How Canadian Sanctions Work

A Practitioner’s Reference Guide to Canada’s Sanctions Framework

Statutes • Prohibitions • Listed Persons • Deemed Ownership • Permits • Enforcement

A foundational, program-neutral guide to the machinery common to every Canadian sanctions measure — the four sanctions statutes plus export controls, how prohibitions live in individual regulations rather than one rulebook, the deemed-ownership and control test, the permit and certificate system, and Canada’s distinctive split-enforcement model.

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Burnin’, Briefly: Hot Takes from Mr. Sanctions

1. How to Use This Guide

HOW TO USE THIS GUIDE

This guide explains the framework common to **every** Canadian sanctions measure. It is the layer beneath the country- and regime-specific regulations (Russia, Iran, Belarus, and so on). Use it as follows:

- **Identifying which law applies:** Section 2 (The Five Authorities) and Section 3 (UN vs. autonomous).
- **Determining what is prohibited:** Section 4 (What the Regulations Prohibit) — then always read the specific regulation.
- **Screening a counterparty:** Section 5 (Listed Persons and the Lists) and Section 6 (Deemed Ownership and Control).
- **Finding a lawful path:** Section 7 (Permits and Certificates).
- **Understanding penalties and who enforces:** Section 9 (Enforcement).

CRITICAL — THE BINDING RULES ARE IN THE REGULATIONS, NOT THE LIST OR THE STATUTE

Canada's sanctions statutes are enabling laws: they authorize the Governor in Council to make regulations, but they do not themselves prohibit anything. The operative prohibitions live in each individual **regulation** (for example, the Special Economic Measures (Russia) Regulations). The Consolidated Canadian Autonomous Sanctions List is, in the Government of Canada's own words, for administrative reference only — it is **not a regulation and has no force of law**. Never reason from the statute or the consolidated list alone; the prohibitions, and which prohibitions apply to a given person, are set out in the specific regulation's schedule and operative sections.

2. The Legal Architecture: Five Authorities

Unlike the U.S. system, which is anchored by one dominant statute (IEEPA) and one cross-cutting rulebook, Canada distributes its sanctions powers across several statutes, each with its own trigger, target, and limits. Administration sits with the Minister of Foreign Affairs and Global Affairs Canada, but — importantly — GAC is not an investigative or enforcement body (see Section 9).

Statute	What it does	Trigger / scope
United Nations Act (UN Act)	Implements binding UN Security Council sanctions into Canadian law.	A UNSC decision under Article 41 of the UN Charter calling on members to apply measures. Canada is legally obliged to implement.
Special Economic Measures Act (SEMA)	Canada's principal autonomous (non-UN) tool; state-focused and individual sanctions, asset freezes, dealing/trade prohibitions, and now seizure and forfeiture.	A grave breach of international peace and security; gross and systematic human-rights violations; significant corruption; or a call by an international body of which Canada is a member.
Justice for Victims of Corrupt Foreign Officials Act (JVCFOA / Magnitsky law)	Autonomous sanctions targeting individual foreign nationals for human-rights violations or significant corruption.	A foreign national responsible for or complicit in gross human-rights violations or significant corruption (or their associates/agents).

Statute	What it does	Trigger / scope
Freezing Assets of Corrupt Foreign Officials Act (FACFOA)	Freezes property of politically exposed foreign persons at the request of a foreign state in turmoil; a mutual-legal-assistance bridge, not a foreign-policy sanction.	A written request from a foreign state experiencing internal turmoil or political uncertainty. Time-limited (5-year sunset, renewable).
Export and Import Permits Act (EIPA)	Controls trade in listed goods/technology and to listed destinations; the principal Canadian export-control authority that overlaps with sanctions.	Goods/technology on the Export Control List, or any goods/technology destined for a country on the Area Control List.

The two statutes you will meet most often are SEMA and the JVCFOA — Canada's autonomous instruments. SEMA is the workhorse for country programs and state-linked individuals; the JVCFOA is reserved for individual human-rights and corruption cases. Both are enacted the same way: the Governor in Council makes a regulation on the recommendation of the Minister of Foreign Affairs. Regulations are the *only* way sanctions are imposed in Canada.

KEY COMPLIANCE TAKEAWAY

Identify the enabling statute before anything else — it determines the trigger, the available targets, whether the measure is mandatory (UN Act) or discretionary (SEMA/JVCFOA), and which enforcement and permit pathways apply.

3. UN Sanctions vs. Autonomous Sanctions

Canadian sanctions come in two families, and the distinction matters for how durable they are and how much discretion Canada has.

3.1 UN sanctions (mandatory)

When the UN Security Council decides on measures under Article 41 of the Charter and calls on members to apply them, Canada is legally obliged to implement them, and does so by regulation under the United Nations Act. The listed persons come from the UN Security Council Consolidated List; Canada implements that list rather than choosing the targets itself.

3.2 Autonomous sanctions (discretionary)

Where there is no UNSC mandate, Canada can act on its own under SEMA or the JVCFOA. These are policy choices made by the Governor in Council, often coordinated with allies (the U.S., EU, UK, Australia) but not dependent on them — Canada can and does impose measures the others have not. The targets are listed in the schedule to each Canadian regulation and aggregated, for convenience only, in the Consolidated Canadian Autonomous Sanctions List.

KEY DISTINCTION — TWO CONSOLIDATED LISTS, DIFFERENT ROLES

Screening in Canada means checking **both** the Consolidated Canadian Autonomous Sanctions List (SEMA + JVCFOA targets) *and* the UN Security Council Consolidated List (UN Act targets). Neither is exhaustive on its own, and the autonomous list expressly has no force of law — it points you to the regulations that do.

KEY COMPLIANCE TAKEAWAY

Check both the Canadian autonomous list and the UN consolidated list, and remember that the binding prohibitions and their scope are always in the underlying regulation, not the list.

4. What the Regulations Prohibit

Because prohibitions live in individual regulations, the precise wording varies — but SEMA's enabling provision (section 4) sets out the menu of activities a regulation may restrict or prohibit, and most regulations draw from it. Reading SEMA s. 4 tells you the universe of possible prohibitions; the specific regulation tells you which ones actually apply to your counterparty.

4.1 The menu of prohibited activities (SEMA s. 4(2))

A SEMA regulation may prohibit any person in Canada and any Canadian outside Canada from:

- dealing in any property, wherever situated, owned/held/controlled directly or indirectly by the targeted state or a designated person (an **asset freeze / dealings prohibition**);
- exporting, selling, supplying, or shipping goods to the target (an **export prohibition**);
- transferring or providing technical data to the target;
- importing, purchasing, or acquiring goods from the target (an **import prohibition**);
- providing or acquiring financial or other services to, from, or for the benefit of the target;
- making goods or services available to a designated person (a **facilitation / making-available prohibition**).

4.2 Asset freeze and dealings prohibition

The core measure against a listed person combines two things: a freeze on their property in Canada, and a broad prohibition on any person in Canada or any Canadian abroad *dealing* in that property or making any property or services available to them. There is no separate "blocking report to a single regulator" regime equivalent to OFAC's; instead, federally regulated financial institutions have ongoing duties to determine and disclose the existence of listed persons' property (see Section 9.3).

4.3 Trade prohibitions and the export-control overlap

Sanctions regulations frequently prohibit importing from or exporting to a target. Separately, the Export and Import Permits Act controls trade in goods/technology on the Export Control List and any goods/technology destined for a country on the Area Control List. The two regimes overlap: a single shipment can require both a sanctions analysis and an EIPA export permit. Clearing one does not clear the other.

CRITICAL — PROHIBITIONS DIFFER PERSON-BY-PERSON WITHIN A SINGLE LIST

Inclusion on the consolidated list does not tell you **what** is prohibited. As the listed-persons guidance states, the prohibitions may not apply to each individual, entity, or ship in the same way — each regulation specifies the prohibitions for the persons it lists. Two names on the same consolidated list can carry very different restrictions. Always trace a listing back to its regulation.

KEY COMPLIANCE TAKEAWAY

Use SEMA s. 4 to understand the possible prohibitions, but determine the actual prohibitions — and run any trade through the separate EIPA export-control analysis — from the specific regulation that lists your counterparty.

5. Listed Persons and the Lists

A "listed person" is an individual, entity, or (increasingly) a ship named in the schedule to a sanctions regulation. Canada publishes two consolidated reference lists, plus the binding schedules themselves.

Source	Covers	Legal status
Consolidated Canadian Autonomous Sanctions List	All persons/entities/ships listed under SEMA and JVCFOA regulations.	**Administrative reference only —** not a regulation, no force of law.
UN Security Council Consolidated List	Persons listed under UN sanctions implemented through the UN Act.	Reference to the UN source list; Canada implements it by regulation.
Regulation schedules (e.g., the schedule to the SEMA (Russia) Regulations)	The persons actually subject to that regulation's prohibitions.	**Binding law** — this is the authoritative source.
Export Control List / Area Control List	Controlled goods/technology and controlled destinations under EIPA.	Binding regulations made under EIPA.

CRITICAL — A CLEAN LIST CHECK IS NOT THE END OF THE ANALYSIS

Two traps make name-screening insufficient in Canada. First, the deemed-ownership and control rule (Section 6) blocks entities that are not themselves listed. Second, some regulations impose **country-wide or dealings prohibitions** that do not depend on a person being listed at all — they restrict dealings with a foreign state or persons in it. A counterparty absent from both consolidated lists can still be caught by an ownership chain or a broad regulatory prohibition.

KEY COMPLIANCE TAKEAWAY

Screen against both consolidated lists, but confirm the consequence in the regulation schedule and layer ownership and country-scope analysis on top — the list is a pointer, not the rule.

6. Deemed Ownership and Control

This is the Canadian analog to OFAC's 50% Rule — but it is broader, and practitioners who carry the U.S. rule across will under-scope their analysis. The test was codified in SEMA s. 2.1 (added in 2023).

6.1 The deemed-ownership rule

If a person *controls* an entity (other than a foreign state), any property owned, held, or controlled — directly or indirectly — by that entity is **deemed to be owned by that person**. So if a listed person controls a company, the company's property is treated as the listed person's property and is caught by the freeze and dealings prohibition.

6.2 The three control tests (any one suffices)

Under SEMA s. 2.1(2), a person controls an entity, directly or indirectly, if **any** of these is met:

1. **Ownership threshold:** the person holds, directly or indirectly, 50% or more of the shares or ownership interests, or 50% or more of the voting rights;
2. **Board control:** the person can, directly or indirectly, change the composition or powers of the board of directors; or
3. **De facto control:** it is reasonable to conclude, on all the circumstances, that the person can direct the entity's activities, directly or indirectly and through any means.

CRITICAL DISTINCTION — BROADER THAN THE U.S. 50% RULE

Do not equate this with OFAC's 50% Rule. The U.S. rule is purely an **ownership-percentage** test (50%+, aggregated). Canada's test captures 50%+ ownership **and** the ability to change the board **and** de facto control by *any means* — so an entity owned well below 50% can still be caught if a listed person can direct its activities. A

"49% and controlled" structure that would fall outside the U.S. rule can be fully caught in Canada. Diligence must assess control, not just the cap table.

KEY COMPLIANCE TAKEAWAY

Treat any entity that a listed person owns 50%+ of, can reconfigure the board of, or can otherwise direct as caught by the freeze — the control limb makes Canada's reach wider than a pure ownership test.

7. Authorizations: Permits and Certificates

Canada does not use the U.S. vocabulary of "general" and "specific" licenses. Its authorizations are **permits** and **certificates**, described on the Permits and Certificates page, and they work differently.

7.1 Permits

A permit authorizes a specified activity or transaction (or a class of them) that a regulation otherwise prohibits. The authority to issue permits comes from the relevant Permit Authorization Order or the Act/regulation itself; permits under SEMA and the JVCFOA are granted by the Minister of Foreign Affairs on an **exceptional** basis. There is no guarantee an application will succeed, and you must not act until you hold an approved, signed permit.

7.2 General permits

Some regulations are accompanied by a **general permit** that authorizes a class of activity for anyone who meets its terms — functionally closer to a U.S. general license, but issued regulation-by-regulation rather than as a standing program-wide instrument. Check whether a general permit exists for the specific regulation before assuming you need an individual permit.

7.3 Certificates

Certificates are a distinct mechanism. Under the UN Act regulations, the Minister may issue a certificate to exempt an activity from the regulations (for example, to release frozen property for basic or extraordinary expenses, mirroring UN exemption procedures). A **certificate of mistaken identity** confirms that a person is not in fact the listed person of the same or similar name — the Canadian route for resolving false-positive matches (see the listed persons, mistaken identity and delisting page).

NOTE — GAC WILL NOT TELL YOU WHETHER YOU NEED A PERMIT

Global Affairs Canada does not provide legal advice and will not confirm, before a formal application, whether your activity is prohibited or requires a permit. The burden of analysis sits entirely with you and your counsel; consult the regulation, and when in doubt, apply for a permit or certificate rather than assume.

KEY COMPLIANCE TAKEAWAY

Look first for an applicable general permit attached to the specific regulation; if none fits, apply for an individual permit and wait for written approval — and use a certificate of mistaken identity to clear false-positive name matches.

8. Compliance Quick-Reference Checklist

A transaction-level sequence for Canadian sanctions. Each step points back to the section that explains it.

1. **Identify every party, country, good, and route.** Counterparties, ownership chains, goods origin/destination, vessels. (§§ 4–6)

2. **Identify the applicable statute(s) and regulation(s).** UN Act, SEMA, JVCFOA, FACFOA, EIPA — there may be more than one. (§§ 2–3)
3. **Screen both consolidated lists.** The Canadian autonomous list and the UN Security Council list. (§ 5)
4. **Trace the listing to its regulation.** Confirm which prohibitions actually apply to this person — they vary. (§§ 4–5)
5. **Run the deemed-ownership and control analysis.** 50% ownership, board control, or de facto control — not just the cap table. (§ 6)
6. **Run the separate EIPA export-control check for any trade.** Export Control List and Area Control List; a permit there is separate from any sanctions permit. (§ 4.3)
7. **If caught, find a lawful path.** Applicable general permit → individual permit application → certificate. Do not act without written authorization. (§ 7)
8. **Meet disclosure duties and keep records.** Financial institutions' determination/disclosure duties; document the whole analysis. (§ 9)
9. **Escalate doubt.** GAC will not pre-clear you; hold and seek counsel where uncertain. (§§ 1, 7)

9. Enforcement: Who Does What, Penalties, and Seizure/Forfeiture

Canada's enforcement model is its most distinctive feature, and the one most often misunderstood by those used to OFAC. There is **no single sanctions enforcement agency** and no published civil-penalty guidelines regime; instead, responsibilities are split across several bodies, and breaches are criminal offences. The authoritative overview is CBSA Memorandum D19-11-1.

9.1 The split-enforcement model

Body	Role
Global Affairs Canada (GAC)	Administers the legislation, designs sanctions, issues permits/certificates. Not an investigative body and has no enforcement powers; does not give legal advice.
Canada Border Services Agency (CBSA)	Enforces import/export prohibitions at the border and related inadmissibility measures; administers the trade-restriction elements.
Royal Canadian Mounted Police (RCMP)	Investigates suspected offences and makes arrests; may also assist with identifying/seizing property under SEMA.
Public Prosecution Service of Canada (PPSC)	Prosecutes charges under the sanctions statutes and regulations.

NOTE — NO OFAC-STYLE CIVIL PENALTY OR VOLUNTARY-DISCLOSURE FRAMEWORK

Canada has no administrative civil-monetary-penalty scheme for sanctions and no published enforcement-guidelines/voluntary-self-disclosure regime equivalent to OFAC's. Breaches are prosecuted as **criminal offences**. This means there is no "mitigation credit" mechanism to rely on after the fact and historically few prosecutions — which makes prevention, not post-hoc remediation, the entire game. The absence of an enforcement track record should not be mistaken for low risk: the offences carry serious criminal penalties and forfeiture.

9.2 Penalties

Contravening a sanctions measure is an offence. Under the United Nations Act (s. 3), penalties run up to a CAD $100,000 fine and/or one year on summary conviction, and on indictment up to ten years' imprisonment; SEMA and the JVCFOA carry comparable indictable exposure. Under the Export and Import Permits Act, contraventions are punishable by imprisonment of up to ten years on indictment. Property dealt with contrary to the regulations may also be subject to forfeiture.

9.3 Financial institutions' ongoing duties

SEMA and JVCFOA regulations impose continuing duties on specified entities (notably federally regulated financial institutions) to **determine on a continuing basis** whether they are in possession or control of listed persons' property, and to **disclose** that fact — and any related transactions — to the RCMP or CSIS. These determination-and-disclosure duties are themselves enforceable obligations, distinct from the underlying dealings prohibition.

9.4 Seizure and forfeiture (the 2022 innovation)

In 2022, Canada amended SEMA (and the JVCFOA) to add a world-leading power to **seize or restrain** and then **forfeit** the property of sanctioned persons — permanently transferring ownership to the Crown, with proceeds available for redistribution (for example, to compensate victims or assist reconstruction). The seizure/forfeiture power appears in SEMA s. 4(1)(b) and the Forfeiture Orders provisions (s. 5.3 et seq.). Canada was among the first jurisdictions to use such a mechanism against sanctioned assets.

KEY POINT — FORFEITURE CHANGES THE RISK CALCULUS

Because sanctioned property can now be permanently forfeited to the Crown (not merely frozen), the downside of holding or dealing in caught property is no longer just a temporary freeze — it can be permanent loss. This raises the stakes of the deemed-ownership analysis in Section 6 considerably.

KEY COMPLIANCE TAKEAWAY

Treat Canadian sanctions as a criminal-liability regime with no civil-penalty safety valve: prevent breaches up front, meet the financial-sector determination/disclosure duties, and recognize that caught property can now be permanently forfeited, not just frozen.

10. Key Questions

Operative answers to recurring cross-cutting questions, drawn from Global Affairs Canada's sanctions FAQ and essential information pages.

Q. Who must comply with Canadian sanctions?

Every person in Canada and every Canadian (citizen or Canadian-incorporated entity) outside Canada. The obligations are set out in the regulations made under the UN Act, SEMA, and the JVCFOA.

Q. Is the consolidated list the law?

No. The Consolidated Canadian Autonomous Sanctions List is for administrative reference only and has no force of law. The binding source is each regulation's schedule and operative prohibitions.

Q. My bank blocked a transaction citing sanctions — what should I do?

First ask the institution for its reasons. Banks may freeze or refuse transactions for many reasons. If a listed person is involved, the dealings prohibition applies; if it is a false match, pursue a certificate of mistaken identity.

Q. Does a 49%-owned company escape the freeze?

Not necessarily. Under SEMA s. 2.1, control — by board power or de facto direction, not just 50% ownership — is enough to deem the entity's property owned by the listed person. The Canadian test is broader than the U.S. 50% Rule.

Q. How do I lawfully do something a regulation prohibits?

Through a permit or certificate. Check for an applicable general permit attached to the regulation; otherwise apply to the Minister of Foreign Affairs for an individual permit via the Permits and Certificates process. Do not proceed without written authorization.

Q. Who investigates and prosecutes breaches?

The RCMP investigates and arrests; the CBSA enforces border/trade measures; the Public Prosecution Service of Canada prosecutes. GAC administers but does not investigate, enforce, or give legal advice.

11. Official Document Index

Statutes (Justice Laws)

- Special Economic Measures Act (SEMA), S.C. 1992, c. 17
- Justice for Victims of Corrupt Foreign Officials Act (JVCFOA / Sergei Magnitsky Law), S.C. 2017, c. 21
- United Nations Act, R.S.C. 1985, c. U-2
- Freezing Assets of Corrupt Foreign Officials Act (FACFOA), S.C. 2011, c. 10
- Export and Import Permits Act (EIPA), R.S.C. 1985, c. E-19

Key regulations and control lists

- Justice for Victims of Corrupt Foreign Officials Regulations, SOR/2017-233
- Export Control List, SOR/89-202
- Area Control List, SOR/81-543

Lists

- Consolidated Canadian Autonomous Sanctions List (SEMA + JVCFOA)
- UN Security Council Consolidated List

Government of Canada guidance

- Canadian sanctions — main page (Global Affairs Canada)
- Canadian sanctions legislation
- Canadian sanctions — essential information
- Current sanctions imposed by Canada
- Permits and certificates
- Listed persons, mistaken identity and delisting
- Sanctions FAQ
- CBSA Memorandum D19-11-1 — Canadian Economic Sanctions (enforcement)