

## CSA Staff Notice 31-352

### *Monthly Suppression of Terrorism and Canadian Sanctions Reporting Obligations*

*This notice replaces Canadian Securities Administrators (CSA) Staff Notice 31-317 Reporting Obligations Related to Terrorist Financing (Revised), dated July 30, 2010 (CSA Staff Notice 31-317).*

**February 22, 2018**

The Canadian Securities Administrators (CSA) are issuing this Staff Notice regarding monthly reporting and other requirements applicable, under federal laws, to “entities authorized under provincial legislation to engage in the business of dealing in securities or to provide portfolio management or investment counselling services,” which include registrants, entities engaging in the business of “dealing in securities” pursuant to exemptions from the dealer registration requirement (**exempt dealers**) and entities engaging in the business of providing “portfolio management or investment counselling services” pursuant to exemptions from the adviser registration requirement (**exempt advisers**).

Canada’s legislative measures against terrorist financing, and against financial dealings with certain sanctioned individuals and entities, are contained in various Canadian statutes and regulations.

These statutes, such as the *Criminal Code* (Canada), and regulations set out prohibitions and impose compliance and disclosure obligations relating to specific individuals and entities and their financial activities. In some cases, registrants, exempt dealers and exempt advisers are required to file monthly Suppression of Terrorism or Canadian sanctions reports (**Monthly STCS Reports**).

The *Criminal Code* (Canada) and any current or future legislative provisions requiring Monthly STCS Reports are referred to in this Staff Notice as the **Federal Provisions**.

To assist registrants, exempt dealers and exempt advisers, the CSA has created a *CSA Guide to Monthly Suppression of Terrorism and Canadian Sanctions Reporting* (the **STCS Guide**). The STCS Guide can be found at:

[https://www.securities-administrators.ca/uploadedFiles/Industry\\_Resources/STCSGuide.pdf](https://www.securities-administrators.ca/uploadedFiles/Industry_Resources/STCSGuide.pdf)

Although CSA staff will make best efforts to ensure the STCS Guide is current and include all Federal Provisions requiring Monthly STCS Reports, the CSA cannot guarantee that the list will be up to date at all times. It is the responsibility of each registrant, exempt dealer and exempt adviser to comply with its federal obligations at all times.

Some parts of this guidance were previously published in CSA Staff Notice 31-317. With the publication of the updated guidance in this notice, CSA Staff Notice 31-317 is hereby withdrawn.

## **Purpose of Staff Notice**

The CSA are issuing this Staff Notice for the following purposes:

- to advise registrants, exempt dealers and exempt advisers that Federal Provisions may be added, modified or repealed at any time, and to accordingly direct these entities to the STCS Guide,
- to provide information regarding the submission of monthly reports under all Federal Provisions and advise registrants, exempt dealers, and exempt advisers that the report may continue to be filed with the principal regulator electronically, and
- to provide summary information on Federal Provisions which impose, among other things, the monthly reporting requirements for registrants, exempt dealers, and exempt advisers.

## **Types of reporting**

Registrants, exempt dealers, and exempt advisers generally have certain obligations under the Federal Provisions. These can include Monthly STCS Reports. In most cases, a Federal Provision requires reports to be made to a “principal agency or body that supervises or regulates it under federal or provincial law”. In the case of a registrant, CSA staff consider that this reference corresponds to a “principal regulator” for securities purposes. While the Federal Provisions are not specific on this point, for convenience CSA staff advise exempt dealers and exempt advisers to make these reports to the jurisdiction in Canada where most of their clients reside. In this Staff Notice, such a regulator is also referred to as a “principal regulator”.

The information contained in the reports is provided to the Office of the Superintendent of Financial Institutions (**OSFI**). Further information on these laws and the reporting obligations can be found on the OSFI website at: <http://www.osfi-bsif.gc.ca>.

## **Designated Persons**

A Federal Provision will generally contain a provision stating that persons or entities associated with terrorism or otherwise subject to Canadian sanctions may be listed (**Designated Persons**). Entities that are subject to Federal Provisions, including registrants, exempt dealers, and exempt advisers must report any dealings they have with Designated Persons.

Generally, the framework for listing Designated Persons is found in the Federal Provisions. Federal Provisions may use different terms to describe Designated Persons. For example, the *Regulations Implementing the United Nations Resolution on the Democratic People’s Republic of Korea* and the *Regulations Implementing the United Nations Resolution on Iran* use the term

“Designated Person” as it is defined in section 1 of those Federal Provisions. In contrast, the *Special Economic Measures (Venezuela) Regulations* uses the term “listed person” as it is defined under section 2 of that Federal Provision and the *Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)* uses the term “foreign national” as defined in section 2 of that Federal Provision. The *United Nations Al-Qaida and Taliban Regulations* refer to “person[s] associated with the Taliban” and “person[s] associated with Al-Qaida.”

For the purposes of this Staff Notice and the associated monthly reporting form, the term “Designated Person” shall refer to any person or entity listed or designated in a Federal Provision. Please refer to the STCS Guide for consolidated lists of Designated Persons.

### **Overview of certain duties (as set out in the STCS Guide)**

The duties imposed under Federal Provisions may include the following:

#### *Duty to disclose – supervising and regulating agencies*

Federal Provisions generally require you to review your records, on a continuing basis to determine whether you are in possession or control of property owned or controlled by or on behalf of a Designated Person and to report your findings on a monthly basis, including the reporting of a *Nil* response if you determine that none of your clients are Designated Persons.

**Reports are usually required to be provided on the 14<sup>th</sup> day of each month, to your principal regulator.** A senior officer of the firm, preferably the Chief Compliance Officer, should physically or electronically sign the monthly report.

Therefore, it is important that registrants, exempt dealers, and exempt advisers review the STCS Guide periodically; CSA staff recommends that this be done on a monthly basis.

#### *Freezing property*

Federal Provisions will usually contain a prohibition on any person in Canada and any Canadian outside Canada to knowingly:

- deal, directly or indirectly, with property of a Designated Person,
- enter into or facilitate, directly or indirectly, any transaction in respect of such property, or
- provide any financial or other services for or for the benefit of a Designated Person.

Please refer to the text of a specific Federal Provision for clarity on prohibited dealings and activities.

### Duty to disclose – **RCMP and CSIS**

Federal Provisions will usually contain a reporting requirement applicable to any person in Canada and any Canadian outside Canada to forthwith report to either the Royal Canadian Mounted Police (**RCMP**) or the Canadian Security Intelligence Service (**CSIS**) or both (depending on the Federal Provision) and any property held for any Designated Person and any information about transactions or proposed transactions with respect to that property. You may provide information to these organizations as follows:

#### **RCMP**

Anti-terrorist Financing Team  
Unclassified fax: 613-825-7030

#### **CSIS**

Financing Unit  
Unclassified fax: 613-369-2303

There are also additional reporting requirements under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, which require the submission of a terrorist property report to the Financial Transactions and Reports Analysis Centre of Canada (**FINTRAC**).

For instructions relating to the preparation and submission of this report, reporting entities should visit the FINTRAC website at: <http://www.fintrac-canafe.gc.ca>

### **New consolidated reporting form**

The CSA regulators have revised their previous reporting form to create a new CSA form which refers to Federal Provisions requiring Monthly STCS Reports, rather than mentioning specific Federal Provisions by name.

The purpose of these changes is to update the form and make it applicable to all Federal Provisions, including those currently in force (which may have come into force after the publication of CSA Staff Notice 31-317) and those which may come into force in the future. The content of the form has also been updated to capture all of the information now required by Federal Provisions currently in force.

The new form will continue to be submitted to the principal regulator by e-mail or electronic form. Members of the Investment Industry Regulatory Organization of Canada (**IIROC**) are requested to use the appropriate reporting forms issued by, and file those forms with, IIROC.

Registrants, exempt dealers and exempt advisers should file only one monthly consolidated report in respect of all Federal Provisions, even though names of Designated Persons may be listed under several Federal Provisions.

The new form is available on the websites of the CSA regulators.

Please refer to the attached Appendix A for the website address of your principal regulator (please complete the form, print it, and have it signed by the appropriate individual before you scan it for e-mailing to your principal regulator, or submit per the electronic form instructions as appropriate).

If you have any questions about these requirements, you can contact your principal regulator at the telephone number or e-mail address listed in Appendix A.

While this Staff Notice reflects CSA staff views on the general application of Federal Provisions, those potentially affected by these federal laws are advised to seek legal advice on the matters dealt with by this Staff Notice. This Staff Notice provides summary information only and reflects information as of the date set out above. Please refer to the text of a specific Federal Provision for a complete description of your obligations.

In addition, there are other federal regulations that may be applicable to registrants, exempt dealers and exempt advisers that include searching, monitoring, asset freezing and reporting obligations with respect to listed persons (as defined in the respective regulations). In the case of reporting obligations under some of these other regulations, you must report to the RCMP and /or CSIS, rather than to your principal regulator on a monthly basis.

Registrants, exempt dealers and exempt advisers should continue to monitor the notices from OSFI for any new regulations that may come into effect regarding similar obligations, or updates to existing obligations to search, monitor and report. You may want to visit the OSFI website at <http://www.osfi-bsif.gc.ca>

In addition, we encourage you to subscribe to the notification service on the OSFI website <http://www.osfi-bsif.gc.ca> in order to receive new updating e-mail notices and reminders concerning new developments and reporting requirements.

**Appendix A**  
**List of CSA Regulators E-mail Addresses, Websites, and inquiry details**  
**for Monthly Reporting**  
**(Please send the reports to the**  
**principal regulator only)**

**Alberta**

Alberta Securities Commission  
Web: [www.albertasecurities.com](http://www.albertasecurities.com)  
Questions: [registration@asc.ca](mailto:registration@asc.ca)  
E-mail to: [unreports@asc.ca](mailto:unreports@asc.ca)

**British Columbia**

British Columbia Securities  
Commission  
Web: [www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
Questions: 604 899-6667  
E-mail to: [mstreport@bcsc.bc.ca](mailto:mstreport@bcsc.bc.ca)

**Manitoba**

The Manitoba Securities Commission  
Web: [www.mbsecurities.ca](http://www.mbsecurities.ca)  
Questions: 204-945-2548  
e-mail to: [unreports@gov.mb.ca](mailto:unreports@gov.mb.ca)

**New Brunswick**

Financial and Consumer Services  
Commission of New Brunswick  
Web Site: [www.fcnb.ca](http://www.fcnb.ca)  
Questions : 506 658-3060  
Email : [nrs@fcnb.ca](mailto:nrs@fcnb.ca)

**Newfoundland and Labrador**

Securities NL  
Financial Services Regulation Division  
Department of Government Services  
Web: [www.gs.gov.nl.ca](http://www.gs.gov.nl.ca)  
Questions: 709 729-0959  
Email to: [scon@gov.nl.ca](mailto:scon@gov.nl.ca)

**Nova Scotia**

Nova Scotia Securities Commission  
Web: [www.gov.ns.ca/nssc/](http://www.gov.ns.ca/nssc/)  
Questions: 902 424-4592  
E-Mail to: [MURPHYBW@gov.ns.ca](mailto:MURPHYBW@gov.ns.ca)

**Northwest Territories**

Government of the Northwest Territories  
Office of Superintendent of Securities  
Department of Justice  
Web: [www.justice.gov.nt.ca/SecuritiesRegistry](http://www.justice.gov.nt.ca/SecuritiesRegistry)  
Questions: 867 920- 3318  
E-Mail to: [SecuritiesRegistries@gov.nt.ca](mailto:SecuritiesRegistries@gov.nt.ca)

**Nunavut**

Government of Nunavut  
Office of Superintendent of Securities  
Department of Justice  
Web: [www.justice.gov.nu.ca](http://www.justice.gov.nu.ca)  
Questions: 867 975-6590  
E-mail to: [theffernan@gov.nu.ca](mailto:theffernan@gov.nu.ca)  
or [CorporateRegistrations@gov.nu.ca](mailto:CorporateRegistrations@gov.nu.ca)

**Ontario**

Ontario Securities Commission  
Web: [www.osc.gov.on.ca](http://www.osc.gov.on.ca)  
eform: [link](#)  
Questions: 416 593-8314 or 1-877-785-1555  
E-mail to: [UNReports@osc.gov.on.ca](mailto:UNReports@osc.gov.on.ca)

**Prince Edward Island**

Superintendent of Securities  
Office of the Attorney General  
Web: [www.gov.pe.ca/securities](http://www.gov.pe.ca/securities)  
Questions: 902 368-4542  
E-mail to: [kptummon@gov.pe.ca](mailto:kptummon@gov.pe.ca)

**Québec**

Autorité des marchés financiers  
Web: [www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
Questions: 1 877 525-0337  
E-mail to: [rapports.terrorisme@lautorite.qc.ca](mailto:rapports.terrorisme@lautorite.qc.ca)

**Saskatchewan**

Financial and Consumer Affairs Authority of Saskatchewan  
Web: [www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)  
Questions: 306-787-9397  
E-mail to: [registrationfcaa@gov.sk.ca](mailto:registrationfcaa@gov.sk.ca)

**Yukon**

Department of Community Services Yukon  
Corporate Affairs (C-6)  
Superintendent of Securities  
Web: [www.community.gov.yk.ca/corp/secureinvest.html](http://www.community.gov.yk.ca/corp/secureinvest.html)  
Questions: 867 667-5225  
E-mail to: [corporateaffairs@gov.yk.ca](mailto:corporateaffairs@gov.yk.ca)