE SHEET. This is a dynamic document designed to allow a cooperating broker to draft a purchase offer for their buyer without needing to contact the seller’s broker for essential information. It must contain accurate, verified, and updated information, including declarations from the owner and from the broker or agency (particularly any direct or indirect interests) as well as, if applicable, a note regarding the exclusion of statutory warranties. It must also specify that the document is not an offer but an invitation to submit offers. A buyer may request the property’s descriptive sheet before a viewing. During the viewing, the buyer will usually have this sheet, though they might not immediately submit a purchase offer. If the sheet is modified in the meantime, the license holder must ensure that the buyer has the most up-to-date version and initial it to avoid any disputes. At Charisma, we strongly recommend that all our brokers always attach the detailed property sheet as an “Other Annex” to clause 13.1 of the purchase offer.

CENTRIS.CA. You must always inform the seller of their right to use an information dissemination service such as Centris and of the consequences of not doing so. If the seller waives that right, know that the property's descriptive sheet will not be available on the agency's website and that you remain obligated to collaborate with any broker who wishes to present the property to their clients (this includes the obligation to arrange a fee for the collaborating broker and to inform the seller accordingly).

Please note that the Law does not allow any delay for putting a property for sale online: the listing on Centris must be completed "without delay" and no marketing can be done beforehand. Furthermore, it is forbidden to postpone this entry even at the seller's request (except in cases of force majeure, in which a corresponding remark must be added to the contract).

THE DIGITAL SPACE. Marketing a property for sale on the Internet or social media must be clear and unambiguous. It is crucial to properly identify the listing broker and to include in all advertising the minimum mandatory information without abbreviations. When sharing another broker's listing, you must ensure that the listing broker is clearly identified to prevent any confusion. It is recommended to share the link to the property's sheet on Centris.

Mandatory "Sold" Indication

As a reminder, you are required to indicate on the sign placed on the property that it is "sold" as soon as all the conditions of the purchase offer have been met. You must also remove the sign as soon as the brokerage contract expires or upon the signing of the sale deed, whichever occurs first.

Regarding the Selling Price and Sales Period

It is strictly forbidden in any advertisement or representation to disclose a property's selling price or any percentage from which it can be deduced. Moreover, we advise our Charisma brokers not to publish that an offer has been accepted on a property if all conditions have not been met, unless you have written instructions from the seller. This recommendation is designed to prevent discouraging other buyers from submitting purchase offers.

Concerning the calculation of the sales period, recall that it begins on the date the brokerage agreement is signed and ends on the date all conditions are fulfilled (excluding the signing of the sale deed). Please note that the sales period indicated on the detailed sheet in Matrix corresponds to the date of acceptance of the purchase offer and not to the date on which the conditions are met. Therefore, it is not permissible to publish this period, even if accompanied by the note "Source Centris," as doing so could mislead the public and violate the Law.

Regarding Collaborative Sales

You may advertise a collaborative transaction only with the written authorization of the seller or their broker. If you are authorized to place a sign on the property, it must be removed upon the expiration of the brokerage agreement or upon the signing of the sale deed, whichever comes first.

Rules Regarding Solicitation

Respect for Exclusive Brokerage Agreements

Agencies and brokers must honor the exclusivity of brokerage agreements throughout their entire term—even as they near expiration. Before soliciting a property owner or buyer, it is crucial to verify that they are not bound by an exclusive brokerage agreement with another agency or broker. Soliciting a client prematurely—before the expiration of their exclusive agreement—is strictly prohibited.

Mass Solicitation

You may conduct mass solicitation provided you do not directly target individuals or companies already under an exclusive brokerage agreement with another license holder or who have requested not to be solicited. For instance, distributing 1,000 flyers via Canada Post in a specific geographic area is a proper example of mass solicitation; however, making 1,000 telephone calls in that area is not considered mass advertising because you have the ability to control whom the communication reaches. You cannot excuse contacting a property owner under an exclusive agreement by claiming you were calling every owner on the street—you must verify your prospect lists before using them.

Telephone Solicitation

Telephone solicitation must comply with CRTC standards, which publish the National Do Not Call List (DNCL) in Canada. In addition to ensuring that the recipient is not already bound by a brokerage agreement with another broker, you must also verify that their phone number is not on the DNCL. To support the compliance of your professional activities, Charisma Real Estate maintains an up-to-date copy of the DNCL for the relevant area codes and provides complete access via the Télélising platform. The OACIQ recommends keeping detailed records of call scenarios and the calls themselves in case of complaints or information requests from the CRTC.

Digital Solicitation

Digital solicitation is primarily subject to the Canadian Anti-Spam Legislation (CASL), which requires that you:

- Obtain prior consent—either express or implied—for the receipt of commercial electronic messages (including emails, social media messages, and text messages).
- Clearly and simply identify the sender of the message.
- Include an unsubscribe mechanism.

According to CASL, express consent must be obtained explicitly through a clear, formal agreement—whether given verbally or in writing—and must be archived in your document management system. When requesting consent from a client, you must specify your objectives, provide your identity details, and indicate that consent can be withdrawn at any time. Conversely, implied consent is presumed in certain situations, such as when a business or personal relationship exists between the parties, or if the recipient's email address has been publicly posted

without explicit restrictions. While express consent remains valid until withdrawn, implied consent is limited to two years after the end of the relationship, or six months after the last contact if no business relationship was established (for example, when a buyer asks for property information and is added to an automated real estate alert mailing list). The unsubscribe mechanism must be clear, simple, and prompt—for example, an email address or website that remains active for at least 60 days after sending the message. The sender must process withdrawal requests without delay, no later than 10 business days, and without requiring any further action from the recipient.

Door-to-Door Solicitation

We caution our Charisma brokers regarding municipal regulations on door-to-door solicitation. Most municipalities in Québec have regulations that restrict or prohibit door-to-door solicitation to ensure a better quality of life for their residents. It is your responsibility to verify with the municipal offices in your development area which rules apply.

Contests

If you wish to organize a contest or drawing with a value of \$100 or more, you must not only obtain written authorization from your agency head but also file a declaration with the Régie des alcools, des courses et des jeux and comply with its requirements. The agency reserves the right to have you sign a liability waiver.

Client Referrals

A real estate broker is not permitted to promote gift offers to individuals who refer clients to them. Consequently, any advertisement that encourages the public to refer buyers or sellers in exchange for a gift or a sum of money is prohibited, as referrals constitute a brokerage activity.

Commission Discounts, Gifts, and Other Benefits

You may occasionally offer discounts on your commissions; however, you cannot promote discounts, rebates, bonuses, or gifts without the authorization of your agency head—and never in cash. The agency reserves the right to require you to sign a liability waiver. When such advertising is approved, it must specify all conditions, which must be readily accessible to the public (for example, on a dedicated page on your website). Note that the Law prohibits offering any benefit to promote a particular property, as this could harm collaboration between brokers or disadvantage certain buyers. Likewise, sales or performance guarantees are also prohibited because they may create situations of actual or perceived conflicts of interest.

Collaboration and Profit Sharing

A license holder must always demonstrate courtesy and collaboration with colleagues, avoiding any behavior that could harm the honor and dignity of the profession. You must not abuse the good faith of other license holders, employ unfair practices, or seek undue advantages. Furthermore, you should refrain from making false representations regarding brokerage contracts or property availability. You must not denigrate colleagues or damage their professional relationships. When soliciting a brokerage

contract, do so without disparaging other license holders, respect clients' choices to work with others, and refrain from commenting on colleagues' transactions unless invited. Moreover, you should not use disciplinary decisions to harm others and must advise buyers to enter brokerage agreements with the broker of their choice to protect their interests.

Regarding Marketing

Before listing on Centris, you are prohibited from:

- Installing a "For Sale" sign
- Advertising the property on websites or social media
- Announcing that the property will soon be available
- Sharing information about the property with potential buyers or other brokers
- Organizing property viewings
- Promising or reserving the property for a potential buyer

A broker who accepts a purchase offer before the property is listed breaches ethical obligations and risks disciplinary sanctions, including potential suspension or revocation of their license.

Regarding Collaboration Mode

You enter collaboration mode with a client or another broker as soon as an inquiry is made, regardless of the communication method. This mode ends when the inquirer has received all necessary answers; however, if a viewing is confirmed, collaboration automatically extends until its conclusion. Should a purchase offer follow a viewing, collaboration continues until all conditions have been met. If an offer is not accepted—or expires due to a delayed response—the intentions of the parties must be clarified in writing before ending the collaboration. In this mode, you must allow all buyers to visit the property, submit purchase offers, and be informed of any competing offers while always acting in good faith. Note that collaboration may be extended upon a written request, provided the requester specifies the desired duration to avoid any ambiguity or disputes.

Regarding Strategic and Confidential Information

When collaborating on a transaction, share all pertinent information with all involved license holders without favoring one over another by providing extra or different details. All brokers should receive identical information, except those who also represent the client. The seller's broker must treat unrepresented buyers fairly by supplying all relevant details and informing them of all offers received. They should also notify collaboration-mode brokers immediately about any transaction proposals without disclosing the proposal's content. Failure to reveal the existence of a purchase offer is considered an unfair practice that can deprive the seller of obtaining the best possible terms. Always present each proposal impartially and avoid sharing its specifics with other brokers, ensuring all parties are treated equitably.

Regarding Profit Sharing

To facilitate a transaction, you must collaborate with any license holder on reasonable terms, whether or not that party holds a buyer brokerage contract. A fair compensation must be arranged for the collaborating broker. You must not split your compensation in a way that compromises the transaction or disadvantages any party. An unreasonable split may reduce other brokers' interest and harm the seller's position. At Charisma, we recommend an equal split of compensation. For the record, you cannot forfeit your compensation – or a portion of it – in a manner that disadvantages any party or favors one proposal. You may only reduce your fee if no represented buyer submits a purchase offer, and any such change must be equitable for all parties. All modifications to compensation should be confirmed in writing and signed by the relevant parties.

Regarding Client Referrals

Referrals among brokers are allowed and encouraged, as is collaborating with AMF license holders with whom you may agree on compensation sharing. When referring a client to a real estate or mortgage broker, always inform them that they remain free to choose any other broker without consequences to their transaction. Furthermore, when doing so, you must disclose in writing to the buyer that you could receive compensation for the referral. This referral disclosure must be archived in the client's file in the electronic document management (EDM).

Protection of Personal Information and Cybersecurity

Real estate brokers must handle the personal information of their clients, transaction parties, and employees in a manner that respects the fundamental right to privacy. Several laws—including the Real Estate Brokerage Act, the Quebec Civil Code, and the Act Respecting the Protection of Personal Information in the Private Sector—impose strict rules to safeguard this information. License holders must also comply with the Act Respecting the Protection of Personal Information and Electronic Documents for communications outside Quebec. The OACIQ defines personal information in its guidelines as follows: "Personal information is any information that pertains to an individual and that can identify them, directly or indirectly. It is information that reveals something about someone, relates to an individual, and can distinguish that person from another."

Consent, Retention, and Destruction of Personal Information

To respect the right to privacy, two core principles must be observed: obtaining the necessary consent from the individual for the collection, use, disclosure, and retention of personal information, and ensuring the confidentiality of the information collected. At Charisma, even though the law does not expressly require it, we insist that our brokers keep written evidence of such consent. Before collecting personal information, you must clearly define the objectives underlying the collection. You must have a serious and legitimate interest—such as gathering the necessary details to conclude a brokerage agreement, present a purchase offer, or verify an identity—to justify the collection; only the strictly necessary information should be gathered, and if in doubt, you should refrain from collecting it. The "Consent to the Collection, Use, and

Disclosure of Personal Information” document, available on the agency’s intranet, must be signed by every client prior to any data collection. Note that, unlike the CANAFE form (which must remain confidential), this consent form is signed by the client.

In addition, OACIQ regulations require that records and files be retained for at least six years after their final closure. However, you must, where possible, destroy the personal information once its purpose has been fulfilled. When destroying such information, implement security measures to protect confidentiality—for example, secure documents awaiting destruction, delegate destruction only to designated personnel following a defined procedure, use an appropriate method based on the medium and confidentiality level to ensure definitive destruction, and never leave paper documents containing personal information in recycling bins without first securely shredding them.

Complaint Management

A complaint in real estate brokerage is an expression of dissatisfaction regarding the service or behavior of a broker, an administrator, or an employee of a real estate agency. It can take various forms and may be communicated orally or in writing by a client or another broker. A complaint may originate from a person who claims to be the “victim” of the alleged actions or from any other individual, including clients, stakeholders, business partners, and members of the public. The agency’s complaint management policy is designed to ensure that complaints are handled fairly and equitably within a reasonable timeframe, while fostering continuous improvement in service quality and maintaining healthy business relationships with clients and other stakeholders.

At Charisma, we recommend that you immediately report any situation that could lead to a potential conflict with another broker or client. A complaint is considered as such when a client or broker expresses dissatisfaction with an action or inaction on your part that could hinder the execution of your mandate and cause harm to one or more parties in the transaction. Discussing the points of divergence can help clarify the situation and prevent these issues from developing into a formal complaint, whether justified or not. If a client requests assistance, a written request is promptly handled by the agency manager; if the request is made by phone, a written version must be provided within a maximum of three days to enable an accurate discussion and avoid misunderstandings. For post-transaction issues, a written request must be submitted within two weeks. You will also be asked to provide your written account along with all exchanges with the complainant (such as emails, text messages, or Immocontact messages—screenshots are recommended, as Immocontact messages are not permanent). It is essential to document the chronology of events, interventions made, correspondence, and any documents exchanged. We will process the file as swiftly and rigorously as possible, keeping all concerned parties informed. A written statement of findings and our decision will be sent to the complainant, and you will be notified of our determination and any possible consequences (such as mandatory training or personalized follow-up) if the complaint is found to be justified.

CANAFE Compliance Rules

Regarding Identity Verification

In Quebec, when a brokerage contract (for sale, purchase, or lease) is signed and already includes client identity verification, no further action is required to comply with FINTRAC standards. Identity verification should always be conducted in person, using authentic and valid government-issued documents—ideally with a photo. In case of doubt, perform a second check using other reliable information sources such as bank statements, letters, certificates, or forms, whether in original or digital image format.

Continuous Monitoring of the Business Relationship

Once a business relationship with a client is established, you must maintain an up-to-date document recording the client's contact details, the intended purpose, and the projected nature of the business relationship. This obligation remains in effect until the relationship ends—that is, for at least five years after the last transaction requiring identity verification. The frequency of monitoring should be based on each client's assessed risk level. For example, clients considered low risk may require less frequent checks, while those deemed high risk will necessitate enhanced measures. At Charisma, our brokers may transact with clients they have systematically assessed as posing low or no risk—even without special authorization from the agency head—with written evidence of each evaluation archived in the document management system (GED). Furthermore, to meet FINTRAC requirements for continuous monitoring, you are required to update the contact details of all your clients at least twice during the five-year period following their last activity. The “FINTRAC Compliance Form” has been designed to help evaluate the risk associated with a new client. Note that, as with identity verification, each individual or legal entity must undergo an individual assessment, and a separate form must be completed and archived for each case. This form is available in the Intranet section of our website.

Risk Mitigation Measures

At Charisma, we have implemented the following measures to mitigate risks associated with money laundering and terrorist financing:

- Escrow deposits must not exceed the amount of compensation, except with special authorization from the agency head.
- No cash deposits or personal checks are accepted; only bank transfers and certified checks are permitted.
- Participation in any transaction that involves the exchange of cryptocurrencies between parties is strictly prohibited.
- A declaration of any suspicious operation or attempted suspicious operation is mandatory when a client refuses to provide identity documents, and it is forbidden to participate in a transaction with clients who refuse identification.

If your analysis leads you to suspect that you may be facing a dubious operation or an attempted dubious operation, you **MUST** immediately contact your agency's compliance officer. Their

authorization – or that of your agency head – may be required before proceeding with the transaction.

Contact:

DANIELLE GONDIM

danielle@charisma.ca

514-360-3000, extension 1000

Declaration of Suspicious Transactions

Real estate brokers are required, under the Canadian Proceeds of Crime (Money Laundering) and Terrorist Financing Act, to report:

- Suspicious transactions and attempted transactions,
- Suspected circumventions of sanctions, and
- Assets belonging to terrorist groups.

FINTRAC understands that reporting entities are not expected to conduct an investigation or exceed normal operating procedures to gather additional evidence or information regarding their reports. On the contrary, it is recommended that you do not act in a manner that might alert individuals suspected of money laundering or terrorist financing that you are preparing a suspicious transaction report. Do not ask more questions than necessary, do not request more documents than required, and never discuss your FINTRAC reporting process with anyone, as doing so could jeopardize an ongoing investigation.