

## **Canada Expands Sanctions Measures Against Syria — Targeting Financial Services and the Central Bank**

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By John W. Boscariol, Partner, McCarthy Tétrault LLP (416-601-7835), [jboscariol@mccarthy.ca](mailto:jboscariol@mccarthy.ca).

Effective today (March 5, 2012), Canada has taken additional steps to impose economic sanctions against Syria by imposing a ban on financial services and targeting transactions involving the Central Bank of Syria as well as additional listed individuals. Companies engaged in cross-border activities, including those that do not involve Syria, should be reviewing these changes and revising policies and procedures to ensure full compliance with the new measures.

Canada first imposed sanctions against Syria on May 24, 2011. On a number of occasions since that time, sanctions have been expanded to target the petroleum industry and prohibit other commercial activities, including acquiring goods from Syria, investing in Syria and supplying certain goods and technical data to Syria. See our legal updates on these developments: [Canada Imposes Economic Sanctions Against Syria](#) and [Canada Imposes Additional Economic Sanctions Against Syria](#).

### **The New Measures**

The amendments can be found [here](#). As a result of today's measures, persons in Canada and Canadians outside Canada are now prohibited from providing or acquiring financial or other related services to, from or for the benefit of or on the direction or order of Syria or any person in Syria.

The new measures provide specific exemptions from this financial services ban, including for:

1. loan repayments to any person in Canada or any Canadians abroad in respect of loans entered into before March 5, 2012 as well as enforcement of security in respect of such loans or payments by guarantors guaranteeing such loans;
2. financial services required to be provided or acquired further to a contract entered into before March 5, 2012; and
3. financial services in respect of non-commercial remittances of \$40,000 or less sent to or from Syria, or any person in Syria, if the person providing the financial services keeps a record of the transaction.

Canada has now also imposed prohibitions on dealing with the Central Bank of Syria as well as seven individuals who have been added to the list of designated persons.

Canadian companies and individuals are prohibited from engaging in a wide range of dealings with designated persons under Canada's sanctions regime. Canadians are also subject to reporting requirements in respect of property owned or controlled by designated persons and related proposed or actual transactions.

Financial institutions, including federally regulated banks and provincial trust and loan companies and securities dealers, are required to monitor and determine on a continuing basis whether they are in possession or control of property owned or controlled by or on behalf of a designated person.

### **Economic Sanctions Compliance and Enforcement**

The increasing use and enforcement of economic sanctions by Canada and its trading partners, including the United States and the European Union, is significantly raising exposure to financial, operational and reputational risk. It is important for any company doing business internationally to have in place comprehensive internal control measures for compliance with economic sanctions, export controls, anti-corruption laws and related requirements.

These new measures against Syria should trigger a review and revision of those controls, including the lists (or list-service providers) used for screening transactions involving designated persons. Notably, the prohibitions against dealings with designated persons apply regardless of whether or not you are engaged in business with Syria. Companies should also be reviewing other components of their internal trade control systems, including their compliance manual and processes, employee and executive training programs, internal audit procedures, and their contract review process, to ensure they are now fully up to date.

At the present time, Canada currently imposes trade controls of varying degrees on activities involving the following countries (and in many cases, individuals and entities associated with them): Belarus, Burma (Myanmar), Côte d'Ivoire, the Democratic Republic of the Congo, Cuba, Egypt, Eritrea, Guinea, Iran, Iraq, Lebanon, Liberia, Libya, North Korea, Pakistan, Sierra Leone, Somalia, Sudan, Syria, Tunisia and Zimbabwe. Any involvement of these countries or any "designated person" in proposed transactions or other activities should raise a red flag for further investigation to ensure compliance with economic sanctions.

***John is Co-Chair of the American Bar Association SIL Export Controls and Economic Sanctions Committee and Co-Chair of the Export Committee of the Canadian Association of Importers and Exporters. He is also a Partner at McCarthy Tétrault LLP where he leads the International Trade and Investment Law Group and can be reached at [jboscariol@mccarthy.ca](mailto:jboscariol@mccarthy.ca) or 416-601-7835.***