Canadian Sanctions, Explained

A Plain-Language Guide to How Canada's Sanctions Work

For people who encounter sanctions at work and need to understand them — no prior experience assumed

If your job touches payments, trade, onboarding, or compliance and any part of it reaches outside Canada, you can run into Canadian sanctions. This guide explains what they are, how Canada's system differs from the American one people often assume, and what to actually check — in plain English, with every term defined the first time it appears.

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Burnin', Briefly: Hot Takes from Mr. Sanctions

This guide is general information, not legal advice. For real transactions, consult the official Government of Canada sources cited here and qualified counsel. Global Affairs Canada does not give legal advice or confirm whether a transaction is allowed.

What Sanctions Are and Why Canada Uses Them

Economic sanctions are restrictions the Government of Canada places on doing business with certain countries, organizations, and people. They are a foreign-policy tool: rather than military force, Canada uses access to its economy and financial system as leverage to respond to things like aggression, gross human-rights abuses, and corruption abroad.

Sanctions in Canada are run by the Minister of Foreign Affairs and Global Affairs Canada. But here is a surprise for anyone coming from the U.S. system: Global Affairs Canada designs and administers sanctions — it does not police them. Different agencies investigate and enforce, and breaking sanctions is a **criminal offence**, not something settled with an administrative fine. There is no Canadian equivalent of OFAC issuing civil penalties.

The other thing to know up front is that Canada's rules are spread across **several different laws**, and the actual prohibitions live in detailed regulations — not in any single rulebook and not in the published name lists. Knowing where to look is half the battle.

> **THE THREE THINGS TO TAKE AWAY**
>
> - Sanctions restrict who you (or your company) can do business with, and the binding rules are in specific regulations — not in the published lists.
> - Breaking them is a crime in Canada, with no administrative-penalty "settlement" option — so prevention is everything.
> - Checking a name against a list is never enough; you also have to check ownership, control, and which law applies.

Essential Concepts: The Vocabulary You Need First

A handful of terms come up constantly. Learn these and Canadian sanctions become much easier to follow.

Asset freeze / dealings prohibition

The core measure against a listed person. It freezes their property in Canada and bans anyone in Canada (or any Canadian abroad) from dealing in that property or providing them with any property or services. Unlike the U.S. "blocking" model, this is built into each regulation.

Listed person

An individual, entity, or ship named in the schedule (the appendix) to a sanctions regulation. Being "listed" is what triggers the prohibitions — but exactly which prohibitions apply can differ from one listed person to the next.

Regulation

The detailed rule, made by the Governor in Council, that actually imposes sanctions. Each country program (e.g., Russia) has its own regulation. Regulations are the only way Canada imposes sanctions, and they are the binding source of the rules.

SEMA (Special Economic Measures Act)

Canada's main autonomous-sanctions law — used for country programs and state-linked individuals. The Act lets the government make sanctions regulations.

JVCFOA (the "Magnitsky law")

The Justice for Victims of Corrupt Foreign Officials Act, used to sanction individual foreign nationals for serious human-rights abuses or major corruption.

UN Act sanctions

Sanctions Canada is legally required to impose because the UN Security Council ordered them. Canada implements them by regulation under the United Nations Act.

Autonomous sanctions

Sanctions Canada chooses to impose on its own (under SEMA or the JVCFOA), without a UN mandate — often alongside allies, sometimes alone.

Deemed ownership / control

A rule that treats a company's property as owned by a listed person if that person controls the company — by owning 50%+ of it, by being able to change its board, or by being able to direct it in any other way. This is broader than the U.S. "50% Rule."

Permit and certificate

Canada's two ways to lawfully do something a regulation otherwise forbids. A permit authorizes a specific activity (granted only exceptionally); a certificate can exempt an activity or confirm you are not the listed person of a similar name ("mistaken identity").

Consolidated Canadian Autonomous Sanctions List

A single reference list of everyone sanctioned under SEMA and the JVCFOA. Crucially, it is for convenience only — it is **not the law**; the regulations are.

Where Canada's Rules Come From (and Why There Are Several)

Canada does not have one big sanctions law. It has several, each for a different situation. You do not need to memorize them, but knowing they exist tells you where to look.

The law	When Canada uses it
United Nations Act	To carry out sanctions the UN Security Council has ordered. Canada must implement these.
Special Economic Measures Act (SEMA)	Canada's main "on our own" tool — for country programs and state-linked people (e.g., Russia, Belarus, Iran).
Justice for Victims of Corrupt Foreign Officials Act	To sanction specific foreign individuals for human-rights abuses or major corruption.
Freezing Assets of Corrupt Foreign Officials Act	To freeze a corrupt foreign official's assets at the request of their home country during turmoil — a helping-hand measure, not a foreign-policy sanction.
Export and Import Permits Act	To control trade in sensitive goods/technology and trade with controlled countries — the export-control regime that overlaps with sanctions.

Whichever law applies, the pattern is the same: the government makes a detailed regulation that lists who is sanctioned and spells out what is prohibited. The two you will meet most are SEMA and the Magnitsky law.

> **KEY COMPLIANCE TAKEAWAY**
> Figure out which law is in play first — it tells you whether the sanction is something Canada had to do (UN) or chose to do (SEMA/Magnitsky), and where to find the binding rule.

What Canadian Sanctions Actually Stop You From Doing

Sanctions regulations can prohibit a range of activities. The most common ones to watch for:

- **Dealing with a listed person's property** — you cannot touch, move, or transact in it, and you cannot give them money, goods, or services (the asset freeze).
- **Exporting to or importing from a target** — trade bans on specific countries or people.
- **Providing financial or other services** to or for a target.
- **Making anything available** to a listed person, directly or through someone else.

WATCH OUT — THE LIST DOES NOT TELL YOU WHAT IS BANNED

Finding a name on a sanctions list is only the start. The Government of Canada explains that the prohibitions may apply differently to each listed person — two names on the same list can carry different restrictions. You have to open the actual regulation that lists the person to see what is prohibited for *them*. And some regulations restrict dealings with a whole country, catching people who are not individually listed at all.

Why trade has a second layer of rules

If your transaction involves shipping goods or technology, there is a separate regime to check: the Export and Import Permits Act controls sensitive goods and trade with controlled destinations. A shipment can need both a sanctions check *and* an export permit — clearing one does not clear the other.

KEY COMPLIANCE TAKEAWAY

Identify which law and regulation apply, then read that regulation to see what is actually prohibited for your specific counterparty — and run any goods through the separate export-permit check.

Reading Canada's Lists Without Getting Burned

Canada publishes two main reference lists, and you should check both when screening:

- The Consolidated Canadian Autonomous Sanctions List — everyone sanctioned under SEMA and the Magnitsky law.
- The UN Security Council Consolidated List — everyone sanctioned through the UN Act.

WATCH OUT — THE LIST IS NOT THE LAW, AND "NO MATCH" IS NOT "ALL CLEAR"

The Canadian autonomous list is for convenience only and has **no force of law** — the regulations it points to are the real rules. And a clean name-check does not clear you: a company can be caught because a listed person controls it (next section), or because a regulation bans dealings with an entire country. Always confirm in the regulation, and look beyond the name itself.

The Ownership Trap: Why "Not on the List" Doesn't Mean Safe

This is the rule that catches people out, and it is **broader in Canada than in the United States**. Under SEMA section 2.1, if a listed person *controls* a company, that company's property is treated as belonging to the listed person — so it is frozen too, even though the company's own name is nowhere on any list.

A listed person "controls" a company if **any one** of these is true:

1. They own 50% or more of it (shares or voting rights), directly or indirectly;
2. They can change the company's board of directors; or
3. They can otherwise direct what the company does — by any means.

WATCH OUT — 49% PLUS CONTROL IS CAUGHT IN CANADA

In the U.S., the equivalent rule is purely about owning 50% or more. Canada goes further: even a stake *below* 50% can trigger the freeze if the listed person can control the board or otherwise call the shots. So a structure that looks safe under American rules can be fully caught in Canada. You have to look at who *controls* a company, not just who owns it on paper.

KEY COMPLIANCE TAKEAWAY

Always check who controls your counterparty — not just the ownership percentages — because Canada's control test reaches companies the U.S. ownership-only rule would miss.

When You're Allowed to Proceed: Permits and Certificates

If a regulation prohibits what you want to do, Canada has two ways to authorize it — but neither is automatic, and you must have written approval *before* you act.

Permits

A **permit** authorizes a specific activity that a regulation otherwise bans. Under SEMA and the Magnitsky law, the Minister of Foreign Affairs grants these only on an **exceptional** basis, and there is no guarantee of approval. Some regulations also come with a **general permit** that pre-authorizes a whole class of activity for anyone who meets its terms — so check whether one exists before applying for your own.

Certificates

A **certificate** is different. Under UN Act regulations it can exempt an activity (for example, releasing frozen funds for basic living expenses). A **certificate of mistaken identity** is how you clear things up if you have been confused with a listed person who shares your name — the Canadian fix for a false match.

GOOD TO KNOW — THE GOVERNMENT WON'T PRE-CLEAR YOU

Global Affairs Canada does not give legal advice and will not tell you in advance whether your activity is allowed or needs a permit. The analysis is on you. When in doubt, apply for a permit (or a certificate) and wait for written approval rather than guessing.

What This Means for Your Organization

If you are in Canada, or a Canadian abroad

- You must comply fully — freeze listed persons' property, avoid prohibited dealings, and don't provide them property or services.
- The rules follow Canadians outside Canada, not just activity inside the country.
- If you are a bank or other federally regulated financial institution, you have ongoing duties to check for and report listed persons' property to the RCMP (see the next section).

For everyone — the routine to build

1. Identify all parties, countries, goods, and routes — including who owns and controls each company.
2. Work out which law and regulation might apply.
3. Screen both consolidated lists (Canadian autonomous and UN).
4. Open the regulation to see what is actually prohibited for that person.

5. Check ownership and control — not just the cap table.
6. Run the separate export-permit check for any goods or technology.
7. If you're caught, look for a general permit, then apply for a permit or certificate — and wait for written approval.
8. Keep records of the whole analysis, and stop and get advice whenever you're unsure.

KEY COMPLIANCE TAKEAWAY

Build a habit of checking law, regulation, lists, ownership/control, and permits on every cross-border deal — and write down what you did, because in a criminal-liability system, prevention and a clear record are your real protection.

What Happens If You Get It Wrong

Canada's enforcement works very differently from the U.S., and the differences matter.

Several agencies, not one

No single agency polices Canadian sanctions. As the Canada Border Services Agency explains, the work is split: Global Affairs Canada designs and administers sanctions but does not investigate or enforce; the CBSA enforces import/export bans at the border; the RCMP investigates and makes arrests; and the Public Prosecution Service of Canada prosecutes.

It's a crime, not a fine

WATCH OUT — NO "SETTLEMENT" SAFETY NET

Unlike the U.S., Canada has **no administrative civil-penalty system** for sanctions and no formal voluntary-disclosure programme that reduces your penalty. Breaches are criminal offences, carrying fines and prison terms (up to ten years on the most serious), and property can be forfeited. There is no after-the-fact "credit" to rely on — which is exactly why getting it right beforehand matters so much. Don't mistake the small number of past prosecutions for low risk.

Banks have extra duties

Federally regulated financial institutions must **continuously check** whether they hold any listed person's property and **report** it (and related transactions) to the RCMP or CSIS. Failing to do this is itself an offence, separate from the freeze.

Canada can now permanently take sanctioned assets

Since 2022, Canada can not only freeze but **seize and permanently forfeit** a sanctioned person's property to the Crown — with proceeds usable to help victims or rebuild affected countries. Canada was among the first countries in the world to do this. The practical point: getting the ownership-and-control analysis wrong can now mean *permanent loss* of property, not just a temporary freeze.

KEY COMPLIANCE TAKEAWAY

Treat Canadian sanctions as criminal law with no civil-penalty cushion: prevent breaches up front, meet any reporting duties, and remember that caught property can now be taken for good, not just frozen.

Official Answers to Common Questions

Plain-language answers to the questions that come up most, drawn from Global Affairs Canada's FAQ and essential information pages. The bottom line comes first.

Q: Who has to follow Canadian sanctions?
Bottom line: Everyone in Canada, and all Canadians (people and Canadian companies) anywhere in the world.

The duties are set out in the regulations made under the UN Act, SEMA, and the Magnitsky law.

Q: Is the published list the actual law?
Bottom line: No — the regulations are.

The Consolidated Canadian Autonomous Sanctions List is a convenience reference with no force of law. The binding rules are in each regulation's schedule.

Q: My bank froze my transaction over sanctions — what do I do?
Bottom line: Ask the bank why first.

Banks freeze or refuse transactions for many reasons. If a listed person is involved, the freeze applies; if it's a name mix-up, you can seek a certificate of mistaken identity.

Q: My counterparty isn't on any list — am I safe?
Bottom line: Not necessarily.

A company can be caught because a listed person controls it, or because a regulation bans dealings with a whole country. Check ownership and control under SEMA s. 2.1, not just the list.

Q: How do I lawfully do something a regulation prohibits?
Bottom line: Get a permit or certificate first.

Check for a general permit attached to the regulation; otherwise apply to the Minister of Foreign Affairs through the Permits and Certificates process. Never proceed without written approval.

Q: What happens if I break Canadian sanctions?
Bottom line: It's a criminal offence — fines, prison, and possible forfeiture.

There is no administrative-penalty settlement. The RCMP investigates, the CBSA enforces border measures, and the Public Prosecution Service of Canada prosecutes.

Where to Find Official Information

When you need the real, current rule, go to the source. These are the official Government of Canada pages — always check them rather than relying on summaries (including this one) for an actual decision.

If you need…	Go to…
The main Canadian sanctions hub	Canadian sanctions (Global Affairs Canada)
Which laws Canada uses	Canadian sanctions legislation
A clear starting overview	Canadian sanctions — essential information
The current country/program sanctions	Current sanctions imposed by Canada
To screen names (autonomous)	Consolidated Canadian Autonomous Sanctions List
To screen names (UN)	UN Security Council Consolidated List
To apply for a permit or certificate	Permits and certificates
Help with a name mix-up or delisting	Listed persons, mistaken identity and delisting
Answers to common questions	Sanctions FAQ
How enforcement and the border work	CBSA Memorandum D19-11-1