



---

# Notice

---

**Subject:** *Special Economic Measures (Venezuela) Regulations*

**Date:** September 26, 2017

**This Notice is directed to the attention of all banks, authorized foreign banks, trust companies, loan companies, cooperative credit associations, cooperative retail associations, life insurance companies, property and casualty insurance companies and fraternal benefit societies (FRFIs).**

---

On September 22, 2017 the Governor in Council enacted the *Special Economic Measures (Venezuela) Regulations* under the *Special Economic Measures Act* (SEMA).

The following is a link to information provided by Global Affairs Canada.

[https://international.gc.ca/world-monde/international\\_relations-relations\\_internationales/sanctions/venezuela.aspx?lang=eng](https://international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/venezuela.aspx?lang=eng)

The Regulations will be published in the *Canada Gazette* on a later date, but came into effect on the date they were registered.

In this Notice, “Regulations” refers to the SEMA Venezuela Regulations.

The Regulations impose an asset freeze and dealings prohibition on listed persons. A person whose name is listed in the schedule to the Regulations is a person who is in Venezuela, or is a national of Venezuela who does not ordinarily reside in Canada, and in respect of whom the Governor in Council, on the recommendation of the Minister, is satisfied that there are reasonable grounds to believe is

- (a) a person engaged in activities that directly or indirectly undermine the security, stability or integrity of democratic institutions of Venezuela;
- (b) a current or former senior official in the Government of Venezuela;
- (c) a current or former member of the Constituent National Assembly of Venezuela;
- (d) an associate or family member of a person referred to in paragraphs (a), (b) or (c);
- (e) an entity owned, held or controlled, directly or indirectly, by a person referred to in paragraphs (a), (b), (c) or (d) or acting on behalf of or at the direction of a person referred to in paragraphs (a), (b), (c) or (d); or
- (f) a senior official of an entity referred to in paragraph (e).



The Regulations stipulate that it is prohibited for any person in Canada or any Canadian outside Canada to:

- (a) deal in any property, wherever situated, that is owned, held or controlled by a listed person or by a person acting on behalf of a listed person;
- (b) enter into or facilitate any transaction related to a dealing referred to in paragraph (a);
- (c) provide any financial or related services in respect of a dealing referred to in paragraph (a);
- (d) make available any goods, wherever situated, to a listed person or to a person acting on behalf of a listed person; or
- (e) provide any financial or related services to or for the benefit of a listed person.

The Regulations provide a mechanism for a listed person to apply to the Minister of Foreign Affairs to have their name removed from the schedule.

### *Searching, Freezing, Monitoring, Disclosure and Due Diligence Obligations*

OSFI expects that FRFIs will implement the necessary measures to search for the names of designated persons and freeze assets subject to the Regulations. As with other searching and reporting requirements, **the obligation to search for designated names is a continuing one.** For example, at a minimum, it is our expectation that FRFIs be able to search their records for designated names at least on a weekly basis, and more frequently if need be. New clients' names should be checked against the names of designated persons as part of, or as soon as reasonably possible after, the process of account opening or otherwise entering into a business relationship.

FRFIs that are subject to the PCMLTFA are required to obtain and record prescribed information on the persons who own or control, directly or indirectly, 25% or more of clients that are corporations and other entities. It is OSFI's expectation that FRFIs will search these records to determine if they are dealing with a corporation or an entity that may be owned or controlled, directly or indirectly, by a designated person under the Regulations.

### *Disclosure to Law Enforcement*

If Canadian financial institutions have property in their possession or control that they have reason to believe is owned, held or controlled by or on behalf of a listed person, or they have information about a transaction or proposed transaction in respect of property covered by the Regulations, they are required to report such information to the Royal Canadian Mounted Police or the Canadian Security Intelligence Service immediately. Information may be provided as follows:

## **RCMP**

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

or

## **CSIS**

Financing Unit  
Unclassified Fax : 613-369-2303

### *Reporting to Financial Regulators*

Please note that the Regulations require entities listed in subsection 6(1), which includes FRFIs and a number of provincially regulated institutions, to report to their financial regulators each month on the results of the continuous searching and reporting obligations.

### **Where to go for more information**

For further information please see the Canadian economic sanctions website:

<http://www.international.gc.ca/sanctions/index.aspx?lang=eng>

This Notice is also being sent to the following for their information:

*Provincial Regulators and Supervisors;*  
*Canadian Association of Direct Response Insurers;*  
*Canadian Bankers Association;*  
*Canadian Fraternal Association;*  
*Canadian Life and Health Insurance Association;*  
*Canadian Securities Administrators;*  
*Credit Union Central of Canada;*  
*Insurance Bureau of Canada;*  
*Investment Industry Regulatory Organization of Canada;*  
*Trust Companies Association of Canada.*