

December 2017

McMillan Client Alert – For Registered Dealers, Advisors and Firms Relying on International Dealer or International Advisor Exemption

Monthly Anti Terrorism and Economic Sanctions Reporting Requirements Now Include Venezuelan Listed Persons and Foreign Nationals Identified Under Sergei Magnitsky Regulations

The Canadian Securities Administrators (“**CSA**”) have provided notice that they will be publishing revised guidance following the recent enactment of additional federal regulations pertaining to the suppression of terrorism and to economic sanctions. The new federal regulations directly impact the monthly reporting obligations as described in CSA Staff Notice 31-317 (Revised) *Reporting Obligations Related to Terrorist Financing (“**Notice 31-317**”)*.¹

Registered dealers and advisers as well as international dealers and advisers who rely on the international dealer or adviser exemptions are now required to supplement their existing monthly Suppression

¹ Notice 31-317 requires foreign dealers and advisers relying on the international dealer or adviser exemption who engage in the business of “dealing in securities” or “providing portfolio management or investment counseling services” in any CSA jurisdiction to comply with any applicable federal provisions relating to terrorist financing and United Nations sanctions.

of Terrorism, UN Sanctions and other economic sanctions reporting to include:

- “listed persons” as provided in the *Special Economic Measures (Venezuela) Regulations (“SEMVR”)* to the *Special Economic Measures Act*, SC 1992, c 17 which came into force on September 22, 2017 by consulting the Schedule of listed persons found at <http://lois-laws.justice.gc.ca/eng/regulations/SOR-2017-204/FullText.html>; and
- “foreign nationals” as provided in the Justice for Victims of Corrupt Foreign Officials Regulations (the “**Sergei Magnitsky Law Regulations**”) which came into effect on November 3, 2017 by consulting the Schedule of foreign nationals found at http://www.international.gc.ca/sanctions/countries-pays/victims_corrupt_regulations-victimes_corrompus_reglement.aspx?lang=eng.

CSA Staff are revising Notice 31-317 to include the SEMVR and Sergei Magnitsky Law Regulations. In the interim, firms should consult the Schedules of “listed persons” and “foreign nationals” referenced above when completing and submitting their monthly reports for December and onwards. If a firm determines after reviewing these Schedules that a previously filed “nil” report for September 2017, October 2017 or November 2017 needs to be changed, an amended monthly report may be filed.

All registered dealers, advisers and firms relying on the international dealer or international adviser exemption should ensure that their policies and procedures have been updated to reflect the additional reporting obligations under the SEMV and Sergei Magnitsky Law Regulations. Please contact a member of McMillan’s Investment Management Group if you have any questions with respect to these changes or the reporting obligations discussed above.

by Michael A. Burns and Alex Bruvels

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a cautionary note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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