

MCMILLAN CLIENT ALERT - THE CSA RELEASE A NEW AND IMPROVED SUPPRESSION OF TERRORISM REPORT

Posted on March 16, 2018

Categories: [Insights](#), [Publications](#)

Further to our most recent [McMillan Client Alert](#), the Canadian Securities Administrators ("**CSA**") have published CSA Staff Notice 31-352 *Monthly Suppression of Terrorism and Canadian Sanctions Reporting Obligations* (the "**Notice**") replacing CSA Staff Notice (Revised) 31-317 - Reporting Obligations Related to Terrorist Financing. The Notice applies to all registered dealers and advisers including firms that rely on an exemption from the dealer and adviser registration requirements such as the international dealer and international adviser exemption (collectively, "**Reporting Entities**").

The Notice requires Reporting Entities to prepare and submit a revised and consolidated form of Suppression of Terrorism and Canadian Sanctions Report on a monthly basis (each, a "**Report**") which can be found [here](#). The new form of Report requires Reporting Entities to determine whether they are in possession of, or control property that is owned or controlled by or on behalf of, an entity or person associated with terrorism or otherwise subject to Canadian sanctions ("**Designated Person**") under the *Criminal Code* (Canada) and other federal legislation requiring anti terrorism and economic sanctions reporting (collectively, the "**Federal Provisions**"). The Report is intended to be an "evergreen" form and will be applicable to all current and future Federal Provisions.

Reports are to be filed on the 14th day of each month (or the immediately following business day if the 14th falls on a weekend or statutory holiday) with the Reporting Entity's applicable principal regulator. Reporting Entities relying on an exemption from the dealer or adviser registration requirement should file the Report with the provincial or territorial securities regulator where most of their clients reside. Only one Report needs to be filed in respect of all Federal Provisions even though names of Designated Persons may be listed in multiple Federal Provisions. Each Report should be signed by a senior officer of the Reporting Entity, preferably the Chief Compliance Officer.

The Notice also reminds Reporting Entities that certain Federal Provisions contain an additional requirement to report any property held for a Designated Person and information about transactions or proposed transactions with respect to such property to either or both of the Royal Canadian Mounted Police and the Canadian Security Intelligence Service.

To assist Reporting Entities in complying with their obligations, the CSA has published the *CSA Guide to Monthly Suppression of Terrorism and Canadian Sanctions Reporting* (the “**Guide**”) which can be found [here](#). The Guide provides consolidated information respecting the Federal Provisions as well as a list of Designated Persons. The CSA does not guarantee that this information will be up to date at all times and reminds Reporting Entities that the obligation to comply with federal reporting obligations is theirs alone. The CSA recommends that the Guide should be reviewed on a monthly basis and that notices from the Office of the Superintendent of Financial Institutions be regularly monitored to ensure compliance with future changes to the Federal Provisions as they evolve.

There are additional reporting requirements under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) noted in the Guide that require the submission of a terrorist property report to the Financial Transactions and Reports Analysis Centre of Canada (“**FINTRAC**”). Reporting Entities are advised to consult the FINTRAC website for instructions and guidance relating to the preparation and submission of this report.

We recommend that all registered dealers and advisers as well as entities relying on an exemption from the dealer or adviser registration requirement update their policies and procedures manuals to reflect the new requirements under the Federal Provisions and to make specific reference to the new form of Report as well as the Guide.

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, Leila Rafi, Alex Bruvels and Alexis Lemajic, Articling Student

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.

© McMillan LLP 2018