

# HSBC's Global Sanctions Policy Statement

## Introduction

As a global financial institution, HSBC is committed to combatting financial crime and protecting the integrity of the global financial system. One of the ways in which we meet this objective is through HSBC's Global Sanctions Policy (the "Policy").

The Policy is derived from the sanctions resolutions, laws, regulations and regulatory guidance of the United Nations Security Council ("UN"), the United Kingdom ("UK"), the Hong Kong Special Administrative Region ("HK"), the European Union ("EU") and the United States of America ("US") and takes into account broader financial crime concerns. HSBC is required to comply with the applicable sanctions laws and regulations in all the jurisdictions in which we operate. Further, the Policy seeks, subject to the primacy of local law, to establish a globally consistent standard to effectively manage sanctions compliance risk across all HSBC wholly or majority-owned or controlled legal entities ("HSBC Group Entities") in all jurisdictions in which HSBC operates. For this reason, we may not be able to support certain business activity even if it is permitted under local laws and regulations.

## Minimum Standards

The Policy defines the minimum standards which all HSBC Group Entities must comply with, including:

- ◆ Prohibiting or restricting customer relationships or transactions/business activity, involving:
  - parties named on certain sanctions lists issued by the UN, UK, HK, EU or US;
  - parties named on a sanctions list issued by the competent authority in the jurisdiction in which a HSBC Group Entity operates; and
  - any entity owned directly or indirectly 50% or more (individually or in the aggregate) or controlled by any of the parties described above, even if the entity is not named on a sanctions list.
- ◆ Prohibiting customer relationships, or engaging in transactions or business activity, involving certain countries, territories or Governments<sup>1</sup>, including:
  - Iran and the Government of Iran;
  - North Korea and the Government of North Korea;
  - Syria and the Government of Syria<sup>1</sup>;
  - The Crimea Region;
  - The Government of Venezuela; and
  - Cuba and the Government of Cuba – relationships and transactions are prohibited to the extent that they involve a US nexus (that is, the US financial system, US persons or US-origin goods).
- ◆ Restricting certain transactions and business activity involving, directly or indirectly, certain countries, governments, individuals, entities or industry sectors, including:
  - Belarus – prohibiting the direct funding of the Government of Belarus;
  - Libya – freezing of assets of certain Libyan entities (and any subsidiaries owned 50% or more or controlled by these entities) held outside Libya as at September 2011;

<sup>1</sup> "Government" is generally broadly defined and generally includes the state and government of the relevant jurisdiction; any political subdivision, agency, or instrumentality thereof, including the jurisdiction's central bank; any person owned or controlled, directly or indirectly, by any of the foregoing; and any person who or that has acted or purported to act directly or indirectly for or on behalf of, any of the foregoing, including current and former government officials, employees and contractors.

- Russia – engaging in transactions or business activity involving:
  - the Russian military, intelligence or defence or related materiel sector;
  - the primary market for bonds issued by, or lending funds to, the Russian Sovereign<sup>2</sup> outside of Russia;
  - the provision of goods, technology and services in support of certain Russian energy projects; or
  - debt and equity of certain entities operating in the Russian financial, energy and defence sectors; and
- Zimbabwe – prohibiting the direct funding of the Government of Zimbabwe.

HSBC may, in its sole discretion, agree to process certain transactions prohibited or restricted under the Policy that are authorised by a licence from an appropriate authority or are otherwise permitted under applicable laws and regulation, such as those which relate to humanitarian aid. These transactions will be considered on a case-by-case basis and must be submitted in advance to HSBC for consideration and approval.

HSBC may, in its sole discretion, also decide not to process transactions, provide products or services or otherwise engage in transactions or other activity even where permitted by applicable sanctions laws and regulations where these activities fall outside of HSBC's risk appetite.

In complying with applicable sanctions laws or regulations or the Policy, the processing of customer transactions may be delayed while we conduct additional due diligence on the underlying transaction and/or the parties involved. HSBC will block/freeze or reject transactions that appear to violate sanctions laws or regulations or the Policy where required to do so under applicable sanctions laws or regulations or the Policy, or will return transactions where they fall outside HSBC's risk appetite. Further, HSBC will comply with obligations to report sanctions violations to the relevant regulatory authority, including where a violation relates to any attempt by a customer to evade or circumvent sanctions laws and regulations.

<sup>2</sup> The term "Russian Sovereign" means any ministry, agency, or sovereign fund of the Russian Federation, including the Central Bank of Russia, the National Wealth Fund and the Ministry of Finance of the Russian Federation.

# HSBC Sanctions Policy Statement – HSBC Canada Supplement

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*This is the HSBC Canada (which is defined as HSBC Bank Canada and its subsidiaries) Supplement to the global HSBC Sanctions Policy Statement. This Supplement sets out additional HSBC Canada sanctions policy requirements and should be read in conjunction with the global HSBC Sanctions Policy Statement.*

As outlined in the global HSBC Sanctions Policy Statement, HSBC Canada must comply with the sanctions laws and regulations of Canada and the United Nations, as well as any applicable sanctions laws and regulations of other jurisdictions.

In particular, HSBC Canada must comply with Canadian economic sanctions and export controls contained in the *Special Economic Measures Act*, the *United Nations Act*, the *Freezing Assets of Corrupt Foreign Officials Act*, the *Criminal Code*, the *Export and Import Permits Act*, the *Justice for Victims of Corrupt Foreign Officials Act*, and the regulations issued under the foregoing.

In addition to requirements set out in the global HSBC Sanctions Policy Statement, HSBC Canada must:

- Screen customers/clients and transactions against sanctions lists issued by Canada.
- Prohibit or restrict business activity directly or indirectly involving countries or territories subject to sanctions measures or individuals or entities named on a sanctions list. This can include prohibitions on commencing or continuing customer relationships or providing products or services or facilitating transactions that HSBC Canada believes may violate applicable sanctions laws or HSBC Global Sanctions Policy. This can also include restrictions that impact not only the types of products or services that HSBC Canada may make available, but also the types of transactions HSBC Canada may process.
  - Countries and territories that are subject to such prohibitions or restrictions include Belarus, Central African Republic, the Crimea Region of Ukraine, Cuba, Democratic Republic of the Congo, Iran, Iraq, Lebanon, Libya, Mali, Myanmar, Nicaragua, North Korea, People's Republic of China, Russia, South Sudan, Somalia, Sudan, Syria, Tunisia, Ukraine, Venezuela, Yemen and Zimbabwe.

Also, please note that HSBC Canada uses service providers in the United States and elsewhere that are subject to economic sanctions laws that have broad restrictions/prohibitions with respect to certain countries. As such, HSBC Canada prohibits business activity with countries and territories such as Iran, North Korea, Syria, the Crimea Region and Cuba for transactions (whether direct or indirect) in any currency.

Please contact your Relationship Manager should you have any questions or have business operations in or financial ties to any of the countries outlined above.