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EVALUATION OF ANTI-MONEY  
LAUNDERING MEASURES AND THE  
FINANCING OF TERRORISM  
(MONEYVAL)

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# Lithuania

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**1. Annex I - Law on the Prevention of Money Laundering and Terrorist Financing (17 January 2008)**

**LAW OF THE REPUBLIC OF LITHUANIA ON AMENDING THE  
LAW ON PREVENTION OF MONEY LAUNDERING**

1997 June 19 No VIII-275

Vilnius

(A new version of 17 January 2008 No X-1419)

**Article 1. New version of the Law of the Republic of Lithuania on Prevention of Money  
Laundering**

The Law of the Republic of Lithuania on Prevention of Money Laundering shall be amended and set forth to read as follows:

**”LAW OF THE REPUBLIC OF LITHUANIA ON THE PREVENTION OF MONEY  
LAUNDERING AND TERRORIST FINANCING**

**CHAPTER ONE  
GENERAL PROVISIONS**

**Article 1. Purpose of the Law**

1. The purpose of this Law is to establish the measures for the prevention of money laundering and/or terrorist financing and designate the institutions responsible for the implementation of the money laundering and/or terrorist financing prevention measures.

2. This Law is intended to ensure the implementation of the legal acts of the European Union specified in the Annex to this Law.

**Article 2. Definitions**

**1. Close associate means:**

1) a natural person who, together with the person who is or has been performing the duties indicated in paragraph 17 of this Article, is or has been participating in the same legal person or maintains other business relations;

2) a natural person who is the only owner of the legal person set up or operating *de facto* with the aim of acquiring property or some other personal benefit for the person who is or has been performing the duties indicated in paragraph 17 of this Article.

**2. Close family members** mean the spouse, the person with whom partnership has been registered (hereinafter referred to as cohabitant), the parents, brothers, sisters, grandparents, grandchildren, children and children’s spouses, children’s cohabitants.

3. **A person** means a natural or legal person of the Republic of Lithuania or a foreign state, an undertaking of a foreign state.

4. **Business relationship** means business, professional or commercial relationship of a customer and the persons indicated in paragraphs 7, 8 of this Article, which is connected with the professional activities of the persons and which is expected, at the time when the contact is established, to have an element of duration.

5. **The European Union member state** means a European Union member state and a member state of the European Economic Area.

6. **Shell bank** means a legal person having the right to engage in the activities of a credit institution or in equivalent activities, who does not perform factual activities, has no managerial bodies and does not belong to any governed financial group.

7. **Financial institutions** means credit institutions and financial undertakings as defined in the Law of the Republic of Lithuania on Financial Institutions as well as investment companies with variable capital.

**8. Other entities:**

1) auditors;

2) insurance undertakings and insurance broking undertakings;

3) bailiffs or persons entitled to perform the actions of bailiffs;

4) undertakings providing accounting or tax advisory services;

5) notaries and other persons entitled to perform notarial actions, as well as advocates and advocate's assistants, when they are acting on behalf of and for the customer and by assisting the customer in the planning or execution of transactions for their customer concerning the buying or selling of real property or business entities, managing of customer money, securities or other assets, opening or management of bank, savings or securities accounts, organisation of contributions necessary for the creation, transaction or management of companies or trusts, and/or similar structures;

6) trust or company service providers not already covered under subparagraphs 1, 4 and 5 of this paragraph;

7) persons, who carry on business covering trade in immovable properties, precious stones, precious metals, cultural goods, antiques or other assets the value whereof exceeds EUR 15 000 or a corresponding sum in foreign currency, to the extent that payments are made in cash;

8) companies organising gaming;

9) postal services providers, who provide internal and international postal order services (hereafter referred to as postal services providers);

10) close-ended investment companies.

9. **Customer** means a person performing monetary operations or concluding transactions with a financial institution or other entity save for state or municipal institutions, other budgetary institutions, the Bank of Lithuania, State or municipal funds, foreign state diplomatic missions or consular posts.

10. **Beneficial owner** means a natural person who ultimately owns the customer (a legal person or foreign undertaking) or controls the customer and/or the natural person on whose behalf a transaction or activity is being conducted. The beneficial owner shall at least include:

1) in the case of corporate entities: - the natural person who ultimately owns or controls a legal entity through direct or indirect ownership or control over a sufficient percentage of the shares or voting rights in that legal entity, including through bearer share holdings, other than a company listed on a regulated market that is subject to disclosure requirements consistent with Community legislation or subject to equivalent International standards; (a percentage of 25% plus one share shall be deemed sufficient to meet this criterion); the natural person(s) who otherwise exercises control over the management of a legal entity;

2) in the case of the legal entity which administers and distributes funds: the natural person(s) who is the beneficial owner of 25% or more of the property of a legal arrangement or entity (where the future beneficial owners have already been determined); where the individuals that benefit from legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates; the natural person(s) who exercises control over 25% or more of the property of a legal arrangement or entity.

11. **Trust and company forming and service provider** means natural or legal person which by way of business provides any of the following services to third parties:

1) forming of companies or other legal persons;

2) acting as or arranging for another person to act as a director or secretary of a company, a partner of a partnership or a similar position in relation to other legal persons (natural person) or arrangement;

3) providing a registered office, business address, correspondence or administrative address or other related services for a company, a partnership or any other legal person or arrangement;

4) acting as or arranging for another person to act as a trustee of an express trust or a similar legal arrangement;

5) acting as a nominee shareholder for another person other than a company listed on a regulated market that is subject to disclosure requirements in conformity with Community legislation or subject to equivalent International standards or arranging for another person to act as a nominee shareholder.

12. **Money** means banknotes, coins issued by the Bank of Lithuania and funds in accounts, banknotes issued by other states, treasury notes, coins and funds in accounts, which are legal tender.

13. **Monetary operations** means depositing or accepting, withdrawal or payment of money, exchange of currency, lending, donation and any other type of payment or receipt of money in civil transactions or in any other manner other than payments to state and municipal institutions, other institutions maintained from the budget, the Bank of Lithuania and state and municipal funds, diplomatic missions or consular posts of foreign countries or settlement with said entities.

14. **Money laundering** means:

1) the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the

illicit origin of the property or of assisting any person who is involved in the commission of such activity to evade the legal consequences of his action;

2) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or from an act of participation in such activity;

3) the acquisition, possession or use of property, knowing at the time of receipt/transfer, that such property was derived from criminal activity or from an act of participation in such activity;

4) preparation, attempts to commit and aiding and abetting in the commission of any of the activities mentioned in subparagraphs 1 to 3 of this paragraph.

15. **Prevention of money laundering and/or terrorist financing** means implementation of measures specified in this Law.

16. **Politically exposed natural persons** means foreign state citizens who are or have been entrusted with prominent public functions and the citizens' immediate family members or persons known to be close associates of such persons

17. **Prominent public functions** means functions, including the functions in the European Community, international or foreign state institutions.:

1) Head of the State, Head of the Government, minister, vice minister or deputy minister;

2) member of the parliament;

3) member on the Supreme Court, the Constitutional Court or any other high level judicial authority, whose decisions are not subject to appeal;

4) member of the managing body of the professional organisation of auditors or of the board of the central bank;

5) the ambassador, the *chargé d'affaires ad interim* of the Republic of Lithuania or the high-ranking military officer;

6) member of the managerial or supervisory body of the state-owned undertaking.

18. **Terrorist financing** means the provision or collection of funds, by any means, with the intention that they should be used (or in the knowledge that they are to be used) in full or in part, in order to carry out any of the offences within the meaning of Articles 1 to 4 of Council Framework Decision 2002/475/JHA of 13 June 2002 on combating terrorism (OJ 2004 special edition, chapter 19, volume 6, p. 18).

19. **Third party** means financial institution, other entity or person who is registered in another EU member state or a state that is not an EU member state (hereafter referred to as the third state), who meets the following requirements:

1) they are subject to mandatory professional registration, recognised by law;

2) they apply customer due diligence requirements and record keeping requirements as laid down or equivalent to those laid down in this Law or they are situated in a third country which imposes equivalent requirements to those laid down in this Law.

20. **Property** means tangibles, money and securities, other assets and titles to such assets, results of intellectual activity, information, actions and their results as well as other property and non-property values.

**CHAPTER TWO**  
**INSTITUTIONS RESPONSIBLE FOR THE PREVENTION OF MONEY LAUNDERING AND/OR**  
**TERRORIST FINANCING**

**Article 3. Institutions Responsible for the Prevention of Money Laundering and/or Terrorist Financing**

The Government of the Republic of Lithuania (hereinafter referred to as the Government), the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania (hereinafter - the Financial Crime Investigation Service), the State Security Department of the Republic of Lithuania (hereinafter - the State Security Department), the Bank of Lithuania, the Customs Department under the Ministry of Finance of the Republic of Lithuania, the Department of Cultural Heritage Protection under the Ministry of Culture of the Republic of Lithuania (hereafter the Department of Cultural Heritage Protection), the Insurance Supervision Commission of the Republic of Lithuania, the Securities Commission of the Republic of Lithuania, the State Gaming Control Commission, the Chamber of Notaries, the Chamber of Auditors, the Lithuanian Chamber of Bailiffs, the Lithuanian Assay Office and the Lithuanian Bar Association shall be the institutions responsible according to their competence for the prevention of money laundering and/or terrorist financing prescribed by this Law.

**Article 4. Obligations of the Institutions Responsible for the Prevention of Money Laundering and/or Terrorist Financing**

1. The Bank of Lithuania shall approve instructions issued to credit institutions aimed at prevention of money laundering and/or terrorist financing, shall supervise the activities of credit institutions on the prevention of money laundering and/or terrorist financing, shall consult credit institutions on the implementation of the instructions.

2. The Department of Cultural Heritage Protection shall approve instructions issued to persons engaged in commercial activities related to trade in movable cultural properties and/or antiques aimed at prevention of money laundering and/or terrorist financing, shall supervise the activities of the entities related to the implementation of measures for preventing money laundering and/or terrorist financing, shall consult the entities on the issues relating to the implementation of the instructions.

3. The Insurance Supervisory Commission of the Republic of Lithuania shall approve instructions issued to insurance undertakings and insurance broking undertakings aimed at preventing money laundering and/or terrorist financing, shall supervise the activities of said companies aimed at implementing measures to prevent money laundering and/or terrorist financing, shall consult the entities on the issues relating to the implementation of the instructions.



4. The Securities Commission of the Republic of Lithuania shall adopt instructions intended for financial brokerage firms, investment companies with variable capital, management companies, close-end investment companies and the depository aimed at preventing money laundering and/or terrorist financing, shall supervise the activities of said entities aimed at implementing measures to prevent money laundering and/or terrorist financing, shall consult the entities on the issues relating to the implementation of the instructions.

5. The State Gaming Control Commission shall adopt instructions intended for gaming companies aimed at preventing money laundering and/or terrorist financing, shall supervise the activities of said companies aimed at implementing measures to prevent money laundering and/or terrorist financing, shall consult the companies on the issues relating to the implementation of the instructions.

6. The Lithuanian Bar Association shall approve instructions intended for advocates and advocate's assistants aimed at preventing money laundering and/or terrorist financing, shall supervise the activities of advocates and advocate's assistants aimed at preventing money laundering and/or terrorist financing, shall consult the advocates and advocate's assistants on the issues relating to the implementation of the instructions.

7. The Chamber of Notaries shall approve the instructions issued to notaries aimed at preventing money laundering and/or terrorist financing, shall supervise the notaries' activities related to prevention of money laundering and/or terrorist financing, shall consult the notaries on the issues relating to the implementation of the instructions.

8. The Chamber of Auditors shall approve the instructions issued to auditors aimed at preventing money laundering and/or terrorist financing, shall supervise the auditors' activities aimed at preventing money laundering and/or terrorist financing, shall consult the auditors on the issues relating to the implementation of the instructions.

9. The Chamber of Bailiffs of Lithuania shall approve the instructions issued to bailiffs or persons authorised to perform the actions of bailiffs in order to prevent money laundering and/or terrorist financing, shall supervise the activities of bailiffs or persons authorised to perform the actions of bailiffs related to implementing money laundering and/or terrorist financing prevention, shall consult the bailiffs on the issues relating to the implementation of the instructions.

10. The Lithuanian Assay Office shall approve instructions issued to persons in the course of their business engaged in trade in precious stones and/or precious metals, in order to prevent money laundering and/or terrorist financing, shall supervise the entities' activities related to prevention of money laundering and/or terrorist financing, shall consult the entities on the issues relating to the implementation of the instructions.

11. The Financial Crime Investigation Service shall approve instructions for other entities not specified in paragraphs 1 to 10 of this Article, intended for prevention of money laundering and/or terrorist financing, shall supervise the activities of financial institutions and other entities aimed at implementing measures to prevent money laundering and/or terrorist financing, afford them methodological assistance.

12. The institutions referred to in paragraphs 1-10 of this Article must designate senior employees for organising the implementation of measures for the prevention of money laundering and/or terrorist financing provided for in this Law and for liaising with the Financial Crime Investigation Service.

13. The Financial Crime Investigation Service shall be within 7 working days notified in writing of the designation as well as replacement of the employees specified in paragraph 12 of this Article.

14. The institutions specified in paragraphs 1 to 10 of this Article and the Financial Crime Investigation Service shall cooperate according to the mutually established procedure and shall exchange information on the results of the performed inspections of the entities' activities related to prevention of money laundering and/or terrorist financing.

#### **Article 5. Functions of the Financial Crime Investigation Service in Implementing Measures for Prevention of Money Laundering and/or Terrorist Financing**

1. The Financial Crime Investigation Service shall, according to its competence:

1) collect and record the information set out in this Law about the monetary operations and transactions of the customer and about the customer carrying out such operations and transactions;

2) collect, analyse and publish according to the procedure established by legal acts the information relating to the implementation of prevention of money laundering and/or terrorist financing and the effectiveness of their systems to combat money laundering and/or terrorist financing (as well as the information on the prevention of the use of the financial system for the purpose of money laundering and/or terrorist financing as specified in paragraph 2 of Article 33 of Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and/or terrorist financing;

3) communicate, to the law enforcement and other state institutions according to the procedure established by the Government, the information about the monetary operations and transactions carried out by the customer;

4) conduct pre-trial investigation of legalisation of the money and assets from crime;

5) cooperate and exchange information with foreign state institutions and international organisations implementing measures for the prevention of money laundering and/or terrorist financing;

6) provide to financial institutions and other entities information about the criteria for identifying possible money laundering and/or terrorist financing and suspicious or unusual monetary operations or transactions;

7) submit proposals about the improvement of the system of prevention of money laundering and/or terrorist financing to other institutions responsible for the prevention of money laundering and /or terrorist financing;

8) notify the financial institutions and other entities, law enforcement and other public bodies about the results of analysis of or investigation into their reports on suspicious or unusual monetary operations and transactions, on the observed indications of possible money laundering and/or terrorist financing or violations of this Law.

**Article 6. The Functions of the State Security Department in Implementing the Measures for Preventing Terrorist Financing**

1. The State Security Department shall:

- 1) gather and analyse intelligence relating to terrorist financing;
- 2) cooperate with foreign state institutions and international organisations which are gathering intelligence about terrorist financing;
- 3) provide information to the institutions specified in Article 4 of this Law about the possible criteria for identification of terrorist financing.

2. The State Security Department and the Financial Crime Investigation Service shall co-operate and exchange information according to the procedure established by the Government in implementing the measures for the prevention of terrorist financing.

**Article 7. Rights of the Financial Crime Investigation Service in Implementing Measures for the Prevention of Money Laundering and/or Terrorist Financing**

1. The Financial Crime Investigation Service shall have the right within its competence:

1) to obtain from the institutions referred to in paragraphs 1 to 10 of Article 4 of this Law, other state institutions (hereinafter referred to as institutions), financial institutions, other entities, except advocates and advocates' assistants, data and documents about monetary operations and transactions, necessary for the performance of its functions;

2) to obtain from institutions, financial institutions, other entities information relating to the implementation of measures for the prevention of money laundering and/or terrorist financing;

3) to co-ordinate the activities of institutions (except for the State Security Department) related to the implementation of measures for the prevention of money laundering and/or terrorist financing;

4) to instruct the institutions, financial institutions, and other entities about the circumstances and conditions providing possibilities for violating laws and other legislative acts related to the implementation of money laundering and/or terrorist financing prevention measures. The institutions, financial institutions, and other entities must study the instructions of the Financial Crime Investigation Service, and not later than within seven working days following the receipt of the instruction report to the Financial Crime Investigation Service about the measures taken;

5) to instruct the financial institutions and other entities, except for notaries or persons authorised to perform notarial actions, advocates or advocate's assistants and bailiffs or persons authorized to perform the actions of bailiffs to suspend suspicious or unusual monetary operations or transactions for up to 5 working days.

2. The rights of the officers of the Financial Crime Investigation Service who conduct pre-trial investigation into legalisation of money or assets derived from crime shall be regulated by the Code of Criminal Procedure.

### **Article 8. Cooperation between State Institutions**

Law enforcement and other state institutions must report to the Financial Crime Investigation Service about any noticed indications of suspected money laundering and/or terrorist financing, violations of this Law and the measures taken against the perpetrators. The information which must be communicated by state institutions to the Financial Crime Investigation Service, and the procedure for communicating this information shall be established by the Government.

## **CHAPTER THREE**

### **MONEY LAUNDERING AND/OR TERRORIST FINANCING PREVENTION MEASURES**

#### **Article 9. Customer and Beneficial Owner Due Diligence**

1. Financial institutions and other entities must take all the measures to establish the identity of the customer and the beneficial owner:

- 1) when establishing a business relationship;
- 2) when carrying out monetary operations or concluding transactions amounting to more than EUR 15000 or the corresponding amount in foreign currency, whether the operation is carried out in a single transaction or in several transactions which appear to be linked, except in cases when the customer's and beneficial owner's identity has already been established;
- 3) when exchanging cash, when the amount exchanged exceeds EUR 6 000 or the corresponding amount in foreign currency;
- 4) performing internal and international postal transfer services, when the sum of money sent or received exceeds EUR 600 or the corresponding amount in foreign currency;
- 5) performing and accepting wire transfers in compliance with the provisions of Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds;
- 6) when there are doubts about the veracity or authenticity of previously obtained customer or beneficial owners' identification data;
- 7) in any other case when there are suspicions that the activities of money laundering and/or terrorist financing is, has been or will be performed.

2. If during the performance of monetary operation the final amount of the monetary operation is not known, the financial institutions and other entities must establish the identity of the customer immediately after establishing that the amount of monetary operations exceeds EUR 15 000 or the corresponding amount in foreign currency. In case of several mutually linked monetary operations the customer identity must be established immediately after establishing that several monetary operations are interrelated.

3. Life insurance undertakings and insurance broking undertakings must establish the identity of the customer and the insured person, if the amount payable annually by the customer is in excess of EUR

1000 or the instalment amount payable at a time exceeds EUR 2 500 or the corresponding amount in foreign currency. Life insurance undertaking may verify the identity of the beneficial owner specified in the contract of insurance after commencing the business relationship. In all cases the identity must be verified when paying the amount or before it or when the beneficial owner states his wish to avail himself of the rights provided for in the insurance certificate or before that.

4. The companies organising gaming must verify the identity of the customer entering the casino and also register him when he exchanges the chips into cash or cash into chips.

5. The financial institutions and other entities must take all corresponding and proportionate measures in order to establish whether the customer is operating on his own behalf or he is controlled and to establish the beneficial owner.

6. It shall be prohibited to perform the operations specified in paragraphs 1 to 4 of this Article, if the customer does not submit the data in the cases established by this Law confirming his identity, if he submits not all the data or if the data is incorrect, or if the customer or his representative avoids submitting the data required for establishing his identity, conceals the identity of the beneficial owner or avoids submitting the information required for establishing the identity of the beneficial owner or the submitted data is insufficient for that.

7. In all cases when the identity of the customer and the beneficial owner is established, the financial institutions and other entities must obtain from the customer information about the purpose of the customer business relationship and its intended character.

8. In all cases when the identity of the customer and the beneficial owner is established, the financial institutions and other entities must verify the customer's and beneficial owner's identity based on the documents, data or information received from a reliable and independent source.

9. Financial institutions and other entities must in all cases perform ongoing monitoring of the customer's business relationship, including the investigation of the transactions concluded during such relationship, seeking to ensure that the performed transactions correspond to the information possessed by financial institutions or other entities about the customer, his business and the type of risk, as necessary, information about the source of funds.

10. The information about the identity of the customer and the beneficial owner must be on a regular basis reviewed and updated.

11. The financial institutions and other entities shall be prohibited to perform transactions through bank accounts, to conclude business relationship, to perform transactions, when they have no possibilities to fulfil the requirements established in this Article. Notice of such instances must be immediately reported to the Financial Crime Investigation Service.

12. Paragraph 11 of this Article shall not apply to advocates and advocate's assistants when they give full legal assessment of their customer's legal position or defend the customer or represent him in the court proceedings or act due to him, including the provided consultations on the commencement of legal proceedings or its avoidance.

13. Subparagraphs 1, 2, 6 of paragraph 1, paragraphs 5, 7 to 10 of this Article shall not apply when the customer of the financial institution or the customer of another entity is another financial institution.

14. The procedure for establishment of the customer's and the beneficial owner's identity and establishment of several interrelated monetary operations shall be established by the Government.

#### **Article 10. Simplified Customer Due Diligence**

1. Simplified customer due diligence measures shall be carried out:

1) for companies, trading in whose securities has been allowed in the regulated markets of one or several of EU member states, and other foreign state companies, whose securities are traded in the regulated market and to which the requirements corresponding to the European Community legal acts to disclose information about their activities are applied;

2) in the case of joint accounts held by the notaries and other persons providing legal services from the EU member states or from third states, to beneficial owners, if the requirements of combating money laundering and/or terrorist financing, corresponding to international standards, are applied to them and they are monitored by competent institutions for compliance with the requirements, if information on the identity of the beneficial owner is submitted at the request of the financial institutions which have such joint accounts;

3) in the case of life insurance contracts when annual payment does not exceed EUR 1000 or one-time payment is not more than EUR 2 500 or the corresponding amount in foreign currency;

4) in the cases of pension programme insurance certificates, if there is no provision concerning their pre-term termination and if the insurance certificates cannot be used as objects of pledge;

5) in cases of pensions, old-age pensions or other systems, which provide for pensions to the employees, when payments are withdrawn at source and the legal acts regulating the functioning of the systems do not allow transferring to another person the share of the system member;

6) in case of E-Money, when electronic device cannot be supplemented, and the largest amount kept in the device does not exceed EUR 150 or the corresponding amount in foreign currency, or in case the electronic device may be supplemented, but the total value of transactions performed in the calendar year is subject to the limit of EUR 2 500 or the corresponding amount in foreign currency, except in cases, where in the same calendar year the holder of electronic device takes EUR 1 000 or the corresponding amount in foreign currency or a larger amount.

7) for the customer, if the customer is a financial institution covered by this law, or the financial institution registered in another EU member state or in a third country, which sets the requirements equivalent to those of this law, and monitored by the competent institutions because of the compliance with these requirements;

8) for the customer which/who poses a small threat of money laundering and/or terrorist financing.

2. It shall be prohibited to perform a simplified customer due diligence, if a separate decision of the European Commission has been passed on the issue.

3. The simplified customer due diligence procedure and the criteria based whereon the customer is considered as posing a small threat of money laundering and/or terrorist financing shall be established by the Government.

#### **Article 11. Enhanced Customer Due Diligence**

1. Enhanced customer due diligence measures shall be performed:

1) when the transactions or business relationship are performed through the representative or the customer does not participate in establishing his identity;

2) when the international correspondent banking relationship is performed with third country credit institutions;

3) when transactions or business relationship are performed with the politically exposed natural persons;

4) where there is a great threat of money laundering and/or terrorist financing.

2. When applying customer due diligence measures to establish the customer identity when the transactions or business relationship are performed through the representative or the customer does not participate in establishing the customer identity or when there is a great threat of money laundering and/or terrorist financing, the financial institutions and other entities must apply one or several additional measures:

1) use additional data, documents and information for establishing the customer identity;

2) use additional measures to verify or confirm the submitted documents whereby the financial institution is requested to submit the certificate confirming the data;

3) guarantee that the first payment is made through the account, opened in the customer name in the credit institution.

3. Performing enhanced customer due diligence measures , when international correspondent banking relationship is performed with third country credit institutions, the credit institutions must:

1) collect sufficient information about the credit institution receiving funds so that it would be possible to better understand the type of its business and to establish from the publicly available information the repute of the institution and the quality of supervision;

2) assess the money laundering and/or terrorist financing prevention control mechanisms of the credit institution receiving funds;

3) before establishing correspondent banking relationship be granted the approval of the authorised manager;

4) substantiate by documents the appropriate obligations of each credit institution;

5) ascertain that the credit institution receiving funds has identified the customer and verified the identity of the customers having direct access to correspondent accounts, performed an ongoing customer identification and that such institution at the request of a correspondent institution may submit appropriate data for identifying the customer.

4. Applying enhanced customer due diligence measures, when transactions or business relationship are performed with politically exposed natural persons, financial institutions and other entities must:

1) receive the approval of the authorised manager to conclude business relationship with such customers;

2) take appropriate measures to establish the source of property and funds connected with business relationship or transaction;

3) perform enhanced ongoing monitoring of the business relationship of the politically exposed natural persons.

5. If the person stops for at least one year performing the duties specified in paragraph 17 of Article 2 of this Law, financial institutions and other entities, having assessed the threat of money laundering and/or terrorist financing may refrain from treating him as a politically exposed natural person. Financial institutions and other entities must set internal procedures, based whereon it shall be established whether the customer and the beneficial owner is the politically exposed natural person.

6. Credit institutions shall be prohibited to commence and proceed with the correspondent banking relationship or other relationship with a shell bank or bank, when it is known, that it permits shell banks to make use of its accounts.

7. Financial institutions and other entities must pay attention to any threat of money laundering and/or terrorist financing which may arise due to transactions, where it is sought to conceal customer's or beneficial owner's identity, as well as due to business relationship or transactions with the customer, whose identity has not been established, and if necessary, immediately take measures to put an end to using money to money laundering and/or terrorist financing.

8. Enhanced customer due diligence measures and the criteria based whereon it is considered that there is a great threat of money laundering and/or terrorist financing, shall be established by the Government.

#### **Article 12. Opening of Accounts or Performance of other Monetary Operations through the Representative**

When the customer opens an account or performs other operations specified in paragraphs 1 to 4 of Article 9 of this Law not in his own name, financial institutions and other entities must establish the customer's identity and that of the person on whose behalf the customer is acting.

#### **Article 13. Third Parties**

1. Financial institutions and other entities, when identifying the customer or beneficial owner, may make use of the information of the third parties about the customer or beneficial owner.

2. Financial institutions and other entities may establish the customer and beneficial owner identity without his direct participation, making use of the information about the customer or beneficial owner from financial institutions and other entities or their agencies abroad, when they comply with the requirements set for third party in paragraph 19 of Article 2 of this Law.



3. When the financial institution registered in the Republic of Lithuania or any other entity operates as a third party and meets the customer or beneficial owner identification requirements, he shall be permitted to request from the customer other data or other information, required by another EU member state.

4. When requested the third parties must immediately submit to the requesting financial institution or any other entity all the requested information and data, which has to be possessed when complying with the requirements laid down in this law.

5. Third parties must immediately submit to the requesting financial institution or other entity copies of documents relating to the identification of the customer or beneficial owner and other documents relating to the customer or beneficial owner.

6. It shall be prohibited to make use of the information of third parties from the third state about the customer or beneficial owner, if a separate decision of the European Commission has been passed thereon.

7. This Article shall not cover the relationship of outsourcing, intermediary activities and representation, if under contract the provider of the outsourcing services, the intermediary or representative services is to be considered a part of the financial institution or other entity (legal person).

8. Liability for the compliance with the customer or beneficial owner identification requirements established in this law shall rest with the financial institutions or other entities which have made use of the third country information about the customer or the beneficial owner.

#### **Article 14. Report of the Suspicious or Unusual Monetary Operations and Transactions**

1. Financial institutions and other entities must report to the Financial Crime Investigation Service about the suspicious or unusual monetary operations and transactions performed by the customer. Such operations and transactions shall be objectively established when financial institutions and other entities perform the ongoing monitoring of the customer business relationship, including the investigation of transactions, concluded during the relationship as established in paragraph 9 of Article 9 of this Law.

2. Financial institutions and other entities, except for notaries or persons entitled to perform notarial actions, the advocates or advocates' assistants, bailiffs or persons entitled to perform the actions of bailiffs, having established that their customer performs a suspicious monetary operation or transaction, must suspend that operation or transaction and not later than within 3 working hours report about the operation or transaction to the Financial Crime Investigation Service, regardless of the amount of the monetary operation or transaction.

3. The Financial Crime Investigation Service shall within 5 working days from the receipt of the information specified in paragraph 2 of this Article or from the giving of instruction specified in paragraph 5 of this Article immediately perform actions, necessary to substantiate or negate the doubts about the criminal actions, allegedly being performed or which have been performed by the customer.

4. From the moment the legality of funds or assets is justified or doubts about possible links with terrorist financing are negated, the Financial Crime Investigation Service must immediately report in

writing to the financial institution or another entity, that monetary operations or transactions may be resumed.

5. The financial institutions and other entities, except for notaries or persons, entitled to perform notarial actions, advocates or advocates' assistants, bailiffs or persons entitled to perform the actions of bailiffs, having received from the Financial Crime Investigation Service a written instruction to suspend the suspicious or unusual monetary operations or suspicious or unusual transactions performed by the customer must from the time specified therein or from the moment of emergence of specific circumstances suspend the operations or transactions for up to 5 working days.

6. If the financial institutions and other entities within 5 working days from the submission of the report or receipt of the instruction are not obligated to perform temporary restriction of ownership rights according to the procedure established by the Code of Criminal Procedure, the monetary operation or transaction must be resumed.

7. If the suspension of the monetary operation or transaction may interfere with the investigation of the legalisation of money or assets acquired from crime, terrorist financing or other criminal actions relating to money laundering and/or terrorist financing, the Financial Crime Investigation Service must inform the financial institution and other entity thereof.

8. The notaries or persons entitled to perform notarial actions, and bailiffs or persons entitled to perform the actions of bailiffs, when it is suspected that the transaction concluded by their customer may be linked to money laundering and/or terrorist financing, must submit to the Financial Crime Investigation Service customer's identity data and other information specified in paragraph 1 of Article 17 of this Law immediately after the conclusion of the transaction, regardless of the amount of money received or paid by the customer under the transaction.

9. The advocates or advocate's assistants, when it is suspected that the transaction concluded by their customer may be linked to money laundering and/or terrorist financing, must submit the data confirming the customer's identity and other information specified in paragraph 1 of Article 17 of this Law to the Lithuanian Bar Association immediately after the conclusion of the transaction, regardless of the amount of money received or paid by the customer under the transaction, except in the cases specified in paragraph 11 of this Article.

10. The Lithuanian Bar Association shall not later than within 3 working hours after the receipt of the information specified in paragraph 9 of this Article transfer the information to the Financial Crime Investigation Service.

11. Paragraph 9 of this Article shall not cover the advocates and advocate's assistants when they assess their customer's legal position or defend their customer, or represent him in the legal process or on his behalf, including the provided consultations for the commencement of the legal process or its avoidance.

12. When the monetary operation or transaction may be linked to terrorist financing, the Financial Crime Investigation Service shall not later than within 24 hours from the receipt of the information about

the monetary operation or transaction submit it to the State Security Department according to the procedure established by the Government.

13. Under the circumstances established in paragraph 3 of this Article the financial institutions and other entities must submit the information requested by the Financial Crime Investigation Service within 1 working day from the moment of receipt of the application.

14. The financial institutions and other entities, performing ongoing monitoring of the customer's business relationship, including investigation of the transactions concluded during the relationship, must take into account such activity which, in their opinion, due to its character may be linked to money laundering and/or terrorist financing, and especially the complex or especially very large transactions and all unusual structures of transactions, which have no apparent economic or visibly lawful purpose, and business relationship or monetary operations with the customers from third states, in which money laundering and/or terrorist financing prevention measures are insufficient or do not correspond to the international standards. The results of investigation of performing such operations or transactions and of their purpose must be substantiated by documents and must be kept for 10 years.

15. The financial institutions and other entities shall not be responsible to the customer for the non-fulfilment of contractual obligations and for the damage, caused in fulfilling the duties and actions set in this Article. The employees of financial institutions and other entities who in good will report to the Financial Crime Investigation Service about the suspicious or unusual monetary operations or transactions performed by the customer shall not be held liable either.

16. The criteria on the basis whereof a monetary operation or transaction are considered suspicious or unusual shall be established by the Government.

17. The procedure for suspending suspicious monetary operations and transaction specified in this Article and for submitting the information about the suspicious or unusual monetary operations or transactions to the Financial Crime Investigation Service shall be established by the Government.

#### **Article 15. Termination of Transactions or Business Relationship with the Customer**

If the customer avoids or refuses to submit to the financial institution or another entity at his request and within the specified time limits information about the origin of the monetary resources or assets, other additional data, the financial institutions and other entities may terminate the transactions or business relationship with the customer.

#### **Article 16. Keeping of Information**

1. The financial institutions must keep the register of monetary operations performed by the customer specified in subparagraphs 2 to 5 of paragraph 1 of Article 9 and suspicious and unusual monetary operations and transactions performed by the customer, except in cases when the customer of the financial institution is another financial institution or the financial institution of another European Union member state.

2. Notaries and persons entitled to perform notarial actions, as well as bailiffs and persons entitled to perform the actions of bailiffs must keep the register of the customer's suspicious and unusual transactions and transactions under which the amount of cash received or paid exceeds EUR 15 000 or the corresponding amount in foreign currency.

3. Postal services providers must keep a register of the financial operations and suspicious transactions conducted by the customer specified in paragraph 4, Article 9 of this Law.

4. Other entities, except for notaries or persons entitled to perform notarial actions, advocates and advocate's assistants, bailiffs or persons entitled to perform the actions of bailiffs must keep the register of monetary operations and suspicious and unusual monetary operations specified in paragraph 3 of Article 17 of this Law.

5. The gaming companies must keep a register of the financial operations and suspicious transactions conducted by the customer specified in paragraph 4, Article 9 of this Law.

6. The Lithuanian Bar Association must keep the register of the suspicious and unusual transactions performed by their customers, notified by the advocates or advocates' assistants.

7. The financial institutions and other entities must keep the register of the customers with whom the transactions or business relationship have been terminated under the circumstances specified in Article 15 of this Law or under other circumstances related to the violation of the procedure of money laundering and/or terrorist financing prevention.

8. The register data shall be kept for 10 years from the day of termination of transactions or other business relationship with the customer. The rules for the keeping of registers shall be established by the Government.

9. Copies of documents confirming the customer's identity must be kept for 10 years from the day of termination of the transactions or business relationship with the customer.

10. The documents confirming the monetary operation or transaction or other documents having legal force, related to the performance of monetary operations or conclusion of transactions must be kept for 10 years from the day of performance of the monetary operation or conclusion of the transaction.

#### **Article 17. Submitting Information to the Financial Crime Investigation Service**

1. The financial institutions, performing a monetary operation, must submit to the Financial Crime Investigation Service data confirming the customer's identity and information about the performed monetary operation, if the total amount of the customer's single operation in cash or of several interrelated operations in cash exceeds EUR 15 000 or the corresponding amount in foreign currency. The data confirming the customer's identity shall be specified in the information submitted to the Financial Crime Investigation Service, and if the monetary operation is performed through the representative – also the data confirming the identity of the representative, the amount of the monetary operation, the currency used in performing the monetary operation, the date of performance of the monetary operation, the type of performance of the monetary operation, the entity on whose behalf the monetary operation has been performed.

2. The notaries or persons entitled to perform notarial actions and the bailiffs or persons entitled to perform the actions of bailiffs must submit to the Financial Crime Investigation Service the data confirming the customer's identity and the information about the transaction concluded by the customer if the amount of cash received or paid under the transaction exceeds EUR 15 000 or the corresponding amount in foreign currency.

3. Other entities, except for the notaries or persons entitled to perform notarial actions, advocates or advocates' assistants and bailiffs or persons entitled to perform the actions of bailiffs shall submit to the Financial Crime Investigation Service the data confirming the customer's identity and information about the single payment in cash, if the amount of the received or paid cash exceeds EUR 15 000 or the corresponding amount in foreign currency.

4. The information specified in paragraphs 1 to 3 of this Article shall be submitted to the Financial Crime Investigation Service immediately, not later than within 7 working days from the day of performance of the monetary operation or conclusion of the transaction.

5. The information specified in paragraph 1 of this Article shall not be submitted to the Financial Crime Investigation Service, if the customer of the financial institution is another financial institution or the financial institution of another EU member state.

6. The Financial Institution may refrain from submitting to the Financial Crime Investigation Service the information specified in paragraph 1 of this Article, if the customer's activity is characterised by large-scale ongoing permanent and regular monetary operations, corresponding to the criteria established by the Government.

7. The exemption referred to in paragraph 6 of this Article shall not be applied, if the customer of the financial institution is an undertaking of a foreign state, its subsidiary or its representation or he is engaged in the following business :

- 1) the provision of legal advice, is a practicing advocate, is engaged in a notary's business;
- 2) organises and runs lotteries and gambling;
- 3) carries out activities involving ferrous, non-ferrous or precious/rare metals, precious stones, jewellery, works of art;
- 4) is a car dealer;
- 5) is in the real estate business;
- 6) is an auditor;
- 7) provides individual health care;
- 8) organises and holds auctions;
- 9) organises tourism and travels;
- 10) is a wholesaler in spirits and alcohol products, tobacco goods;
- 11) is a dealer in oil products;
- 12) carries out pharmacy activities.

### **Article 18. Activities of Customs Offices**

1. Customs offices shall undertake control of the sums of cash brought in to the European Community via the Republic of Lithuania from the third countries as they are regulated in the Law on Customs of the Republic of Lithuania (hereinafter in this Article referred to as ‘the third countries’), and taken out from the European Community via the Republic of Lithuania to the third countries, in compliance with Regulation (EC) No 1889/2005 of the European Parliament and the Council of 26 October 2005 on controls of cash entering or leaving the Community (hereinafter Regulation (EC) No 1889/2005).

2. In the cases established by Regulation (EC) No 1889/2005, when the European Union member states are granted the right of decision making, the decisions shall be made and the procedure for applying in the Republic of Lithuania the appropriate provisions of Regulation (EC) No 1889/2005 shall be established by the Government or the institution authorised by it, except in cases, when otherwise established by this or other laws.

3. Customs offices must promptly, not later than within 7 working days, report to the Financial Crime Investigation Service each case of cash incoming into the Republic of Lithuania from third countries or outgoing from the Republic of Lithuania to third countries, if the value of a single sum of the incoming or outgoing cash is not less than the amount specified in paragraph 1 of Article 3 of Regulation (EC) No 1889/2005.

### **Article 19. Duties of Financial Institutions and other Entities**

1. The financial institutions and other entities, except for the advocates and advocates’ assistants, must establish appropriate internal control procedures, related with the identification of customers and beneficial owners, submission of reports and information to the Financial Crime Investigation Service, keeping of information specified in this Law, assessment of risks, risk management (taking into account the type of the customer, of the business relationship, products, transaction, etc.), management of enforcement of the requirements and communication, which would prevent monetary operations and transactions related to money laundering and/or terrorist financing, and ensure, that the employees of financial institutions and other entities would be duly prepared and acquainted with money laundering and/or terrorist financing prevention measures, specified in this Law and other legal acts.

2. The financial institutions and other entities, except for the advocates and advocates’ assistants, must appoint management staff who would organise the enforcement of money laundering and/or terrorist financing prevention measures established in this law and would maintain relations with the Financial Crime Investigation Service. The appointment of such staff must be reported in writing to the Financial Crime Investigation Service.

3. The financial institutions and other entities, except for the advocates and advocates’ assistants, must take relevant measures so that their appropriate employees would be informed of the provisions established on the basis of this Law. Such measures shall cover participation of the relevant staff members in special ongoing training programmes to help them recognise activities which may be related to money laundering and/or terrorist financing and to instruct them as to how to proceed in such cases.

4. The financial institutions and other entities must apply in their branches and majority-owned subsidiaries located in third countries measures at least equivalent to those laid down in this Law. Where the legislation of the third country does not permit application of such equivalent measures, the financial institutions and other entities shall immediately inform the Financial Crime Investigation Service thereof and, having agreed with it, take additional measures to effectively handle the risk of money laundering and/or terrorist financing.

5. The financial institutions and other entities must introduce internal systems that would enable them to respond fully and rapidly to enquiries from the Financial Crime Investigation Service about the submission of the information specified in this Law and ensure the submission of the information within 14 working days (if in appropriate cases this law establishes shorter time limits for submitting the information specified in this Law to the Financial Crime Investigation Service – such information shall be submitted within shorter time limits).

6. The financial institutions shall be prohibited from issuing anonymous passbooks, opening anonymous accounts or accounts in a fictitious name, as well as opening accounts without requesting the customer to submit documents confirming his identity or if there is a justified suspicion that the data recorded in the documents is false or fraudulent.

#### **Article 20. Protection of the Information Submitted to the Financial Crime Investigation Service**

1. The information specified in this Law, submitted to the Financial Crime Investigation Service, may not be published or transferred to other state management, control or law enforcement institutions, other persons, except in the cases established by this and other laws.

2. Persons who violate the procedure of information protection and use specified in this Law shall be held liable according to the procedure established by laws.

3. The institutions specified in paragraphs 1 to 10 of Article 4 of this Law, their employees, financial institutions and their employees, other entities and their employees shall be prohibited from notifying the customer or other persons, that the information about the monetary operations performed and the transactions concluded by the customer, or the investigation related thereto has been submitted to the Financial Crime Investigation Service. The prohibition set in this paragraph shall not cover the advocates and advocates' assistants, when they seek to dissuade a client from engaging in illegal activity..

4. The prohibition set out in paragraph 3 of this Article shall not prohibit:

1) to exchange information between credit institutions, insurance undertakings and insurance broking undertakings, investment companies with variable capital, registered within the territory of the European Union member states, as well as registered in the territory of third states, which impose requirements equivalent to those laid in this Law, provided that they meet the conditions belonging to the same group composed of the parent company, its subsidiaries and undertakings where the parent company or its subsidiaries have a share of capital as well as undertakings, which draw up consolidated accounts and annual accounts;

2) to exchange information between the undertakings of auditors, accountants or tax advisors, notaries and persons entitled to perform notarial actions as well as advocates and advocates' assistants, registered in the territory of the EU member states and those registered in the territories of third states, in which equivalent requirements have been laid down, if the said entities have been performing their professional activities as one legal person or as several persons which share common ownership and management or compliance control;

3) to exchange information between financial institutions, auditors, accountants or tax advisors, notaries and persons entitled to perform notarial actions as well as advocates and advocates' assistants in the cases connected with the same customer and with the same transaction, covering two or more said entities, if they are registered in the EU member state territory or third state territory which has established requirements equivalent to this law and if they are from the same professional category and are subject to equivalent obligations as regards professional secrecy and personal data protection.

5. In the cases specified in paragraph 4 of this Article the information exchanged shall be used exclusively for the purposes of the prevention of money laundering and/or terrorist financing.

6. The exemptions set in paragraph 4 of this Article concerning the disclosure of information shall be invalid if a separate decision of the European Commission is passed on it concerning the financial institutions and other entities to which this Law is applied and financial institutions and other entities from the European Union member states or related third state.

7. In the cases referred to in paragraph 4 of this Article, when, during exchange of information with the entities registered in third countries, the entities are disclosed personal data, the personal data disclosed must correspond to the requirements of the Law of the Republic of Lithuania on Legal Protection of Personal Data.

8. The exchange of information with financial institutions and other entities and persons from a third state shall be prohibited if a separate decision of the European Commission has been adopted thereon.

9. Submission of the information specified in this Law to Financial Crime Investigation Service shall not be viewed as disclosure of industrial, commercial or bank secret.

#### **Article 21. The Scope of Data of the Customer Performing Monetary Operations and Transactions, of his Representative and Natural Person the Beneficial Owner**

1. The data of the customer, performing monetary operations and transactions, his representative and natural person the beneficial owner shall comprise:

- 1) name;
- 2) surname
- 3) personal code number or other unique sequence of symbols intended for the identification of a person;
- 4) other data established by this law in the cases prescribed by the Government.

2. The data specified in paragraph 1 of this Article shall be submitted and processed in the cases referred to in this Law:



- 1) when the Financial Crime Investigation Service is notified and submitted information;
- 2) when the financial institutions and other entities identify the customer and the beneficial owner;
- 3) when the financial institutions and other entities receive the information from the third countries in the cases set in Article 13 of this Law;
- 4) when the financial institutions and other entities process information in the cases established by Article 16 of this Law.

## **CHAPTER FOUR FINAL PROVISIONS**

### **Article 22. Monetary Unit**

The amounts specified in this Law in EURO shall be expressed in LTL or any other currency according to the official exchange rate of the litas against the EURO or any other currency on the basis of official currency exchange rates announced by the Bank of Lithuania.

### **Article 23. Submitting Information to other EU Member States and the European Commission**

1. The Government or the institution authorised by it shall inform the European Commission about the application of this Law to the entities specified in subparagraphs 3 and 9 of paragraph 8 of Article 2 of this Law.

2. The Government or the institution authorised by it shall inform other EU member states and the European Commission of the cases when:

1) the third state complies with the requirements established by subparagraph 2 of paragraph 19 of Article 2 of this Law;

2) the third state complies with the requirements set in subparagraphs 1, 2, 7 and 8 of paragraph 1 of Article 10 of this Law;

3) the legal acts of the third state do not permit to apply the requirements set paragraph 4 of Article 19 of this Law;

4) the third state complies with the requirements set in paragraph 4 of Article 20 of this Law.

### **Article 24. Appealing against the Actions of the Officers of the Financial Crime Investigation Service**

The actions of the officers of the Financial Crime Investigation Service may be appealed against according to the procedure established by laws.

### **Article 25. Procedure of Compensation for Damage**

The damage which is caused by illegitimate actions of the officers of the Financial Crime Investigation Service performing their official duties shall be compensated according to the procedure established by laws.

### **Article 26. Liability**

Officers and persons who violate the requirements of this Law shall be liable according to the procedure established by laws.

Annex to the Law of the Republic of Lithuania on the  
Prevention of Money Laundering

## **IMPLEMENTED LEGAL ACTS OF THE EUROPEAN UNION**

1. Regulation (EC) No 1889/2005 of the European Parliament and of the Council of 26 October 2005 on controls of cash entering or leaving the Community (OJ 2005, L 309, p. 9).

2. Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the Prevention of the Use of the Financial System for the Purpose of Money Laundering and/or Terrorist Financing (OJ 2005, L 309, p. 15).

3. Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis (OJ 2006, L 214, p. 29).

4. Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds (Text with EEA relevance) (OJ 2006, L 345, p. 1).

### **Article 2. Application of the Law**

The provisions of Article 9 to 11 of the Law on Prevention of Money Laundering and Terrorist Financing set forth in Article 1 of this Law shall also be applied by financial institutions and other entities with respect to customers existing at the moment of entry into force of this Law.

### **Article 3. Suggestion to the Government and other Institutions Responsible for the Prevention of Money Laundering and/or Terrorist Financing**

The Government as well as other institutions responsible for the prevention of money laundering and/or terrorist financing shall draw up and approve the legal acts required for the implementation of this Law.

Article 4. Entry into Force of this Law

Paragraph 4 of Article 9 and paragraph 5 of Article 16 set forth in Article 1 of the Law on the Prevention of Money Laundering and/or Terrorist Financing shall enter into force on 1 June 2008.

I promulgate this Law passed by the Seimas of the Republic of Lithuania

PRESIDENT OF THE REPUBLIC

VALDAS ADAMKUS

**2. Annex II - Resolution of the Government of the Republic of Lithuania On the Approval of the Rules of Keeping the Registers of Monetary Operations Conducted by the Customer as Well as Suspicious and Unusual Operations and Transactions and on Establishing the Criterion Characterizing Major Continuous and Regular Monetary Operations Typical of Customer Activities (Resolution No 562 of the Government of the Republic of Lithuania of 5 June 2008)**



Government of the Republic of Lithuania

**RESOLUTION No 562**

of 5 June 2008

**ON THE APPROVAL OF THE RULES OF KEEPING THE REGISTERS OF MONETARY OPERATIONS CONDUCTED BY THE CUSTOMER AS WELL AS SUSPICIOUS AND UNUSUAL OPERATIONS AND TRANSACTIONS AND ON ESTABLISHING THE CRITERION CHARACTERISING LARGE-SCALE ONGOING PERMANENT AND REGULAR MONETARY OPERATIONS TYPICAL OF CUSTOMER ACTIVITIES**

Vilnius

Acting pursuant to Article 16(8) and Article 17(6) of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing (Valstybės žinios (Official Gazette) No 64-1502, 1997; No 10-335, 2008), the Government of the Republic of Lithuania has resolved:

1. To approve the Rules of Keeping the Registers of Monetary Operations Conducted by the Customer as well as Suspicious and Unusual Operations and Transactions (as appended).

2. To establish that financial institutions shall not be required to supply the Financial Crime Investigation Service under the Ministry of the Interior with the information specified in Article 17 (1) of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing when the customer activities involve major continuous and regular monetary operations, i.e. when the customer

has been operating for at least one year and the actual money inflow each quarter or the payments made over the last two quarters exceed EUR 300,000 or a respective amount in a foreign currency.

3. To repeal the following:

3.1. Resolution No 1409 of the Government of the Republic of Lithuania of 6 September 2002 on the Rules of Keeping the Register of Monetary Operations and Transactions Conducted by the Customer (*Valstybės žinios* (Official Gazette) No 89-3800, 2002).

3.2. Resolution No 931 of the Government of the Republic of Lithuania of 22 July 2004 Amending Resolution No 1409 of the Government of the Republic of Lithuania of 6 September 2002 on the Rules of Keeping the Register of Monetary Operations and Transactions Conducted by the Customer (*Valstybės žinios* (Official Gazette) No 115-4304, 2004).

Prime Minister

Gediminas Kirkilas

Minister of the Interior

Regimantas Čiupaila

APPROVED by  
Resolution No 562 of the Government of the  
Republic of Lithuania of 5 June 2008

## **RULES OF KEEPING THE REGISTERS OF MONETARY OPERATIONS CONDUCTED BY THE CUSTOMER AS WELL AS SUSPICIOUS AND UNUSUAL OPERATIONS AND TRANSACTIONS**

### **I. GENERAL PROVISIONS**

1. The Rules of Keeping the Registers of Monetary Operations Conducted by the Customer as Well as Suspicious and Unusual Operations (hereinafter referred to as "the Rules" shall regulate the keeping of the registers of the information specified in Article 16 of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing (*Valstybės žinios* (Official Gazette) No 64-1502, 1997; No 10-335, 2008), also registered data, the responsibilities of registrars and the inspection of register keeping.

2. These rules are binding on all financial institutions and other entities enumerated in paragraphs 1 to 7 of Article 16 of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing.

3. In keeping the registers, financial institutions and other entities shall follow the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing, other laws, resolutions of the Government of the Republic of Lithuania, the Rules and other legislative acts.

## II. KEEPING OF REGISTERS

4. Financial institutions, except when the customer of a financial institution is another financial institution or a financial institution of another European Union state, must keep a register of:

4.1. performed single or several interrelated monetary operations and entered into transactions in excess of EUR 15,000 or a respective amount in a foreign currency, regardless of whether the transaction is conducted in the course of a single or several related operations;

4.2. conducted single cash exchanges from one currency to another, when the amount of cash exchanged exceeds EUR 6,000 or a respective amount in a foreign currency;

4.3. conducted domestic and international postal orders, when the sum of transferred or received funds exceeds EUR 600 or a respective amount in a foreign currency;

4.4. performed and accepted money transfers – in compliance with the provisions of the Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds (OJ 2006, L 345, p. 1);

4.5. suspicious and unusual monetary operations or transactions.

5. Notaries or persons licensed to perform notarial actions, as well as bailiffs or persons licensed to perform bailiff's duties must keep the register of suspicious or unusual transactions of customers as well as transactions where the received or paid amount in cash exceeds EUR 15,000 or a respective amount in a foreign currency.

6. Providers of postal services must keep the register of conducted domestic and international postal orders, when the sum of transferred or received funds exceeds EUR 600 or a respective amount in a foreign currency, as well as of suspicious and unusual monetary operations and transactions.

7. Other entities (except for notaries or persons licensed to perform notarial actions, lawyers and assistant lawyers, bailiffs or persons licensed to perform bailiff's duties, and postal services providers) must keep the register of single payments in cash when the amount of received or paid cash exceeds EUR 15,000 or a respective amount in a foreign currency, also the register of suspicious and unusual monetary operations and transactions.

8. Companies organizing gaming must keep the register of checked customers entering the gaming establishments (casino), also of customers exchanging cash into chips or chips into cash.

9. The Lithuanian Bar must keep the register of the customers as well as suspicious or unusual transactions reported by their lawyers or assistant lawyers.

10. Financial institutions and other entities must keep the register of customers with which transactions or business relationships have been terminated under the circumstances named in Article 15 of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing or other circumstances related to violations of the procedure of money laundering and/or terrorist financing prevention.

11. In all cases, the registers shall be maintained electronically.

12. Financial institutions and other entities as well as the Lithuanian Bar shall establish the requirements regarding the computer, communication, technological and office equipment of the registrar and shall submit them to the Financial Crime Investigation Service under the Ministry of the Interior (hereinafter referred to as "the Financial Crime Investigation Service").

13. Financial institutions and other entities as well as the Lithuanian Bar, in coordination with the Financial Crime Investigation Service, shall establish the procedure of register filling and administration (including the requirements regarding organizational and technical measures intended to protect the register data from illegal destruction, alteration and use or any other type of unlawful handling).

### **III. REGISTER DATA**

14. Financial institutions and other entities as well as the Lithuanian Bar shall enter the following information into the register:

14.1. the data evidencing the customer's identity (in the case of natural persons – name, surname, date of birth, personal identification number or another unique sequence of characters assigned to this person for identification purposes, and in the case of legal persons – name, legal status, office address and code, if such code has been assigned);

14.2. data evidencing the identity of the customer's representative when the monetary operation or transaction is entered into through an agent (name and surname, date of birth, personal identification number or another unique sequence of characters assigned to this person for identification purposes);

14.3. data on a monetary information or transaction (the date of the monetary operation or transaction, the amount of money involved and the currency, and the method of conducting the monetary operation or making the transaction);

14.4. the criterion on the basis of which the monetary operation or transaction is to be regarded as suspicious or unusual;

14.5. data about the beneficiary owner (name and surname, date of birth, personal identification number or another unique sequence of characters assigned to this person for identification purposes);

14.6. data on the person receiving the funds (in the case of natural persons – name, surname, date of birth, personal identification number or another unique sequence of characters assigned to this person for identification purposes, and in the case of legal persons – name, legal status, office address and code, if such code has been assigned);

14.7. the grounds of terminating transactions or business relationships under the circumstances specified in Article 15 of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing or other circumstances related to violations of the procedure of money laundering and/or terrorist financing prevention.

15. Data shall be entered into the register in chronological order on the basis of documents attesting the monetary operation or transaction or other documents having legal power in relation the performance of the monetary operations or entry into transactions. It shall be entered without delay, but no

later than within three working days from the performance of the monetary operation or entry into the transaction, except in the cases specified in paragraphs 16-19 of the Rules.

16. The company organizing gaming shall each time chronologically enter into the register the data of a customer entering the gaming establishment (casino) as well as the time of his every entry into the gaming establishment (casino) as soon as the company organizing gaming identifies the customer.

17. Auditors shall enter data into the register in chronological order on the basis of documents attesting the monetary operation or transaction or other documents having legal power in relation to the performance of monetary operations or entry into transactions. The data shall be entered no later than within a working day of the performance of the monetary operation or entry into the transaction or within one day of the day when the monetary operation performed or the transaction entered into was identified.

18. The Lithuanian Bar shall enter data into the register chronologically on the basis of documents attesting the monetary operation or transaction or other documents having legal power in relation to the performance of monetary operations or entry into transactions. Data shall be entered no later than within a day of the day they were received from lawyers or assistant lawyers.

19. Under the circumstances indicated in paragraph 10 of the Rules, data shall be entered into the register chronologically but no later than within 7 working days from the occurrence or establishment of the specified circumstances.

#### **IV. INFORMATION PROTECTION AND INSPECTION OF REGISTER KEEPING**

20. The heads of financial institutions and other entities, notaries as well as persons licensed to perform notarial actions, the Lithuanian Bar, bailiffs or persons licensed to perform bailiff's duties, and providers of the services of trust and company establishment and administration shall ensure that the register data are protected from illegal destruction, alteration or use.

21. Register data shall be kept for 10 years from the day of expiry of transactions or business relationship with a customer.

22. The keeping of registers shall be inspected by the Financial Crime Investigation Service (in the case of companies organizing gaming – as well by the State Gaming Control Commission) in compliance with Resolution No 1150 of the Government of the Republic of Lithuania of 24 September 1998 on the Inspections Carried out by State Control Institutions (*Valstybės žinios* (Official Gazette), No 85-2373).

**3. Annex III - Resolution of the Government of the Republic of Lithuania On Approving the List of Criteria on the Basis Whereof a Monetary Operation or Transaction is to be Regarded as Suspicious or Unusual and the Description of the Procedure of Suspending Suspicious Monetary Operation and Transaction and Reporting the Information about Suspicious or Unusual Monetary Operations or Transactions to the Financial Crime Investigation Service under the Ministry of the Interior (Resolution No 677 of the Government of the Republic of Lithuania of 9 July 2008)**



Government of the Republic of Lithuania

**RESOLUTION No 677**

**of 9 July 2008**

**ON APPROVING THE LIST OF CRITERIA ON THE BASIS WHEREOF A MONETARY OPERATION OR TRANSACTION IS TO BE REGARDED AS SUSPICIOUS OR UNUSUAL AND THE DESCRIPTION OF THE PROCEDURE OF SUSPENDING AN SUSPICIOUS MONETARY OPERATION AND TRANSACTION AND REPORTING THE INFORMATION ABOUT SUSPICIOUS OR UNUSUAL MONETARY OPERATIONS OR TRANSACTIONS TO THE FINANCIAL CRIME INVESTIGATION SERVICE UNDER THE MINISTRY OF THE INTERIOR**

Vilnius

Acting pursuant to paragraphs 16 and 17 of Article 14 of the Law of the Republic of Lithuania on Prevention of Money Laundering (*Valstybės žinios* (Official Gazette) No 64-1502, 1997; No 10-335, 2008), the Government of the Republic of Lithuania has resolved:

1. To approve the following (as appended):

1.1. The List of Criteria on the Basis whereof a Monetary Operation or Transaction is to be Regarded as Suspicious or Unusual;

1.2. Description of the Procedure of Suspending an Unusual Monetary Operation and Transaction and Reporting the Information about Suspicious or Unusual Monetary Operations or Transactions to the Financial Crime Investigation Service under the Ministry of the Interior.

2. To recognise as invalid:

2.1. Resolution No 1411 of the Government of the Republic of Lithuania of 6 September 2002 on Approving the List of Criteria on the Basis whereof a Monetary Operation is to be Regarded as Suspicious (*Valstybės žinios* (Official Gazette) No 89-3802, 2002).

2.2. Resolution No 601 of the Government of the Republic of Lithuania of 15 May 2003 on Amending Resolution No 1411 of the Government of the Republic of Lithuania of 6 September 2002 on



Approving the List of Criteria on the Basis whereof a Monetary Operation is to be Regarded as Suspicious (*Valstybės žinios* (Official Gazette) No 49-2177, 2003).

2.3. Resolution No 929 of the Government of the Republic of Lithuania of 22 July 2004 on Amending Resolution No 1411 of the Government of the Republic of Lithuania of 6 September 2002 on Approving the List of Criteria on the Basis whereof a Monetary Operation is to be Regarded as Suspicious (*Valstybės žinios* (Official Gazette) No 115-4302, 2004).

2.4. Resolution No 1441 of the Government of the Republic of Lithuania of 15 November 2004 on Approving the Rules of Suspending a Suspicious Monetary Operation and Reporting the Information to the Financial Crime Investigation Service under the Ministry of the Interior (*Valstybės žinios* (Official Gazette) No 167-6127, 2004).

Prime Minister

Gediminas Kirkilas.

Minister of the Interior

Regimantas Čiupaila

APPROVED by

Resolution No 677 of the Government of the  
Republic of Lithuania of 9 July 2008

#### **LIST OF CRITERIA ON THE BASIS WHEREOF A MONETARY OPERATION OR TRANSACTION IS TO BE REGARDED AS SUSPICIOUS OR UNUSUAL**

1. A monetary operation or transaction shall be regarded as suspicious, provided:

1.1. monetary operations or transactions of a customer (hereinafter referred to as the customer) of a financial institution or other entity are inconsistent with the fields of activity specified in the articles of association of the customer or the normal communication with the financial institution or other entity;

1.2. the nature of the monetary operations or transactions performed by the customer arises suspicion that the customer is trying to avoid inscription of his monetary operations and transactions on the register of the monetary operations as well as suspicious and unusual operations and transactions conducted by the customer, managed by the financial institution or other entity;

1.3. the customer conducts a transaction (s) and makes such a payment (s) which exceed (s) the customer's paying capacity known to the financial institution or other entity or the customer is willing to pay an advance or other payment larger than usual;

1.4. the customer or the owner of assets asks to pay the amount due to him to persons who are obviously unrelated to his usual field of activity;

1.5. the full amount of advance, other contribution (or their larger part) on the name of customer is paid by persons who are obviously unrelated to the customer's usual field of activity;

1.6. the customer prematurely repays the full amount of the credit or a larger part thereof, when the lawful origin of the funds is unknown to the financial institution or other entity;

1.7. the customer frequently conducts transactions in assets the value whereof obviously does not correspond to the average market value of such assets;

1.8. the customer performs monetary operations or concludes transactions for which it is difficult or impossible to identify a beneficiary owner;

1.9. the customer consistently performs monetary operations or concludes transactions with legal persons or other organisations which are registered in the target territories defined in the Law on Corporate Income Tax of the Republic Lithuania (*Valstybės žinios* (Official Gazette) No 110-3992, 2001), when there are no clear economic grounds for this activity;

1.10. the customer conducts monetary operations or concludes transactions for which there is no visible economic purpose;

1.11. settlement in cash by the customer extraordinarily increases;

1.12. the customer refuses the request of the financial institution to provide information concerning the purpose of the withdrawn funds, when such operations are inconsistent with the customer's usual communication with the credit institution;

1.13. the customer attempts to settle in cash in cases when, under usual customer payment practice, other manner of payment is used;

1.14. two or more natural persons regularly deposit cash into the same account and subsequently the cash is transferred to the accounts of natural or legal persons and other organizations (own accounts or accounts of other persons) in credit institutions of Lithuania or foreign states;

1.15. an amount of EUR 25 000 or a larger amount in cash or its equivalent in other currency is deposited or withdrawn from the customer's account within 7 calendar days in the single or few monetary operations, when such operations are inconsistent with the customer's usual communication with the bank;

1.16. the customer exchanges an amount of EUR 25 000 or a larger amount in cash or an equivalent amount in other currency for another currency within 7 calendar days;

1.17. information has been obtained that an amount of EUR 25 000 or a larger amount in cash or an equivalent amount in other currency has been withdrawn using a payment card of a foreign credit institution;

1.18. an amount of EUR 2 500 or a larger amount in cash or an equivalent amount in other currency is withdrawn from the customer's payment card in one calendar day, when such operations are inconsistent with the customer's usual communication with the credit institution;

1.19. insurance contract is concluded for an unusually large insurance sum;

1.20. insurance contract is terminated within an unusually short period designating in the insurance contract a beneficiary owner who is obviously unrelated with the usual activity of the customer;

1.21. the customer who files an application for concluding an insurance contract shows no interest in the terms and conditions of the insurance contract (policy) and is more concerned about the procedure of premature termination of the insurance contract;

1.22. life assurance premium or a part thereof exceeding the amount of EUR 25 000 or its equivalent in other currency is paid in cash;

1.23. life assurance premium or a part thereof exceeding the amount of EUR 25 000 or its equivalent in other currency is paid by persons unrelated to the customer's usual activity;

1.24. the customer, the customer's representative (if a monetary operation or transaction is carried out through the customer's representative), the entity for the benefit whereof a monetary operation or transaction is performed are subject to financial sanctions in accordance with the Law on the Implementation of Economic and other International Sanctions of the Republic of Lithuania of 22 April 2004 (*Valstybes žinios* (Official Gazette) No 68-2369, 2004);

1.25. transfers in small amounts from different accounts to the customer's account have become extraordinarily frequent without obvious reason;

1.26. transfers in small amounts from the customer's account into numerous unrelated accounts have become extraordinarily frequent without obvious reason;

1.27. deposits in small amounts to the account of a non-profit organization have increased without obvious reason;

1.28. one customer is regularly financed or two or more customers regularly finance other persons using internal and international postal order services or those of other cash remittance providers;

1.29. the customer converts an amount of cash exceeding EUR 15 000 or its equivalent in other currency into chips or chips into cash in one calendar day;

1.30. the customer regularly converts cash into chips or chips into cash without participating in gambling activities.

2. Monetary operation or transaction shall be considered to be unusual if elements of the criteria specified under item 1 of this list are identified, however, they shall not suffice to recognise the monetary operation or transaction as suspicious.

3. Financial institutions and other entities, when performing an ongoing monitoring of the customer's business relationship, including the investigating of the transactions concluded during such relationship, must pay attention to such activities which, in their opinion, may in their nature be related to money laundering and/or terrorist financing and especially to complex or unusually large transactions and all unusual structures of transaction, which have no apparent economic or visible lawful purpose, as well as business relationship or monetary operations with the customers from third states where money laundering and/or terrorist financing prevention measures are insufficient or do not conform to the international standards, and shall notify the Financial Crimes Investigation Service under the Ministry of the Interior about monetary operations which are being, have been or are attempted to be conducted, and which, in their opinion, may be related to money laundering and/or terrorist financing, even if they satisfy none of the criteria referred to in item 1 hereof.

4. Conditional features of the criteria specified under item 1 of this list shall be established by financial institutions and other entities on coordination with the Financial Crimes Investigation Service under the Ministry of the Interior, excluding auditors, notaries and individuals authorised to perform

notarial actions, advocates and advocate's assistants, bailiffs and persons licensed to perform bailiff's duties. Conditional features of the criteria specified under item 1 of this list for auditors shall be established by the Chamber of Auditors on coordination with the Financial Crimes Investigation Service under the Ministry of the Interior, for notaries and individuals authorised to perform notarial actions – by the Chamber of Notaries, for advocates and advocate's assistants – by the Lithuanian Bar Association, and for bailiffs – by the Lithuanian Chamber of Bailiffs.

APPROVED by  
Resolution No 677 of the Government of the  
Republic of Lithuania of 9 July 2008

**DESCRIPTION OF THE PROCEDURE OF SUSPENDING ANY SUSPICIOUS MONETARY OPERATIONS AND TRANSACTIONS AND REPORTING THE INFORMATION ABOUT SUSPICIOUS OR UNUSUAL MONETARY OPERATIONS OR TRANSACTIONS TO THE FINANCIAL CRIME INVESTIGATION SERVICE UNDER THE MINISTRY OF THE INTERIOR**

**I. GENERAL PROVISIONS**

1. The Description of the Procedure of Suspending any Suspicious Monetary Operations and Transactions and Reporting the Information about Suspicious or Unusual Monetary Operations or Transactions to the Financial Crime Investigation Service under the Ministry of the Interior (hereinafter referred to as this description) regulates the suspension of the suspicious monetary operations or transactions performed by the customer of financial institutions and other entities, excluding advocates and advocate's assistants, and the reporting of the information about suspicious or unusual monetary operations or transactions, also Lithuanian Bar information about transactions which are suspected might be linked to money laundering and (or) terrorist financing to the Financial Crime Investigation Service under the Ministry of the Interior (hereinafter referred to as the Financial Crime Investigation Service).

2. The definitions used in this description shall have the same meaning as defined in the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing (*Valstybės žinios* (Official Gazette) No 64-1502, 1997; No 10-335, 2008) (hereinafter referred to as the Law).

**II. SUSPENSION OF SUSPICIOUS MONETARY OPERATIONS OR TRANSACTIONS**

3. Financial institutions and other entities, excluding notaries and persons licensed to perform notarial actions, advocates and advocate's assistants, bailiffs or persons licensed to perform bailiff's duties, when having determined that the monetary operation or transaction effected by the customer may be related to money laundering and/or terrorist financing and meets at least one of the defined criteria on the basis

whereof a monetary operation or transaction shall be regarded as suspicious, must immediately suspend this operation or transaction and, no later than within 3 working hours, report about it to the Financial Crime Investigation Service irrespective of the amount involved in the monetary operation or transaction.

4. Financial institutions and other entities, excluding notaries and persons licensed to perform notarial actions, advocates and advocate's assistants, bailiffs and persons licensed to perform bailiff's duties, upon receiving a written instruction from the Financial Crime Investigation Service to suspend the suspicious or unusual monetary operations or suspicious or unusual transactions performed by the customer, must suspend the said operations or transactions for up to 5 working days from the time specified in the instruction or the moment of emergence of specific circumstances.

5. If financial institutions and other entities, within 5 working days from the submission of the notification specified in item 8 of this description and the receipt of the written instruction specified in item 4 herein, do not receive the order on a temporary limitation of property ownership rights in accordance with the procedure established in the Criminal Procedure Code of the Republic of Lithuania (*Valstybės žinios* (Official Gazette) No 37-1341, 2002), the monetary operation or transaction shall be resumed. If the lawful origin of the funds or assets is proved or the doubts concerning the possible relation thereof to terrorist financing are dispelled, the Financial Crime Investigation Service immediately, before the end of the period of 5 working days, notifies in writing the financial institution or other entity that the monetary operations or transactions can be resumed.

6. Having received the notification from the Financial Crime Investigation Service that the suspension of the monetary operation or transaction may interfere with the investigation into legalisation of money or assets from proceeds from crime, terrorist financing and other criminal acts related to money laundering and/or terrorist financing, financial institutions and other entities shall not, from the moment specified in the written notification, suspend the suspicious operations or transactions performed by the customer.

7. Financial institutions and other entities, excluding advocates and advocate's assistants, must establish the internal procedure for regulating the suspension of the monetary operations or transactions performed by the customers of financial institutions and other entities.

### **III. REPORTING THE INFORMATION ABOUT SUSPICIOUS MONETARY OPERATIONS OR TRANSACTIONS TO THE FINANCIAL CRIME INVESTIGATION SERVICE**

8. Financial institutions and other entities, excluding notaries or persons licensed to perform notarial actions, advocates and advocate's assistants, bailiffs and persons licensed to perform bailiff's duties, shall notify in writing or by technical means of textual transmission the Financial Crime Investigation Service of the suspicious monetary operation or transaction performed by the customer, suspended in the cases specified in item 3 herein.

9. When notaries or persons licensed to perform notarial actions, as well as bailiffs or persons licensed to perform bailiff's duties, have a suspicion that the transaction carried out by their customer may

be related to money laundering and/or terrorist financing, they must notify thereof in writing or by technical means of textual transmission the Financial Crime Investigation Service immediately after conclusion of the transaction, irrespective of the amount of money received or paid under the transaction by the customer.

10. The Lithuanian Bar Association, no later than within 3 working hours from the receipt of the information referred to in item 9 of Article 14 of the Law, shall submit in writing or by technical means of textual transmission a notification to the Financial Crime Investigation Service.

11. Notification to the Financial Crime Investigation Service on a suspicious monetary operation or transaction shall contain the following information:

11.1. data evidencing the customer's (his representative's) identity (in case of natural persons – name, surname, date of birth, personal code or other unique sequence of symbols assigned to this person for identification purposes, in case of legal persons – name, legal status, office address, code (if such code has been assigned));

11.2. the criterion on the basis whereof the monetary operation or transaction is deemed as suspicious;

11.3. the type of the suspicious monetary operation or transaction;

11.4. the date of the suspicious monetary operation or transaction, the amount of money involved and the currency;

11.5. types of account management;

11.6. the customer's (his representative's) contact information – (valid telephone numbers; e-mail addresses, contact persons, their valid telephone numbers, e-mail addresses, etc.);

11.7. the beneficiary owner of the suspicious monetary operation or transaction (in case of natural persons – name, surname, date of birth, personal code or other unique sequence of symbols assigned to the person for identification purposes, in case of legal persons – name, legal status, office address, code (if such code has been assigned));

11.8. the date and time of suspension of the suspicious monetary operation or transaction;

11.9. the description and location of the property which the customer cannot manage or use from the moment of the suspension of the suspicious monetary operation or transaction as well as any other relevant information on such property.

12. In cases of immediate urgency, the Financial Crime Investigation Service may be notified orally (via telephone), in which case the financial institutions or other entities concerned shall immediately confirm this oral notification in writing.

13. Upon receipt of the notification on the suspended suspicious monetary operation or transaction or having issued a written instruction to suspend the suspicious monetary operation or transaction performed by the customer, the Financial Crime Investigation Service may request in writing for further information in relation to the suspended suspicious monetary operation or transaction. In such case financial institutions and other entities must, within one working day from the moment of receipt of the request, submit the requested information in writing or by technical means of textual transmission to the Financial Crime Investigation Service.

#### **IV. REPORTING THE INFORMATION ABOUT UNUSUAL MONETARY OPERATIONS OR TRANSACTIONS TO THE FINANCIAL CRIME INVESTIGATION SERVICE**

14. Financial institutions and other entities, excluding advocates and advocate's assistants, when having determined that their customer performs an unusual monetary operation or transaction which may be related to money laundering and/or terrorist financing, shall immediately after identification of such monetary operation or transaction notify the Financial Crime Investigation Service by communicating a notification in writing or by technical means of textual transmission.

15. Advocates and advocate's assistants shall communicate the information on an unusual transaction effected by the customer to the Lithuanian Bar Association immediately after the conclusion of the transaction. The Lithuanian Bar Association without delay communicates in writing or by technical means of textual transmission a notification thereof to the Financial Crime Investigation Service.

16. Notification to the Financial Crime Investigation Service on a unusual monetary operation or transaction shall contain the following information:

16.1. the data evidencing the customer's (his representative's) identity (in case of natural persons – name, surname, date of birth, personal code or other unique sequence of symbols assigned to this person for identification purposes, in case of legal persons – name, legal status, office address, code (if such code has been assigned));

16.2. the ground on the basis whereof the monetary operation or transaction is deemed as unusual;

16.3. the type of the unusual monetary operation or transaction;

16.4. the date of the unusual monetary operation or transaction, the amount of money involved and the currency;

16.5. types of account management;

16.6. the customer's (his representative's) contact information – (valid telephone numbers; e-mail addresses, contact persons, their valid telephone numbers, e-mail addresses, etc.);

16.7. the beneficiary owner of the unusual monetary operation or transaction (in case of natural persons – name, surname, date of birth, personal code or other unique sequence of symbols assigned to the person for identification purposes, in case of legal persons – name, legal status, office address, code (if such code has been assigned)).

#### **V. FINAL PROVISIONS**

17. In the cases defined in this description, the Financial Crime Investigation Service having the doubts as to the veracity and the content of the notification communicated to it in writing or by technical means of textual transmission, may request a revision of the information reported. Financial institutions, other entities, the Lithuanian Bar Association, who communicated the information in writing or by technical means of textual transmission, shall immediately revise the information reported.

4. **Annex IV - Resolution of the Government of the Republic of Lithuania Amending Resolution No 527 of the Government of the Republic of Lithuania of 1 June 2006 On the Approval of the Rules of Providing the Law Enforcement Agencies and other State Institutions of the Republic of Lithuania with Information Regarding Customers' Monetary Operations at the Disposal of the Financial Crime Investigation Service under The Ministry of the Interior (Resolution No 527 of the Government of the Republic of Lithuania of 1 June 2007 (as amended by Resolution No 680 of the Government of the Republic of Lithuania of 9 July 2008)**



Government of the Republic of Lithuania

**RESOLUTION No 680**

**of 9 July 2008**

**AMENDING RESOLUTION NO 527 OF THE GOVERNMENT OF THE REPUBLIC OF LITHUANIA OF 1 JUNE 2006 ON THE APPROVAL OF THE RULES OF PROVIDING THE LAW ENFORCEMENT AGENCIES AND OTHER STATE INSTITUTIONS OF THE REPUBLIC OF LITHUANIA WITH INFORMATION REGARDING CUSTOMERS' MONETARY OPERATIONS AT THE DISPOSAL OF THE FINANCIAL CRIME INVESTIGATION SERVICE UNDER THE MINISTRY OF THE INTERIOR**

Vilnius

**The Government of the Republic of Lithuania has resolved:**

Resolution No 527 of the Government of the Republic of Lithuania of 1 June 2006 On the Approval of the Rules of Providing the Law Enforcement Agencies and Other State Institutions of the Republic of Lithuania with Information Regarding Customers' Monetary Operations at the Disposal of the Financial Crime Investigation Service under the Ministry of the Interior (*Valstybės žinios* (Official Gazette) No 63-2317, 2006) shall be amended and shall read as follows:

**"GOVERNMENT OF THE REPUBLIC OF LITHUANIA  
RESOLUTION**

**ON THE APPROVAL OF THE RULES OF PROVIDING THE LAW ENFORCEMENT AGENCIES AND OTHER STATE INSTITUTIONS OF THE REPUBLIC OF LITHUANIA WITH INFORMATION REGARDING CUSTOMERS' MONETARY OPERATIONS AND TRANSACTIONS AT THE DISPOSAL OF THE FINANCIAL CRIME INVESTIGATION SERVICE UNDER THE MINISTRY OF THE INTERIOR AND OF THE EXCHANGE OF INFORMATION BETWEEN THE STATE SECURITY DEPARTMENT AND THE FINANCIAL CRIME INVESTIGATION SERVICE UNDER THE MINISTRY OF THE INTERIOR IN IMPLEMENTING THE TERRORIST FINANCING PREVENTION MEASURES**



Acting pursuant to Article 5(3), Article 6(2) and Article 14(12) of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing (*Valstybės žinios* (Official Gazette) No 64-1502, 1997; No 10-335, 2008), the Government of the Republic of Lithuania has resolved:

to approve the Rules of Providing the Law Enforcement Agencies and Other State Institutions of the Republic of Lithuania with Information Regarding Customers' Monetary Operations and Transactions at the Disposal of the Financial Crime Investigation Service under the Ministry of the Interior and of the Exchange of Information Between the State Security Department and the Financial Crime Investigation Service under the Ministry of the Interior in Implementing the Terrorist Financing Prevention Measures (as appended)."

Prime Minister

Gediminas Kirkilas

Minister of the Interior

Regimantas Čiupaila

APPROVED By

Resolution No 527 of the Government of the Republic of Lithuania of 1 June 2007 (as amended by Resolution No 680 of the Government of the Republic of Lithuania of 9 July 2008)

**THE RULES OF PROVIDING THE LAW ENFORCEMENT AGENCIES AND OTHER STATE INSTITUTIONS OF THE REPUBLIC OF LITHUANIA WITH INFORMATION REGARDING CUSTOMERS' MONETARY OPERATIONS AND TRANSACTIONS AT THE DISPOSAL OF THE FINANCIAL CRIME INVESTIGATION SERVICE UNDER THE MINISTRY OF THE INTERIOR AND OF THE EXCHANGE OF INFORMATION BETWEEN THE STATE SECURITY DEPARTMENT AND THE FINANCIAL CRIME INVESTIGATION SERVICE UNDER THE MINISTRY OF THE INTERIOR IN IMPLEMENTING THE TERRORIST FINANCING PREVENTION MEASURES**

**I. GENERAL PROVISIONS**

1. The Rules of Providing the Law Enforcement Agencies and Other State Institutions of the Republic of Lithuania with Information Regarding Customers' Monetary Operations and Transactions at the Disposal of the Financial Crime Investigation Service under the Ministry of the Interior and of the Exchange of Information Between the State Security Department and the Financial Crime Investigation Service under the Ministry of the Interior in Implementing the Terrorist Financing Prevention Measures (hereinafter referred to as "the Rules") shall regulate the provision of the information regarding customers' monetary operations and transactions (hereinafter referred to as "information on monetary operations and transactions") at the disposal of the Financial Crime Investigation Service under the Ministry of the Interior

(hereinafter referred to as "the Financial Crime Investigation Service") to the law enforcement agencies and other state institutions of the Republic of Lithuania (hereinafter referred to as "institutions") and shall regulate the exchange of information between the State Security Department and the Financial Crime Investigation Service in implementing terrorist financing prevention measures.

2. The terms used in the Rules are defined in the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing (*Valstybės žinios* (Official Gazette) No 64-1502, 1997; No 10-335, 2008).

## **II. MANNER OF PROVIDING INFORMATION ON MONETARY OPERATIONS AND TRANSACTIONS**

3. The Financial Crime Investigation Service shall provide information on monetary operations and transactions to the institutions that are entitled under the law to receive information on monetary operations and transactions in order to perform their functions, in the following manner:

3.1. it shall provide institutions with the information on monetary operations and transactions necessary to perform their functions, in accordance with their cooperation agreements;

3.2. it shall provide, in writing or by technical means, the State Security Department with information on monetary operations and transactions that may be related to terrorist financing. Having determined that a monetary operation or transaction may be related to terrorist financing, the Financial Crime Investigation Service shall submit, in writing or by technical means, the information on monetary operations or transactions to the State Security Department no later than within 24 hours of the receipt of the information. This information shall be transferred by technical means to the State Security Department based on a cooperation agreement;

3.3. it shall provide information on monetary operations and transactions to the institutions based on the institutions' requests or on its own initiative in accordance with the procedure laid down in Chapter III of the Rules.

## **III. REQUEST FOR INFORMATION ON MONETARY OPERATIONS AND TRANSACTIONS AND DELIVERY OF SUCH INFORMATION**

4. Institutions may apply to the Financial Crime Investigation Service requesting information on monetary operations and transactions if the laws grant the institutions access to such information to enable them to perform their functions.

5. Wishing to receive information on monetary operations and transactions, an institution shall submit to the Financial Crime Investigation Service a request signed by the head of the institution, indicating:

- 5.1. the purpose of using the received information on monetary operations and transactions;
- 5.2. the necessary identification data on a specific customer whose monetary operations and transactions are the subject of the information sought;
- 5.3. the volume and type of the required information on monetary operations and transactions.

6. Having examined the institution's request, the Financial Crime Investigation Service shall supply, in the written form, the institution with the information on monetary operations and transactions it requested, unless the circumstances specified in paragraph 7 of the Rules exist.

7. The Financial Crime Investigation Service shall not provide information on monetary operations and transactions when:

7.1. provision of the information on monetary operations and transactions to the requesting institution could have a negative impact on an investigation by the Financial Crime Investigation Service into possible legalization of the funds or property unlawfully acquired by the specified customer or on other related criminal activities or other violations of the law;

7.2. provision of the information on monetary operations and transactions to the requesting institution could have a negative impact on the implementation of the terrorist financing prevention measures pursued by the Financial Crime Investigation Service and the State Security Department.

7.3. provision of the information on monetary operations and transactions to the requesting institution could have a negative impact on a joint investigation by the Financial Crime Investigation Service and foreign law enforcement agencies into possible legalization of the funds or property unlawfully acquired or on other related criminal activities;

7.4. an institution's request for information on monetary operations and transactions does not meet the requirements set out in Paragraph 5 of the Rules.

8. If the Financial Crime Investigation Service receives a request from an institution to provide information on monetary operations and transactions that is necessary for pre-trial investigation of a very serious or serious crime, it shall provide the information sought regardless of the circumstances indicated in paragraphs 7.1-7.3 of the Rules.

9. If information on monetary operations and transactions cannot be provided due to the circumstances specified in paragraph 7 of the Rules, the Financial Crime Investigation Service shall send a reasoned decision refusing the information to the requesting institution without delay.

10. Unless the circumstances indicated in paragraphs 7.1 and 7.3 of the Rules exist, the Financial Crime Investigation Service, conducting the analysis of the information on monetary operations and transactions at its disposal, shall provide the institutions with the information on monetary operations and transactions in writing in the following cases:

10.1. having established elements of tax law violations – to the tax administrator;

10.2. having established elements of criminal activities or other violations of the law falling within the competence of other institutions – to these institutions if the laws grant these institutions access to information on monetary operations and transactions for the performance of their functions.

11. The Financial Crime Investigation Service shall provide the information indicated in paragraph 10 of the Rules only to the extent that is necessary to achieve the set objective of handling it.

#### **IV. EXCHANGE OF INFORMATION BETWEEN THE STATE SECURITY DEPARTMENT AND THE FINANCIAL CRIME INVESTIGATION SERVICE IN IMPLEMENTING TERRORIST FINANCING PREVENTION MEASURES**

12. In implementing the terrorist financing prevention measures, the State Security Department and the Financial Crime Investigation Service shall exchange information in the following manner:

12.1. the Financial Crime Investigation Service shall supply the State Security Department with information in accordance with the procedure established in paragraph 3.2 of the Rules;

12.2. when necessary, the State Security Department, on its own initiative or upon a request from the Financial Crime Investigation Service, shall provide the Financial Crime Investigation Service with information on possible terrorist financing identification criteria in writing or by technical means;

12.3. the State Security Department, having established the elements of criminal activities or other violations of the law falling within the competence of the Financial Crime Investigation Service, shall deliver this information to the Financial Crime Investigation Service in writing or by technical means.

#### **5. Annex V - Resolution of the Government of the Republic of Lithuania On the List of Criteria for Considering a Customer to Pose a Small Threat of Money Laundering and/or Terrorist Financing and Criteria Based on which a Threat of Money Laundering and/or Terrorist Financing is Considered to be Great, On the Approval of the Rules of Customer and Beneficial Owner identification as well as Detection of Several Interrelated Monetary Operations, and On the Establishment of the Procedure of Presenting Information on the Noticed Indications of Possible Money Laundering and/or Terrorist Financing and Violations of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing as well as the Measures Taken against the Violators (Resolution No 942 of the Government of the Republic of Lithuania of 24 September 2008)**



**GOVERNMENT OF THE REPUBLIC OF LITHUANIA**

#### **RESOLUTION NO 942**

of 24 September 2008

On the List of criteria for Considering a Customer to Pose a Small Threat of Money Laundering and/or Terrorist Financing and Criteria based on which a threat of money laundering and/or terrorist financing is considered to be great, On the Approval of the Rules of Customer and Beneficial Owner Identification as well as detection of several interrelated monetary operations, And on the Establishment of the Procedure of presenting Information on the Noticed indications of possible money laundering and/or terrorist financing and violations of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing As well as the measures taken against the violators

Vilnius

Pursuant to Article 8, Article 9(14), Article 10(3) and Article 11(8) of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing (*Valstybės žinios* (Official Gazette) No 64-1502, 1997; No 10-335, 2008) and implementing Article 3(1) and Article 4(1) of Directive 2006/70/EC of the Commission of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of the financial activity conducted on an occasional or very limited basis (OJ 2006 L 214, p. 29), the Government has resolved:

1. To approve the following (as appended):

1.1. the List of Criteria on the Basis for Considering a Customer to Pose a Small Threat of Money Laundering and/or Terrorist Financing and Criteria Based on Which a Threat of Money Laundering and/or Terrorist financing is Considered to Be Great;

1.2. the Rules of Customer and Beneficial Owner Identification as well as Detection of Several Interrelated Monetary Operations.

2. Law enforcement agencies and other public authorities, having noticed indications of possible money laundering and/or terrorist financing, violations of the Law on Prevention of Money Laundering and/or Terrorist Financing, must, as soon as possible but no later than within 3 working days from the moment when such data or information becomes known, notify the Financial Crime Investigation Service under the Ministry of the Interior in writing, specifying the following:

2.1. the data referred to in paragraphs 3 and 4 of the Rules of Customer and Beneficial Owner Identification as well as Detection of Several Interrelated Monetary Operations, approved by this Resolution;

2.2. the available data on a customer's monetary operation or transaction (the date when the operation or transaction was carried out, the amount of money, the currency of the monetary operation, the method of the transaction, and other available data);

2.3. information on the specific provisions of the Republic of Lithuania Law on Prevention of Money Laundering and/or Terrorist Financing that were violated, the noticed indications of possible money laundering and/or terrorist financing, and the measures taken against the violators.

3. To repeal the following:

3.1. Resolution No 1331 of 3 December 1997 of the Government of the Republic of Lithuania on Customer Identification and on the Procedure of Presenting Information on Monetary Operations (*Valstybės žinios* (Official Gazette) No 112-2840, 1997);

3.2. Resolution No 1478 of 22 December 1998 of the Government of the Republic of Lithuania Amending Resolution No 1331 of 3 December 1997 of the Government of the Republic of Lithuania on Customer Identification and on the Procedure of Presenting Information on Monetary Operations (*Valstybės žinios* (Official Gazette) No 113-3157, 1998);

3.3. Resolution No 1410 of 22 December 1998 of the Government of the Republic of Lithuania Amending Resolution No 1331 of 3 December 1997 of the Government of the Republic of Lithuania on Customer Identification and on the Procedure of Presenting Information on Monetary Operations (*Valstybės žinios* (Official Gazette) No 89-3801, 2002);

3.4. Resolution No 930 of 22 July 2004 of the Government of the Republic of Lithuania Amending Resolution No 1331 of 3 December 1997 of the Government of the Republic of Lithuania on Customer Identification and on the Procedure of Presenting Information on Monetary Operations (*Valstybės žinios* (Official Gazette) No 115-4303, 2004)

3.5. Resolution No 1493 of 25 November 2004 of the Government of the Republic of Lithuania Amending Resolution No 1331 of 3 December 1997 of the Government of the Republic of Lithuania on Customer Identification and Detection of Several Interrelated Monetary Operations as well as on the Procedure of Presenting Information on Monetary Operations or Transactions (*Valstybės žinios* (Official Gazette) No 171-6337, 2004);

3.6. Resolution No 557 of 13 June 2007 of the Government of the Republic of Lithuania Amending Resolution No 1331 of 3 December 1997 of the Government of the Republic of Lithuania on Customer Identification and Detection of Several Interrelated Monetary Operations, on the Procedure of Presenting Information on Monetary Operations or Transactions, and on the Procedure of Controls of Cash Entering or Leaving the Republic of Lithuania (*Valstybės žinios* (Official Gazette) No 67-2607, 2007).

Prime Minister

Gediminas Kirkilas

Minister of the Interior

Regimantas Čiupaila

APPROVED by  
Resolution No 942 of the Government of the  
Republic of Lithuania of 24 September 2008

**THE LIST OF CRITERIA FOR CONSIDERING A CUSTOMER TO POSE A SMALL THREAT OF MONEY LAUNDERING AND/OR TERRORIST FINANCING AND CRITERIA BASED ON WHICH A THREAT OF MONEY LAUNDERING AND/OR TERRORIST FINANCING IS CONSIDERED TO BE GREAT**

1. The criteria based on which a customer whose country of permanent residence or business is a member state of the European Union (the actual address of a private customer's residence or the place (country) from which a legal person is managed (controlled) is located in a member state of the European Union; the place of the management bodies of a legal person, as declared by the person, is located in a member state of the European Union) shall be considered to pose a small threat of money laundering and/or terrorist financing:

1.1. A customer is a public institution established in accordance with the Law of the Republic of Lithuania on Public Institutions (*Valstybės žinios* (Official Gazette) No 68-1633, 1996; No 25-752, 2004)

or in accordance with the procedure laid down by EU member states and it complies with all of the following criteria:

1.1.1. A customer's functions have been established in accordance with the Treaty on European Union, Community treaties or Community secondary legislation.

1.1.2. Information on a customer's identity is publicly accessible, and the financial institution or another entity has no reservations as regards its transparency.

1.1.3. A customer's activities and its accounting methods are clear and comprehensible to a financial institution or another entity.

1.1.4. A customer is accountable to a Community institution or to the public authorities of a member state of the European Union.

1.2. The activities or monetary operations of a customer that is a natural or legal person are rare or very limited (to be determined during regular customer relations monitoring by a financial institution or another entity) and the likelihood of them being used for money laundering and/or terrorist financing is small, and the customer meets all (for legal persons) or at least one (for natural persons) of the following criteria:

1.2.1. A customer declares provision of financial services or performance of monetary operations, yet this type of activity is only subsidiary and accounts for less than 5 per cent of its total operations turnover.

1.2.2. The activities are limited to transactions with a limited number of customers, and the value of such transactions does not exceed EUR 1,000 or an equivalent in another currency.

1.2.3. A customer declares its turnover from financial activities over a calendar year at up to EUR 30,000 or an equivalent in another currency.

1.2.4. A customer's main activities are other than the activities carried out by the financial institution or another entity, except for those specified in Article 2(8)(7) of the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing (*Valstybės žinios (Official Gazette)* No 64-1502, 1997; No 10-335, 2008).

2. The criteria on the basis of which (if at least one of them is met) a treat of money laundering and/or terrorist financing shall be considered to be great:

2.1. At the moment of identification, a customer is reluctant to perform the actions necessary for identification and to provide information on himself and his business.

2.2. A customer fails to provide the documents attesting the financial activities (as regards the customer's transactions entered or being entered into, the documents of incorporation and other documents on the present or past financial activities) as requested by the financial institution or another entity.

2.3. A customer performs non-cash transfer operations on a request of persons not related to its main activities.

2.4. A private customer constantly resides in a country that is not a member of the Financial Action Task Force (FATF) on Money Laundering or of an international organization with an observer status at FATF that participates in the efforts to combat money laundering and terrorist financing.

2.5. The identification data of a customer, customer representative (when a monetary operation is carried out through a representative) or beneficiary of the monetary operation matches the data of the persons associated with money laundering and/or terrorist activities specified in the lists drawn up by the Republic of Lithuania and international organizations (FATF, the United Nations, the European Union) or financial sanctions have been imposed on them in accordance with the Law of the Republic of Lithuania on the Implementation of Economic and Other International Sanctions (*Valstybės žinios* (Official Gazette) No 68-2369, 2004).

2.6. A customer which is a legal person or another organization is registered in a target territory, as specified in the Law of the Republic of Lithuania on Corporate Income Tax (*Valstybės žinios* (Official Gazette) No 110-3992, 2001).

2.7. A financial institution or another entity establishes elements that are not typical of a customer's activities (more frequent payments in cash, increasing sums involved in monetary operations, payment for products or services that are not related to the customer's main activities, etc).

2.8. A private customer's age, job position and financial standing (a customer's income is small compared to the scope of his financial activities) are objectively inconsistent with the financial activities performed by the customer.

2.9. A customer falls within a higher-risk category established at the financial institution in accordance with the procedures of risk assessment and management.

APPROVED by  
Resolution No 942 of the Government of the  
Republic of Lithuania of 24 September 2008

## **THE RULES OF CUSTOMER AND BENEFICIAL OWNER IDENTIFICATION AS WELL AS DETECTION OF SEVERAL INTERRELATED MONETARY OPERATIONS**

### **I. GENERAL PROVISIONS**

1. The Rules of Customer and Beneficial Owner Identification as well as Detection of Several Interrelated Monetary operations (hereinafter referred to as "the Rules") shall regulate collection and verification of personal information on customers and their representatives (authorized through power of attorney) by financial institutions and other entities on the basis of customer identification documents, keeping of the related documents or copies thereof, customer identification instruments, as well as detection of several interrelated operations.

2. The terms used in the Rules correspond to those defined in the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing (*Valstybės žinios* (Official Gazette) No 64-1502, 1997; No 10-335, 2008) (hereinafter referred to as "the Law").



## II. CUSTOMER IDENTIFICATION

3. Financial institutions and other entities that are obliged to identify a customer in the cases specified by the Law shall require a private customer to produce personal documents containing the following identification data (hereinafter referred to as "identification documents"):

3.1. As regards citizens of the Republic of Lithuania:

3.1.1. name(s);

3.1.2. surname(s);

3.1.3. personal number;

3.1.4. photograph;

3.1.5. signature;

3.2. as regards foreign citizens;

3.2.1. name(s);

3.2.2. surname(s);

3.2.3. date of birth (if available – personal number or another unique combination of characters assigned to the person for identification purposes);

3.2.4. the number of an identification document or of an equivalent travel document, the place of its issue and the expiry date, or the number and the expiry date of a permit for permanent residence in a foreign state as well as the place and date of its issue (applies to foreigners permanently residing in a foreign country);

3.2.5. photograph;

3.2.6. signature;

4. Financial institutions and other entities that are obliged to identify a customer in the cases specified by the Law shall require a business customer to produce its identification documents containing the following data:

4.1. name;

4.2. legal form, main office;

4.3. code (if any);

4.4. registration extract and date of its issue;

4.5. the data of the representatives acting under power of attorney on behalf of a legal person, as specified in paragraphs 3.1 and 3.2 of the Rules;

4.6. the activities of a legal person, the purposes and the object of a business relationship, as well as the type of economic activities.

5. At the start of customer identification, a competent officer of a financial institution or another entity must:

5.1. verify whether a private customer entering into cooperation with the financial institution or another entity has produced valid identification documents or equivalent travel documents; to check if the photograph in the produced document is a photograph of that particular customer;

5.2. evaluate the condition of the document produced (with special attention to detect any possible changes, modifications etc. to the photograph, pages or entries);

5.3. find out whether a private or business customer will use the services of the financial institution by itself/himself or represent the interests of another person;

5.4. make sure that a natural or legal person is duly authorized to act on the customer's behalf;

5.5. make a copy of the photograph page of the identification document produced by a natural person that contains his photograph, or scan the document; a competent employee of pension funds management companies (when entering into pension accumulation contracts), insurance companies and insurance brokerage firms must make a copy of the photograph page of the identification document produced by a natural person that contains his photograph or scan the document or enter personal data (name and surname, personal number or another unique combination of characters assigned to the person for identification purposes) into an additional document (a pension accumulation contract or insurance policy);

5.6. when a foreign customer is to be identified, make a copy of the photograph page of the identification document or an equivalent travel document or scan the document; a competent employee of pension funds management companies (when entering into pension accumulation contracts), insurance companies and insurance brokerage firms must make a copy of the photograph page of the identification document produced by a natural person containing his photograph or scan the document or enter personal data (name and surname, personal number or another unique combination of characters assigned to the person for identification purposes) into an additional document (a pension accumulation contract or insurance policy);

5.7. following the internal rules of procedure, take action justifying the necessity to apply simplified or enhanced identification;

6. In addition to the data referred to in paragraph 4 of the Rules, a business customer or another organization registered in a target territory, as specified in the Law on Corporate Income Tax of the Republic of Lithuania (*Valstybės žinios* (Official Gazette) No 110-3992, 2001), as well as the person representing this legal person or organization must also present written information about his current place of residence, postal address and contact information (valid telephone numbers, email addresses).

7. If a customer is a legal person represented by a natural person or a private customer is represented by another natural person, the financial institution or another entity must request a power of attorney from him and, if possible, check its validity (i.e. the right of the issuer to issue such a power of attorney) and term of duration and check what are the specific actions authorized by the power of attorney (a power of attorney must be in compliance with the requirements set by the Civil Code of the Republic of Lithuania (*Valstybės žinios* (Official Gazette) No 74-2262, 2000)).

8. Only document originals are acceptable for identification. Documents in foreign languages may be accepted if notarized with a certified authenticity of the translation of the document from one language to another.

9. Copies (if a paper copy of a document is made) of every customer identification document or an equivalent travel document whose original is not retained by the financial institution or another entity must be marked as authentic by a competent officer of the financial institution or another entity who has made the copy. The authenticity mark shall read "Kopija tikra" (True copy), also indicate the position of the responsible officer, his signature, name and surname, the date as well as the stamp of the financial institution or another entity. If having a stamp is optional under the legislation governing the activities of the financial institution or another entity, the authenticity of a copy of the customer identification document or an equivalent travel document (if a paper copy of the document is made) shall be certified by the signature of a competent officer of the financial institution or another entity, also indicating the position, name and surname of the competent officer as well as the date.

10. Customer identification requirements shall apply uniformly to all customers, including those that apply to a financial institution or another entity directly as well as those whose transactions or business relations are performed through a representative or a customer is not physically present during his identification.

### **III. IDENTIFICATION OF THE BENEFICIAL OWNER**

11. In all customer identification cases, it is obligatory to identify the beneficial owner. In all cases, beneficial owner identification includes identification of a natural person or a group of natural persons.

12. When performing beneficial owner identification, financial institutions and other entities:

12.1. shall demand that a customer submit the following data on the beneficial owner identity (hereinafter referred to as "identity data"):

12.1.1. name(s);

12.1.2. surname(s);

12.1.3. personal number or another unique combination of characters intended for the identification of a person;

12.2. shall check the documents produced by the customer as well as information on the beneficial owner on the basis of the documents, data or information received from a reliable and independent source.

Such actions by a financial institution or another entity also include a request to the customer to specify public sources that could confirm the information about the beneficial owner.

13. The authenticity of the provided data shall be confirmed by a customer in writing and/or by stamp (if it must have a stamp in accordance with the legislation governing its activities) in its file or questionnaire.

14. A financial institution or another entity must collect and, when requested by the Financial Crime Investigation Service under the Ministry of the Interior, provide the following data on a beneficial owner:

14.1. the identity data of a beneficial owner;

14.2. evidence of verifying the information supplied by a customer in reliable and independent sources;

14.3. data on the management structure of a customer (legal person, company);

14.4. records of the movement of customer funds.

15. In order to ascertain whether a customer is acting on his own behalf or is controlled, a financial institution or another entity must:

15.1. verify whether the right to perform a monetary operation on behalf of the customer has been granted to a person with which the customer has definite business, professional or commercial relations;

15.2. to verify the existence of elements that are not typical of the customer's activities (more frequent payments in cash, increasing sums involved in monetary operations, payment for products or services that are not related to the customer's main activities, etc);

15.3. to observe whether a customer presents the information in good faith and whether or not he avoids answering the questions given.

#### **IV. SIMPLIFIED CUSTOMER IDENTIFICATION**

16. Simplified customer identification may be applied in the cases specified in Article 10 of the Law.

17. Before the procedure of customer identification, a competent officer of a financial institution or another entity shall verify the existence of circumstances that allow simplified customer identification.

18. Having decided to apply simplified customer identification, the financial institution or another entity shall, at its own discretion, select the customer identification instruments specified in paragraph 5 of the Rules as well as their scope.

19. A financial institution or another entity must not perform simplified customer identification if a separate decision of the European Commission has been passed on the issue. In such an event, the financial institution or another entity must apply the provisions of chapters II or V of the Rules.

#### **V. ENHANCED CUSTOMER IDENTIFICATION**

20. Enhanced customer identification shall be applied in the cases specified in Article 11 of the Law.

21. Before the procedure of customer identification, a competent officer of a financial institution or another entity shall verify the existence of circumstances necessitating enhanced customer identification.

22. Having decided to apply enhanced customer identification, the financial institution or another entity shall, in the cases specified in paragraphs 2-4 of Article 11 of the Law, apply the enhanced customer identification instruments envisaged in the Law.

## **VI. DETECTION OF SEVERAL INTERRELATED MONETARY OPERATIONS**

23. In performing regular monitoring of the business relations of a customer, a financial institution or another entity must detect the cases when several interrelated monetary operations are conducted.

24. Several monetary operations shall be deemed to be interrelated when a customer:

24.1. within one working day, performs several operations of cash depositing in accounts that exceed EUR 15,000 or an equivalent in a foreign currency;

24.2. within one working day, performs several operations of cash withdrawal from accounts that exceed EUR 15,000 or an equivalent in a foreign currency;

24.3. within a working day, performs other cash operations that, based on the data at the disposal of the financial institution or another entity, are interrelated and that exceed EUR 15,000 or an equivalent in a foreign currency.

## **VII. FINAL PROVISIONS**

25. A financial institution or another entity shall immediately once again verify customer identity by means of enhanced customer identification in the following cases: when a customer knowingly provides wrongful information for the purposes of identifying the customer or beneficial owner; when a customer withholds information; when there exist the circumstances for the application of enhanced identification in the cases specified in Article 11(1).

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**6. Annex VI - Guidelines on the prevention of money laundering and terrorist financing for credit institutions, approved by Resolution of the Board of the Bank of Lithuania**

**RESOLUTION OF THE BOARD OF THE BANK OF LITHUANIA**

**GUIDELINES ON THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING FOR CREDIT INSTITUTIONS**

*15 May 2008, No. 82  
Vilnius*

*(“Valstybės žinios” (Official Gazette), 2008, No. 62-2374)*

In observance of requirements of Par. 1, Article 4 of the Republic of Lithuania Law on the Prevention of Money Laundering (“*Valstybės žinios*” (Official Gazette), 1997, No.64-1502; 2003, No. 117-5318), the Board of the Bank of Lithuania hereby **r e s o l v e s**:

1. To approve the Guidelines on the Prevention Money Laundering and Terrorist Financing for Credit Institutions (attached).

2. To repeal Resolution No. 183 of 25 November 2004 of the Board of the Bank of Lithuania on Money Laundering Prevention Guidelines for Credit Institutions (“*Valstybės žinios*” (Official Gazette), 2004, No. 174-6479).

CHAIRMAN OF THE BOARD

REINOLDIJUS ŠARKINAS

APPROVED  
by Bank of Lithuania Board  
Resolution No. 82  
of 15 May 2008

**GUIDELINES ON THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING FOR CREDIT INSTITUTIONS**

*(“Valstybės žinios” (Official Gazette), 2008, No. 62-2374)*

**I. GENERAL PROVISIONS**

1. These Guidelines shall apply to banks and other credit institutions licensed by the Bank of Lithuania and foreign bank branches operating in the Republic of Lithuania) (hereinafter - credit institutions).

2. The purpose of the Guidelines aimed at credit institutions is to establish the procedure of implementation of requirements of legal acts regulating the prevention of money laundering and/or terrorist financing.

3. Terms as used in these Guidelines have the meanings assigned to them in the Republic of Lithuania Law on the Prevention of Money Laundering and Terrorist Financing (“*Valstybės žinios*” (Official Gazette), 1997, No. 64-1502; 2008, No. 10-335).

## **II. LEGAL ACTS REGULATING MONEY LAUNDERING AND/OR TERRORIST FINANCING PREVENTION MEASURES AND MATTERS RELATED WITH THE LIABILITY FOR VIOLATION OF THE LEGAL ACTS**

4. Matters related with the prevention of money laundering money laundering and/or terrorist financing in the Republic of Lithuania are regulated by:

4.1. Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing (hereinafter the Law);

4.2. Resolutions of the Government of the Republic of Lithuania defining:

4.2.1. criteria according to which a monetary operation or transaction are considered suspicious;

4.2.2. procedure of termination of suspicious monetary operations and transactions and submission of information about suspicious or unusual monetary operations or transactions to the Financial Crime Investigation Service under the Ministry of the Interior (hereinafter FCIS);

4.2.3. rules and criteria for the keeping the register of suspicious or unusual monetary operations and transactions of the customer on the basis of which large recurrent and regular monetary operations are defined;

4.2.4. procedure for identifying a customer and beneficiary and of several monetary operations linked with each other;

4.2.5. procedure and criteria of simplified customer due diligence on the basis of which a customer is considered as representing a low risk of money laundering and/or terrorist financing;

4.2.6. procedure and criteria of enhanced customer due diligence on the basis of which a customer is considered as posing a high risk of money laundering and/or terrorist financing;

4.3. Law of the Republic of Lithuania on Banks (*“Valstybės žinios”* (Official Gazette), 2004, No. 54-1832) (Art. 55);

4.4. Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds (hereinafter the Regulation) (OJ 2006, L 345, p. 1);

4.5. Criminal Code of the Republic of Lithuania (*“Valstybės žinios”* (Official Gazette), 2000, No. 89-2741) (Articles 216, 250 and 250<sup>1</sup>) establishing criminal liability for money laundering, incitement and commitment of acts of terrorism and financing of terrorists. Natural and legal persons shall be held liable for these acts;

4.6. Code of Administrative Violations of Law of the Republic of Lithuania (*“Valstybės žinios”* (Official Gazette), 1985, No. 1-1) (Articles 172<sup>14</sup>, 224 and 259<sup>1</sup>) regulating administrative liability for the violations of legal acts regulating the prevention of money laundering, establishing officials drawing up reports on the violations of law and bodies hearing the cases of administrative transgressions of law.

## **III. RISK-BASED ASSESSMENT**

5. For the purpose of assessing the risk of money laundering and/or terrorist financing a credit institution shall apply a risk-sensitive method. Implementation of a risk-sensitive method allows a credit institution to effectively manage the existing risk of money laundering and/or terrorist financing paying particular attention to the areas of higher risk.

6. Assessment of money laundering and/or terrorist financing risk shall cover the following areas:
- 6.1. risk of a customer;
  - 6.2. risk of products and/or services;
  - 6.3. country and/or geographical risk.
7. In consideration of the scope and nature of its activities a credit institution may additionally distinguish other types of risk.
8. Management of credit institution risk related with money laundering and/or terrorist financing shall be incorporated in the general risk management system of a credit institution. In observance of provisions of this document and scope and nature of activities, a credit institution shall have procedures and systems in place aimed at the identification, assessment and management of money laundering and/or terrorist financing risk and effective measures to minimize such risk.

#### **IV. CUSTOMER DUE DILIGENCE**

9. Credit institutions must take all relevant, targeted and proportionate measures to determine whether a customer is acting on his own behalf, or is being controlled and identify and verify the identity of:
- 9.1. a customer (natural or legal person) who carries out different monetary operations or concludes transactions;
  - 9.2. a beneficiary (natural person, who is the beneficial owner of a customer (legal person or a foreign company) or controls the customer, and (or) of a natural person in whose name a transaction or activity is carried out) of different monetary operations performed or transactions concluded.
10. Credit institutions must take measures to identify a customer and beneficiary and verify their identity in the following cases:
- 10.1. before entering into business relationships, i.e. concluding a bank account or bank deposit agreements, providing the services of safe custody of valuables or entering into other agreements with a customer;
  - 10.2. before carrying out occasional monetary operations or concluding transactions exceeding EUR 15,000, or its equivalent in foreign currency, whether the transaction is carried out in a single operation or in several operations which appear to be linked, except in cases when a customer and beneficiary has already been identified;
  - 10.3. before exchanging cash, when cash amount being exchanged exceeds EUR 6,000, or its equivalent in foreign currency;
  - 10.4. when carrying out or receiving monetary transfers in cases established in Regulation (EC) No. 1781/2006;
  - 10.5. when there are doubts about the veracity or adequacy of previously obtained customer identification data;
  - 10.6. in all other cases of suspected previous or future money laundering and/or terrorist financing activities, irrespective of the amount of a monetary operation or other exemptions.



11. If during a monetary operation its final amount is not clear, credit institutions shall identify the customer and the beneficiary immediately after having established that a monetary operation exceeds EUR 15,000 or its equivalent in foreign currency. In case of several monetary operations linked with each other identification of the customer and the beneficiary shall take place immediately after having established that monetary operations are linked with each other.

12. Credit institutions shall be prohibited from:

12.1. carrying out the operations indicated in pars.10–11 of these Guidelines when a customer in cases specified herein:

12.1.1. fails to provide personal identification details;

12.1.2. fails to provide full data or provides wrong data and the credit institution is aware of that;

12.1.3. avoids providing required identification details;

12.1.4. conceals the beneficiary's identify;

12.1.5. avoids providing or fails to provide information necessary to identify the beneficiary or provides insufficient data.

12.2. issuing anonymous depositor passbooks, opening anonymous accounts or accounts in obviously fictitious names, also opening accounts without asking to provide documents supporting the customer's identity, or in case of reasonable suspicions that data entered in these documents are false or forged.

13. Credit institutions must establish in their internal documents that upon verification of the customer and beneficiary's identity and their identification:

13.1. the customer provides information about the purpose and planned nature of business relationships of the customer;

13.2. the customer provides personal identification documents required by the Government certifying his identify and containing the customer and beneficiary's particulars established by the Government;

13.3. documents, data and information received from a reliable and independent source are used: official documents which contain personal photo and/or respective registration number and which cannot be easily copied or forged (passport, personal identity card, driver's certificate, legal person's registration certificate, notarised copies of documents, etc.), specifying the customer's forename and surname, personal identification code or any other unique sequence of numbers aimed at personal identification, person's photo and/or signature, etc. (in case of natural persons) or name, address, code, number of registration certificate, VAT payer's code, etc. (for legal persons); publicly available information and databases; recommendations of other credit institutions, etc.;

13.4. when a monetary operation is carried out or a transaction is concluded through a representative, the required data about both, the represented and representing party must be identified;

13.5. the information obtained shall be sufficient for credit institutions to understand the management structure and nature of business of the customer (legal person);

13.6. information (paper-based or e-format) received during customer or beneficiary's identification and analysis of customer's activities must be continuously documented.

14. Credit institutions must conduct ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being

conducted are consistent with the credit institutions' knowledge of the customer, the business (types of business, business partners, business territory, etc.) and risk profile including, where necessary (if legal basis of a monetary operation is not clear and if a monetary operation does not reflect financial condition of the customer) – the source of funds.

15. Credit institutions must guarantee that money laundering and/or terrorist financing risk assessment is carried out on the basis of the most recent and precise information. Credit institutions must continuously revise and update customer and beneficiary's identification data. This provision shall apply to both, new and already existing customers of credit institutions.

16. Credit institutions shall be prohibited from carrying out monetary operations via bank accounts, establishing business relationships, performing transactions in cases when they are not able to fulfil the requirements established in pars. 10 to 15 of these Guidelines related with due diligence of customers and beneficiaries. The FCIS must be forthwith notified to the effect.

17. Provisions of par. 9, items 10.1, 10.2 and 10.5 and pars. 13 to 15 shall not apply when a credit institution's customer is another financial institution.

18. The Law establishes the following two methods of customer identification applicable on a risk-sensitive basis:

18.1. simplified customer due diligence;

18.2. enhanced customer due diligence.

19. In observance of the procedure and criteria of the simplified customer due diligence established by the Government on the basis of which a customer is considered as representing a low risk of money laundering or terrorist financing, credit institutions may apply a simplified customer due diligence for the purpose of customer identification:

19.1. to companies securities of which are admitted to trading on regulated markets of one or more Member States of the European Union and other foreign companies securities whereof are traded on a regulated market which are bound by requirements consistent with the EU legislation to disclose information about their activities;

19.2. in case of pooled accounts held by notaries and other persons providing legal services from the EU Member States or from third countries, to beneficiaries, if the requirements of combating money laundering and/or terrorist financing, corresponding to international standards, are applied to them and they are monitored by competent institutions for compliance with the requirements, if information on the identity of the beneficiary is submitted at the request of the financial institutions which have such joint accounts;

19.3. in case of e-money, when electronic media cannot be supplemented, and the largest amount kept in the media does not exceed EUR 150 or its equivalent in foreign currency, or in case the electronic media may be supplemented, but the total value of transactions performed in the calendar year is subject to the limit of EUR 2,500 or its equivalent in foreign currency, except in cases, where in the same calendar year the holder of electronic media takes EUR 1,000 or its equivalent in foreign currency or a larger amount;

19.4. to a customer, if the latter is a credit or financial institution covered by the Law, or a credit or financial institution registered in another EU Member State or in a third country, which sets the requirements equivalent to those of the Law, and monitored by the competent institutions because of the compliance with these requirements;

19.5. to a customer representing a low risk of money laundering or terrorist financing.

20. Credit institutions shall be prohibited from applying the simplified customer due diligence, if a separate decision of the European Commission has been passed on the issue.

21. In observance of the procedure and criteria of the enhanced customer due diligence established by the Government on the basis of which a customer is considered as representing a high risk of money laundering or terrorist financing, credit institutions must apply the enhanced customer due diligence for the purpose of customer identification:

21.1. when transactions or business relationships are carried out through a representative or where the customer has not been physically present for identification purposes;

21.2. when engaging in the correspondent banking relationships with credit institutions of third countries;

21.3. when engaging in transactions or business relationships with politically exposed natural persons;

21.4. in situations of high risk of money laundering or terrorist financing.

22. For the purpose of enhanced customer due diligence when transactions or business relationship are performed through a representative or a customer is not physically present for identification purposes or in situations of high risk of money laundering or terrorist financing, credit institutions must apply one or several additional measures:

22.1. ensuring that the customer's identity is established by additional documents, data or information;

22.2. supplementary measures to verify or certify the documents supplied, or requiring confirmatory certification by a financial institution;

22.3. ensuring that the first payment of the operations is carried out through an account opened in the customer's name with a credit institution.

23. For the purpose of enhanced customer due diligence in respect of cross-border correspondent banking relationships with respondent institutions from third countries, credit institutions must:

23.1. gather sufficient information about a respondent institution to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision;

23.2. assess the respondent institution's anti-money laundering and anti-terrorist financing controls;

23.3. obtain approval from senior management before establishing new correspondent banking relationships;

23.4. document the respective responsibilities of each credit institution;

23.5. with respect to payable-through accounts, be satisfied that the respondent credit institution has verified the identity of and performed ongoing due diligence on the customers having direct access to accounts of the correspondent and that it is able to provide relevant customer due diligence data to the correspondent institution, upon request;

23.6. conduct ongoing monitoring of the business relationship with correspondent credit institutions.

24. For the purpose of enhanced customer due diligence in respect of transactions or business relationships with politically exposed persons, credit institutions must:

24.1. have senior management approval for establishing business relationships with such customers;

24.2. take adequate measures to establish the source of wealth and source of funds that are involved in the business relationship or transaction;

24.3. conduct enhanced ongoing monitoring of the business relationship with politically exposed natural persons.

25. If a person ceases relevant public service for at least one year, credit institutions having assessed the threat of money laundering and/or terrorist financing may refrain from treating him as a politically exposed natural person. Credit institutions must introduce internal procedures for determining whether a customer and beneficiary qualify as politically exposed natural persons.

26. Credit institutions shall be prohibited from entering into or continuing correspondent banking or other relationships with shell banks (description of characteristic features of such banks is posted on the Internet website: <http://www.bis.org/publ/bcbs95.pdf>). Credit institutions must also refrain from engaging in or continuing correspondent banking relationships with a bank that is known to permit its accounts to be used by a shell bank.

27. Credit institutions must:

27.1. classify customers into risk groups in observance of criteria and procedures established in their internal documents for attributing customers to risk groups. Customers may be classified into several risk groups depending upon different criteria, e.g., country of registration, type of business, scope of monetary operations being carried out, etc. Moreover, internal documents of credit institutions shall establish the procedures for accumulating and keeping information about monetary operations of customers related with higher risk and principles of the creation of the “profile” of such customers. Information gathered about customers might include: the source from which funds are transferred to the customer’s account, account to which the customer himself transfers the funds, frequency and currency of the particular operations, what operations are carried out by the customer the most frequently and similar information which might be helpful in creating the customer’s “profile”. The customer’s “profile” should be created for the purpose of determining operations characteristic of a particular client. Creation of a detailed “profile” of a customer shall be one of the main elements guaranteeing effective management of the risk of money laundering and/or terrorist financing;

27.2. pay particular attention to:

27.2.1. such activity which in their opinion due to its nature can be related with money laundering or terrorist financing, and especially to all complex or unusually large monetary operations and transactions and all unusual structures of transactions which do not have a clear economic or legal purpose, as well as business relationship or monetary operations with customers, including financial institutions of third countries which do not apply money laundering and/or terrorist financing measures or which apply money laundering and/or terrorist financing measures but the latter are insufficient or do not conform to the international standards. Results of investigation of the grounds and purpose of performance of such operations or transactions shall be supported by documents and kept for 10 years;

27.2.2. monetary operations and transactions aimed at concealing the customer or beneficiary’s identity and business relationship or transactions with a customer who was not physically present during identification;

27.2.3. the fact whether a credit institution customer is included in the Consolidated List of Persons, Groups and Entities subject to EU Financial Sanctions (updated Consolidated List is announced in the official website of the European Commission: [http://europa.eu.int/comm/external\\_relations/cfsp/sanctions/list/consol-list.htm](http://europa.eu.int/comm/external_relations/cfsp/sanctions/list/consol-list.htm));

27.2.4. payment service providers who fail to submit necessary complete information about the payer according to the requirements of Regulation (EC) No. 1781/2006; credit institutions shall accumulate and analyse information about such payment service providers;

27.2.5. monetary operations carried out by:

27.2.5.1. persons without citizenship and foreigners and personal identification documents submitted by them;

27.2.5.2. customers using personal (private) banking services;

27.2.5.3. companies providing trust services and other legal persons of similar legal structure;

27.2.5.4. companies managed by formal shareholders and (or) companies with bearer shares, etc.

27.3. if necessary, take prompt measures to prevent money laundering and/or terrorist financing.

28. The Law establishes that credit institutions:

28.1. may identify a customer or beneficiary without their physical participation;

28.2. for customer or beneficiary identification purposes use the information of third parties about a customer or beneficiary.

29. Credit institutions shall have the right to identify a customer and beneficiary without their physical participation making use of the information about the customer or beneficiary obtained from financial institutions or their representative offices abroad, when they comply with the requirements applicable to third parties according to the Law.

30. When a credit institution registered in the Republic of Lithuania acts as a third party and meets the customer or beneficiary's identification requirements, it shall have the right to request from the customer other data or other information necessary to another EU Member State.

31. Credit institutions shall take measures to satisfy themselves that that third parties will immediately furnish the requesting credit institution with:

31.1. all requested information and data that must be submitted in implementing the requirements established by the Law;

31.2. copies of documents related with the identification of a customer or beneficiary and other documents related with them.

32. Where the European Commission adopts a decision credit institutions shall be prohibited from relying on the information about the customer or beneficiary of third parties from the third country concerned.

33. Provisions of pars. 28 to 32 shall not apply to outsourcing, intermediation and agency relationships when according to the contract a service provider, intermediary or agent should be considered as part of a credit institution.

34. Liability for meeting the customer or beneficiary's identification requirements established in these Guidelines shall rest upon credit institutions which use third party information about the customer or beneficiary.

35. If a customer avoids or refuses submitting information on request of a credit institution and within the established time limits about the origin of monetary funds or property and other additional data, credit institutions shall be entitled to terminate transactions or business relationships with such customer and notify the FCIS to the effect.

## **V. IDENTIFICATION AND TERMINATION OF SUSPICIOUS MONETARY OPERATIONS AND REPORTING TO THE FCIS**

36. Credit institutions must report to the FCIS about:

36.1. suspicious or unusual monetary operations and transactions carried out by the customer;

36.2. a transaction carried out in a single operation or in several operations which appear to be linked, if their amount in cash exceeds EUR 15,000 or its equivalent in foreign currency.

37. Credit institutions must also immediately report to the FCIS in cases when they are aware of, suspect or have sufficient grounds to suspect money laundering or terrorist financing which is being or was actually carried out or attempted.

38. Monetary operations and transactions referred to in item 36.1 above shall be identified on the basis of:

38.1. criteria established by the Government according to which a monetary operation or transaction is considered as suspicious or unusual;

38.2. relative features established by a credit institution and coordinated with the FCIS of the criteria on the basis of which a monetary operation or transaction is considered as suspicious or unusual;

38.3. ongoing monitoring of business relationships of the customer performed by a credit institution, including investigation of transactions identified when engaging in such relationships as specified in par. 14 of these Guidelines.

39. Monetary operations of the customer mentioned in item 36.1 hereof shall be reported to the FCIS irrespective of the amount of a monetary operation. The main criteria shall be suspiciousness and unusual type of a monetary operation. A credit institution must determine whether a monetary operation meets at least one of the criteria defined in the resolution of the Government and/or relative features of the criteria established by a credit institution.

40. Credit institutions shall be entitled to inform the FCIS even about those monetary operations, which do not satisfy at least one of the established criteria or when an employee of a credit institution had certain suspicions about a monetary operation. Suspicions can arise from different objective and subjective circumstances, e.g., monetary operations are not characteristic of the customer's business, personal and operation data submitted by the customer are wrong, etc. Employees of a credit institution shall seek maximum possible information about the grounds and purposes of a monetary operation and must provide their written opinions to the effect.

41. A credit institution shall not be required to find out whether the customer's activity constitutes a crime. A credit institution which has information or believes that a monetary operation is suspicious or unusual shall report on such monetary information to the FCIS.

42. Relative features of suspiciousness of monetary operations shall be defined by credit institutions themselves, i.e. what is a normal cooperation between the customer and the credit institution, in what cases the customer's cash settlement should be considered as having increased abnormally, monetary operations or transactions concluded by the customer do not have clear economic grounds, etc. Such relative features shall be coordinated with the FCIS and approved to ensure their uniform understanding for reporting purposes.

43. Having established that a customer has performed or is performing a suspicious monetary operation or transaction, a credit institution must in the manner established by the Government:

43.1. suspend that monetary operation or transaction;

43.2. submit information about the customer's identity and a monetary operation or transaction to the FCIS promptly, but no later than within 3 business hours of the moment of its completion or suspension, irrespective of the amount of a monetary operation or transaction.

44. Credit institutions must suspend monetary operations or transactions for maximum 5 business days in the following cases:

44.1. having established that a customer is carrying out a suspicious monetary operation or transaction;

44.2. upon receipt from the FCIS a written instruction to suspend suspicious monetary operations or transactions carried out by the customer. In this case credit institutions must furnish the information requested by the FCIS within 1 business day of the receipt of such request.

45. Credit institutions must resume suspended monetary operations or transactions if within 5 business days of reporting to the FCIS or receiving the latter's instruction by a credit institution the latter was not instructed to impose temporary restriction on the property rights in the manner established by the Criminal Code.

46. Upon receipt of a written instruction from the FCIS requesting not to suspend suspicious or unusual monetary operations or transactions carried out by the customer, a credit institution must refrain from suspending such monetary operations or transactions from the moment indicated in such instruction, where suspension of a monetary operation or transaction is likely to interfere with the investigation with regard to legalisation of illegally obtained money or property, financing of terrorists and other offences related with money laundering and/or terrorist financing.

47. The only criterion to be observed by a credit institution when reporting to the FCIS on monetary operations of the client referred to in item 36.2 hereof shall be the amount of a monetary operation. In this case attention should be paid only to the amount of a monetary operation, i.e. the FCIS must be notified on all monetary operations that involve the amount in cash exceeding EUR 15,000 or its equivalent in foreign currency.

48. Having established that a monetary operation exceeds the amount of money specified in the Law, a credit institution must:

48.1. identify the customer;

48.2. communicate to the FCIS the data identifying the customer and the agent, if a monetary operation is carried out through an agent, and information about completed monetary operation.

49. Such information must be communicated to the FCIS forthwith, but no later than within seven business days following the day of performing the monetary operation or concluding a transaction. Information submitted to the FCIS shall include the data identifying the customer and the agent, if a monetary operation is carried out through an agent, amount, currency, date of the monetary operation, manner of carrying out a monetary operation and the beneficiary thereof.

50. Information established by the Law shall be submitted by credit institutions to the FCIS by e-mail, in computer files, or in any other manner agreed upon with the FCIS. The credit institution and the FCIS shall agree to whom the information will be specifically provided: to the head office, or also to local subdivisions. If it is established that certain data are missing from the report submitted to the FCIS, that data contained in such report are inaccurate or that the report does not conform to the required, the credit institution must eliminate the shortcomings and forthwith, but no later than within seven business days, repeatedly furnish the information to the FCIS.

51. The Law provides for exceptions, when a credit institution is relieved from duty to notify the FCIS on monetary operations of customers.

52. A credit institution shall not be obliged to communicate to the FCIS information identifying the customer and data about single monetary operations involving the amount in cash exceeding EUR 15,000 or its equivalent in foreign currency, and about several monetary operations linked with each other the total amount in cash of which exceeds EUR 15,000 or its equivalent in foreign currency, where:

52.1. the credit institution customer is another financial institution or a financial institution of another Member State of the EU;

52.2. payments and settlements are carried out with public and municipal authorities, other budgetary institutions, the Bank of Lithuania, state and municipal funds, foreign embassies or consular institutions;

52.3. continuous and regular monetary operations which meet the criteria established by the Government are characteristic of the customer's activity.

53. In the case mentioned in item 52.3 hereof a credit institution may not communicate information to the FCIS, however, it must specify the data identifying such customer, provide information about regular business of the customer and actual monetary inflows or outflows of the customer of the last year, and to indicate the date from which the exception will apply. If the credit institution customer no longer satisfies the established criteria, the credit institution must notify the FCIS to the effect, and furnish it with the information prescribed by the Law on the customer's monetary operations. Credit institutions must define in their internal procedures the documents which must be presented by the proving that the customer engages in the ongoing and regular monetary operations, and to require that customers regularly submit documents supporting the changes of activities.

54. A credit institution must communicate to the FCIS the documents confirming the customer's identity, and information about monetary operations, established by the Law, if the customer of the credit institution is a foreign enterprise, its branch or representative office, or if the customer engages in:

54.1. the provision of legal services, is a practicing lawyer or a notary;

54.2. the organisation and running of lotteries and gambling;

54.3. the activities involving ferrous, non-ferrous or precious metals, precious stones, jewellery, works of art;

54.4. sales of motor vehicles;

54.5. sales of real property;

54.6. auditing;

54.7. individual health care;

54.8. organisation and holding of auctions;

54.9. organisation of tourism or travels;

54.10. wholesale trade of alcoholic beverages, alcohol and tobacco products;

54.11. trade of oil products;

54.12. pharmaceutical business.

55. Exemption provided for in item 52.3 of these Guidelines shall not apply to enterprises engaged in activities referred to in items 54.1 to 54.12 hereof, i.e., credit institutions must communicate to the FCIS



information prescribed by the Law, even if enterprises involved in the aforementioned activities perform large ongoing and regular monetary operations. In this case the underlying criterion shall be the type of activity of an enterprise.

## **VI. KEEPING OF INFORMATION AND DOCUMENTS**

56. Credit institutions must keep the following registers on:

56.1. monetary operations referred to in items 10.2 to 10.4 of these Guidelines, except in cases when a credit institution customer is another financial institution or a financial institution of another Member State of the EU;

56.2. suspicious and unusual monetary operations and transactions;

56.3. customers with whom transactions or business relationships were terminated under circumstances specified in par. 35 hereof or other circumstances related with the violations of the procedure of the prevention of money laundering and/or terrorist financing.

Information from registers listed in this paragraph shall be processed by credit institutions in computerised manner in their information systems according to the requirements coordinated with the FCIS.

57. Rules for keeping these registers regulating the responsibilities of registrars, the data being registered and the procedure of submission of information to the FCIS and of checks of the keeping of registers shall be established by the Government.

58. Credit institutions must keep:

58.1. data from registers – 10 following the carrying-out of the transactions or the end of the business relationship with a customer;

58.2. copies of customer identity documents – 10 following the carrying-out of the transactions or the end of the business relationship with a customer;

58.3. supporting evidence of monetary operations or transactions or other documents of legal power related with the performance of monetary operations or entry into transactions – 10 following the carrying-out of the transactions or the end of the business relationship with a customer;

59. Credit institutions must guarantee:

59.1. the keeping of records and information mentioned in item 58.3 hereof irrespective of whether:

59.1.1. monetary operations or transactions are local or international;

59.1.2. business relationship with a customer are ongoing or ended;

59.2. the keeping of records mentioned in item 58.3 hereof in the manner facilitating:

59.2.1. the restoration of the particular monetary operations or transactions;

59.2.2. their use as evidence for the purpose of investigation of criminal acts;

59.3. records and information referred to in par. 58 hereof are submitted to the FCIS or other competent public authorities where appropriate.

## **VII. INTERNAL PROCEDURES OF A CREDIT INSTITUTION IN IMPLEMENTING MONEY LAUNDERING AND/OR TERRORIST FINANCING PREVENTION MEASURES**

60. A credit institution shall develop internal procedures establishing by whom and what particular functions will be performed in the credit institution in implementing money laundering and/or terrorist financing prevention measures, establish, upon coordination with the FCIS, the procedure of filling in and administration of registers specified in par. 56 of these Guidelines and the internal procedure regulating suspension monetary operations or transactions carried out by the customer.

61. Credit institutions must establish appropriate internal control procedures of due diligence of in identifying and verifying the identity of customers and beneficiaries, reporting to the FCIS, keeping of information specified in these Guidelines, risk assessment, risk management (on the basis of customer, business relationship, product or transaction type, etc.), compliance management and communication in order to forestall and prevent monetary operations or transactions related to money laundering and/or terrorist financing and to minimise the risk of money laundering and/or terrorist financing. Credit institutions must guarantee that their employees are properly prepared and familiarised with money laundering and/or terrorist financing prevention measures established by virtue of the Law, these Guidelines and other legal acts. Moreover, credit institutions must establish measures enabling to preclude the use of technological achievements for money laundering and/or terrorist financing, i.e. guarantee that customer due diligence and other requirements established in these Guidelines are properly implemented by credit institutions using new technologies (internet banking, telephone banking, e-money, ATMs and similar instances when monetary operations are carried out without direct participation of the customer (or credit institution manager).

62. Credit institutions must appoint managing staff responsible for the organisation of the implementation of money laundering and/or terrorist financing prevention measures in a credit institution and maintaining links with the FCIS and for suspension of suspicious monetary operations or transactions, as well as employees responsible for keeping the registers specified in par. 56 of these Guidelines and submission of information to the FCIS. These functions may be carried out by one or several employees of a credit institution. The credit institution must inform the FCIS about appointment of such employees in written form. Credit institutions must guarantee for the above-mentioned employees the possibility to obtain all information necessary for the performance of their functions, including access to the information related with customer identification, monetary operations and transactions and other information. Credit institution employees who establish that a monetary operation can be suspicious or unusual, having noticed the features of money laundering and/or terrorist financing must notify to the effect the aforementioned responsible employee, who will register the information about the customer and monetary operations carried out thereby, carry out a repeat check of the monetary operation and related information and where appropriate communicate the information to the FCIS according to the mutually agreed procedure and form.

63. Credit institutions in their internal documents must establish that their employees mentioned in par. 62 of these Guidelines report to credit institution managers regularly (at least once a year) about the fulfilment of functions assigned to them with regard to the prevention of money laundering and/or terrorist financing in the credit institution.

64. Credit institutions must guarantee that their branches and subsidiaries operating in third countries in which they have a majority holding carry out their activities in observance of requirements established in these Guidelines. Particular attention of credit institutions must be paid to their branches and subsidiaries operating in third countries in which they have a majority holding and which do not apply the FATF recommendations or apply them inadequately. When provisions of legal acts of the Republic of Lithuania and third country regulating the prevention of money laundering and/or terrorist financing differ, credit institution branches or subsidiaries, in which the credit institution has a majority holding, must apply more stringent provisions of legal acts, to the extent permitted by third country legislation. If third country's legislation prevent from applying such equivalent requirements, credit institutions must forthwith notify the FCIS to the effect and on coordination with the latter take additional measures facilitating in effectively minimising the risk of money laundering and/or terrorist financing.

65. Credit institutions must introduce internal systems facilitating rapid response to the FCIS enquiries with regard to submission of the information specified in these Guidelines and ensure the submission of the information within 14 business days (if in certain cases these Guidelines establish shorter time limits for submitting the information to the FCIS – such information shall be submitted within such shorter time limits).

66. For the purpose of guaranteeing effective implementation of money laundering and/or terrorist financing risk management measures, credit institution managers must:

66.1. get familiarised and familiarise their employees staff with legal acts regulating the matters of the prevention of money laundering and/or terrorist financing, and liability for the default on the implementation of money laundering and/or terrorist financing prevention measures;

66.2. take measures ensuring active participation of credit institution employees in training programmes (courses, workshops, study visits, etc.) on the subject of money laundering and/or terrorist financing;

66.3. ensure the consistency of money laundering and/or terrorist financing risk management procedures with the scope and type of activities of the credit institution;

66.4. ensure that measures for the prevention of money laundering and/or terrorist financing are properly integrated in the system of internal control of the credit institution (including testing of newly recruited employees, operational audit of the system of internal control);

66.5. seek that credit institutions use in their activities new and safe systems for the performance of monetary operations limiting the opportunities of money laundering and/or terrorist financing via credit institutions;

66.6. guarantee effective management money laundering and/or terrorist financing risk at the level of the group controlled by the credit institution.

67. Credit institution employees shall be recommended to:

67.1. exchange respective information and experience with other credit institutions of the Republic of Lithuania and foreign countries activities whereof are concerned with the prevention of money laundering;

67.2. follow the information in media publications of Lithuanian and foreign countries and other available sources publications (e.g., Internet, etc.) covering the issues of the prevention of money laundering and/or terrorist financing;

67.3. get familiarised with recommendations of the FCIS and other public authorities responsible for implementation of money laundering and/or terrorist financing prevention measures aimed at financial institutions or other entities and use the information contained in these recommendations in their activities;

67.4. get familiarised with guidelines, instructions, recommendations and other documents developed by the FCIS and other international institutions or organisations responsible for the prevention of money laundering and/or terrorist financing, and make use of their provisions or information in their activities.

## **VIII. INFORMATION PROTECTION AND LIABILITY**

68. Credit institutions and their employees shall be prohibited from notifying the customer or other persons or allowing them to understand in any other manner that information about monetary operations performed or transactions concluded or investigation carried out with regard to them has been furnished to the FCIS.

69. Prohibition established in par. 68 of these Guidelines shall not prevent credit institutions from:

69.1. exchanging information between credit institutions, insurance undertakings and insurance brokers, investment companies of variable capital, registered in the territory of the EU Member States and in the territory of third countries where requirements equivalent to those established in the Law apply, provided they belong to the same group consisting of the parent company, its subsidiaries and undertakings in which the parent or its subsidiaries have a participating interest as well as undertakings preparing consolidated accounts and annual consolidated financial accounts;

69.2. exchanging information between credit and financial institutions, auditors, accountants or tax advisors, notaries and persons entitled to perform notarial actions as well as lawyers and assistant lawyers in the cases related with the same customer and the same transaction covering two or more such entities, if they are registered in the territory of the EU Member States and in the territory of a third country where requirements equivalent to those established in the Law apply and if they belong to the same occupation category and assume equivalent obligations of the professional secret and protection of personal data.

70. For the purpose of par. 69 of these Guidelines:

70.1. information exchanges in cases covered by this paragraph shall be allowed exclusively for the purposes of the prevention of money laundering and/or terrorist financing;

70.2. exemptions covered by this paragraph concerning the disclosure of information shall not apply if a separate decision of the European Commission is passed concerning financial institutions and other entities bound by the Law and financial institutions and other entities from the European Union Member States or related third country.

70.3. in the cases referred to in this paragraph when during information exchanges with entities registered in third countries these entities are provided with personal data, the disclosure of personal data must conform to the requirements established by the Law of the Republic of Lithuania on Legal Protection of Personal Data (“Valstybės žinios” (Official Gazette), 1996, No. 63-1479; 2008, No. 22-804).

71. A credit institution or its employees shall not be held liable to the customer for the default on contractual obligations or damage is they result from suspension of a monetary operation or transaction.

72. Credit institution employees who inform the FCIS in good faith about suspicious or unusual monetary operations or transactions of the customer shall also be exempt from liability of all types.

73. Submission of the information specified in this Law to the FCIS shall not be viewed as disclosure of industrial, commercial or bank secret. Neither a credit institution, nor its employee who submits to the FCIS the information specified in the Law shall not be subject to liability for the disclosure of industrial, commercial or bank secret if having checked the aforementioned information it is established that the customer does not engage in criminal activity.

74. The Law guarantees the anonymity of a person who helps to identify violations of the implementation of money laundering and/or terrorist financing prevention measures and cases of money laundering and/or terrorist financing. For the purpose of implementing this provision credit institutions in their reports communicated to the FCIS must not provide the identification details of the person who has notified about suspicious or unusual monetary operations. The reports shall contain only the information required by the Law and specify the credit institution as well as its local unit or employee responsible for the implementation of requirements of the Law.

## **IX. FINAL PROVISIONS**

75. For the purpose of these Guidelines amounts indicated in euros shall be converted to litas according to the official exchange rate of the euro and the litas announced by the Bank of Lithuania.

76. Individuals defaulting on the requirements of these Guidelines shall be held liable in the manner established by laws.

## **7. Annex VII - Draft Law on the Amendment of Article 172<sup>(14)</sup> of the Code of the Administrative Violations of the Republic of Lithuania**

*Unofficial translation from Lithuanian*

*The draft*

### **LAW ON THE AMENDMENT OF ARTICLE 172<sup>(14)</sup> OF THE CODE OF ADMINISTRATIVE VIOLATIONS OF THE REPUBLIC OF LITHUANIA**

2010 No  
Vilnius

(Official Gazette, 1985, No 1-1; 1997, No 64-1505; 2000, No 22-552)

#### **Article 1. Purpose of the Law**

This Law is aimed at the ensuring of the application of the European Union legal acts indicated in the Annex to this Law.

#### **Article 2. Amendment of Article 172<sup>(14)</sup>**

To amend Article 172<sup>(14)</sup> and set forth to read as follows:

##### **„Article 172<sup>(14)</sup>. Violation of the order of implementation measures of prevention of money laundering and terrorist financing**

Violation of order of implementation measures of the determination of the identity of the client and beneficial owner provided in the Law on Prevention of Money Laundering and Terrorist Financing shall result in a fine for natural persons from two thousand till twelve thousand LTL; for the executives of the companies, institutions and organizations from twelve thousand till thirty five thousand LTL.

Violation of implementation order of information protection measures of the reporting to the Financial Crime Investigation Service under the Ministry of the Interior about the suspicious or unusual financial operations or transactions, provided in the Law on Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania shall result in fine to the natural persons from three thousand till thirteen thousand LTL; to the executives of the companies, institutions and organization from fourteen thousand till thirty five thousand LTL.

Violation of implementation order of protection of information about the financial operations and the client's identification and communication of such information to the Financial Crime Investigation Service under the Ministry of the Interior, of communication of information requested by the Financial Crime Investigation Service under the Ministry of the Interior stipulated in the Law on Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania, of determination of the duties of the financial institutions and other entities on the internal control procedures related to the identification of the clients and beneficial owners stipulated in the Law on Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania, of presentation of reports and information to the Financial Crime Investigation Service under the Ministry of the Interior, keeping of information, risk assessment and management, establishment of the requirements for implementation and communication, appointment of the executive employees, organizing the implementation of prevention measures of money laundering and terrorist financing, application of the provisions of the Law on Prevention of Money Laundering and Terrorist Financing at their branches and subsidiaries in the third countries, of the internal systems,

allowing to react quickly to the requests of the Financial Crime Investigation Service under the Ministry of the Interior concerning presentation, deployment, implementation of information -

shall result in a fine for natural persons from two thousand till seven thousand LTL; for the executives of companies, institutions and organizations from seven thousand till twenty thousand LTL.

The same actions performed by a person punished by administrative punishment for the violations provided in the first-third parts of this Article

shall result in a fine for natural persons from five thousand till twenty thousand LTL; for the executives of companies, institutions and organizations from twenty thousand till fifty thousand LTL.“

*I promulgate this Law passed by the Seimas of the Republic of Lithuania*

PRESIDENT OF THE REPUBLIC

## **8. Annex VIII - Law on Charity and Sponsorship**

OFFICIAL TRANSLATION

### **REPUBLIC OF LITHUANIA LAW ON CHARITY AND SPONSORSHIP**

3 June 1993 No I-172

(As last amended on 20 December 2005 – No X-461)

Vilnius

#### **Article 1. Purpose of the Law**

1. This Law establishes the framework for providing and receiving charity and sponsorship, the purposes of providing and receiving charity and sponsorship as well as the providers and recipients of charity and sponsorship; it also regulates charity and sponsorship accounting and control where the providers and/or recipients of charity and/or sponsorship are entitled to reliefs from taxes and customs duties prescribed by the laws.

2. Where the legal rules provided for by the international treaties of the Republic of Lithuania are other than those stipulated in this and other national laws, the legal rules laid down in the international treaties of the Republic of Lithuania shall apply.

#### **Article 2. Concept of Charity and Sponsorship**

1. Charity is a voluntary and gratuitous provision of charity items by the providers of charity to the recipients of charity as specified in this Law, which is conducted for the purposes and in a manner stipulated in this Law.

2. Sponsorship is a voluntary and gratuitous provision of sponsorship items (except where recipients may undertake the obligations referred to in Article 8 of this Law) by the providers of sponsorship to the recipients of sponsorship as specified in this Law, which is conducted for the purposes and in a manner stipulated in this Law, including cases where sponsorship items are transferred anonymously or in any other manner in the event that a specific provider of sponsorship cannot be identified.

### **Article 3. Purposes of Charity and Sponsorship**

1. Charity items shall be provided to charity recipients indicated in this Law for the purposes of satisfying their minimal socially acceptable needs, ensuring health care, assisting in the liquidation of the consequences of war, natural disasters, fires, ecological catastrophes, outbreaks of contagious diseases and epidemics.

2. Sponsorship items shall be provided to sponsorship recipients indicated in this Law for the purposes of public benefit set down in paragraph 3 of this Article and stipulated in their articles of association or regulations or in the canons, statutes and other rules pertaining to religious communities, associations and centres, while in respect of budget financed institutions, sponsorship items shall be provided for the performance of the tasks and functions prescribed in their regulations.

3. Within the meaning of this Law, the following purposes shall be presumed to be for the public benefit: activities for the purpose of international cooperation, protection of human rights, integration of minorities, promotion of cultural, religious and ethical values, educational, scientific and vocational development, non-formal and civic education, sports, social security and labour, health care, national security and defence, law and order, crime prevention, adjustment of living environment and development of housing, protection of copyright and related rights, environmental protection as well as any activities in other fields recognised as selfless and beneficial to society.

### **Article 4. Items of Charity and Sponsorship**

1. Charity and sponsorship items shall comprise:

- 1) monetary funds;
- 2) any other assets, including manufactured or purchased goods, and
- 3) services provided or rendered by charity and sponsorship providers.

2. Charity and sponsorship items shall not include funds from state and municipal budgets of the Republic of Lithuania, the State Social Insurance Fund, the Health Insurance Fund, the Privatisation Fund and other state monetary funds, monetary resources of the Bank of Lithuania, other state and municipal monetary resources, tobacco and tobacco products, ethyl alcohol and alcoholic beverages as well as items of limited circulation.

## **Article 5. Providers of Charity and Sponsorship**

1. In accordance with this Law, charity shall be recognised as such where it is provided by those charity and sponsorship funds, associations, public agencies, religious communities, associations and centres, divisions (chapters) of international public organisations which are registered in the Republic of Lithuania if the provision of charity is stipulated in their articles of association or in the canons, statutes and other rules pertaining to religious communities, associations and centres as well as in the legal acts regulating their activities and if they are entitled to receive sponsorship subject to the provisions of this Law. Monetary funds, assets (including manufactured or purchased goods) and services transferred or supplied by associations or other organisations operating on a membership basis for the benefit of their own members shall not be recognised as charity.

2. In accordance with this Law, sponsorship shall be recognised as such where provided by:

1) legal and natural persons of the Republic of Lithuania, except for political parties, political organisations, state-owned and municipal enterprises, budget financed bodies, state and municipal institutions, and the Bank of Lithuania. In accordance with this Law, sponsorship shall be recognised as such if it is provided by enterprises in which the State or municipality has ownership of the shares carrying over 50 percent of voting rights at a general meeting of shareholders and if the said enterprises do not have any tax arrears to the state budget and/or municipal budgets of the Republic of Lithuania or to the funds administered by the State Tax Inspectorate, arrears to the State Social Insurance Fund, liabilities under loan contracts and other instruments of debt signed by the Ministry of Finance or under contracts covered by a state guarantee;

2) foreign states, foreign legal and natural persons, and international organisations.

## **Article 6. Recipients of Charity**

1. The following persons may be the recipients of charity:

1) the disabled;

2) the sick;

3) orphans and children deprived of parental care;

4) non-working pensioners whose income comprises only pensions and other social benefits;

5) the unemployed;

6) persons who have been recognised as having the legal status of victims in accordance with the procedure set out in the laws of the Republic of Lithuania;

7) families (persons) whose income fails to meet their minimal socially acceptable needs the extent of which is established by local municipalities;

8) persons recognised as victims of war, natural disasters, fires, ecological catastrophes, epidemics, and outbreaks of contagious diseases in accordance with the procedure established by municipalities.

2. 2. Persons indicated in paragraph 1 of this Article shall be recognised as such in accordance with separate laws and other legal acts.



### **Article 7. Recipients of Sponsorship**

1. The following entities registered in the Republic of Lithuania may be the recipients of sponsorship:

- 1) charity and sponsorship funds;
- 2) budget-financed institutions;
- 3) associations;
- 4) (repealed on 12 January 2006);
- 5) public agencies;
- 6) religious communities, associations and religious centres;
- 7) divisions (chapters) of international public organisations;
- 8) other legal persons whose activities are regulated by special laws and which participate in not-for-profit activity, while the profit received may not be allocated to their participants.

2. The legal persons indicated in paragraph 1 of this Article shall become sponsorship recipients and shall obtain the right to receive sponsorship only after having been granted the status of a recipient of sponsorship in accordance with the procedure laid down in this Law.

3. The recipients of sponsorship may be Lithuanian communities abroad, other Lithuanian bodies or organisations as well as international charitable organisations indicated in the list approved by the Government of the Republic of Lithuania or an institution authorised by it.

### **Article 8. Obligations of the Recipient of Sponsorship**

Where sponsorship is provided, the recipient of sponsorship may undertake certain obligations in respect of the provider of sponsorship in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it.

### **Article 9. Providing Charity and Sponsorship**

Charity and sponsorship shall be provided:

- 1) by transferring monetary funds or any other assets (including manufactured or purchased goods) and by rendering services free of charge;
- 2) by providing assets as loan for use;
- 3) by bequeathing any assets by will;
- 4) in any other manner not prohibited by the laws and international treaties of the Republic of Lithuania.

### **Article 10. Use of Sponsorship**

1. The recipients of sponsorship may use the sponsorship received in accordance with this Law for the purposes of public benefit set down in paragraph 3 of Article 3 of this Law and stipulated in their articles of association or regulations or in the canons, statutes and other rules pertaining to religious communities, associations and centres as well as for charitable purposes (where they have the right to

provide charity under this Law), while budget financed institutions may use such sponsorship for the performance of the tasks and functions stipulated in their regulations.

2. In accordance with this Law, the funds and other assets received as sponsorship may not be:

1) used to finance political parties or political campaigns and to cover the liabilities arising in respect of participants in political campaigns during the political campaigns or related to the political campaigns;

2) transferred as a contribution to a legal person whose participant is the recipient of sponsorship.

### **Article 11. Taxation of Providers and Recipients of Charity and Sponsorship**

The providers and recipients of charity and sponsorship in the Republic of Lithuania shall be taxed in accordance with the laws on taxation.

### **Article 12. Charity and Sponsorship Accounting**

1. The providers of sponsorship, except for legal and natural persons indicated in paragraph 2 of this Article, shall keep accounts for sponsorship provided in accordance with this Law: they must indicate the data concerning specific recipients of sponsorship, items of sponsorship and their value. The providers of sponsorship shall submit monthly and annual reports on the sponsorship provided to the State Tax Inspectorate subject to the terms and procedure established by the Government of the Republic of Lithuania or an institution authorised by it. A monthly report shall be submitted where the amount of the sponsorship provided since the beginning of a calendar year to a single recipient of sponsorship exceeds LTL 50 000.

2. Legal persons entitled to receive sponsorship subject to the provisions of this Law must keep separate accounts, on the one hand, for sponsorship received in accordance with this Law (indicating the providers of sponsorship if it was not received anonymously as well as the value and use of sponsorship, i.e. indicating specific recipients where the funds or assets received as sponsorship have been transferred to another person) and, on the other, for sponsorship and/or charity provided by themselves (indicating the data concerning specific recipients of sponsorship and/or charity, items of sponsorship and/or charity, and their value) and must submit, subject to the terms and procedure established by the Government of the Republic of Lithuania or an institution authorised by it, their monthly or annual reports to the State Tax Inspectorate about the sponsorship they have received and its use, sponsorship and/or charity provided by themselves as well as their activities relating to the achievement of purposes beneficial to the public as specified in paragraph 3 of Article 3 of this Law. Legal persons shall submit a monthly report where the amount of the sponsorship received since the beginning of a calendar year from a single provider of sponsorship or the sponsorship and/or charity provided by these legal persons to a single recipient of sponsorship and/or charity exceeds LTL 50 000. The Government of the Republic of Lithuania or an institution authorised by it shall also establish the procedure for accounting of the sponsorship received anonymously.

3. The State Tax Inspectorate shall submit the information presented in the reports referred to in paragraphs 1 and 2 of this Article to the Department of Statistics under the Government of the Republic of

Lithuania subject to the terms and procedure established by the Government of the Republic of Lithuania or an institution authorised by it.

4. Religious communities, associations and centres shall keep accounts for sponsorship received in accordance with this Law and for sponsorship and/or charity provided by themselves in accordance with their canons, statutes and other rules. Traditional religious communities, associations and centres in Lithuania shall have the right, when submitting reports, not to account for the sponsorship received anonymously and for its use, while in the event that only such sponsorship was received and used during the reporting period, they shall have the right not to submit a report for the said period. Requirements laid down in paragraph 3 of this Article in respect of annual reports shall not apply to those traditional religious communities, associations and centres in Lithuania which received only anonymous sponsorship during the calendar year.

### **Article 13. Charity and Sponsorship Control**

1. The State Tax Inspectorate shall exercise control over the provision, receipt and use of charity and sponsorship to the extent related to tax reliefs.

2. Other state and municipal institutions and agencies shall exercise control over the provision, receipt and use of charity and sponsorship within the scope of their competence where prescribed by the laws and other legal acts.

3. Where controlling authorities (state tax inspectorate and/or customs authority) establish violations in respect of the provision, receipt and use of charity and sponsorship, they shall cancel tax reliefs and impose statutory sanctions.

### **Article 14. Import and Export of Assets for Sponsorship**

1. Where assets are imported for sponsorship, a letter from the provider of sponsorship attesting that such assets are intended for sponsorship shall be submitted for customs inspection together with the customs declaration. Where medicinal or medical products are imported, they shall be accompanied by additional documents in accordance with the procedure established by the Ministry of Health.

2. Assets shall be exported as sponsorship only in the event that they are intended, in conformity with this Law, for Lithuanian communities abroad, other Lithuanian bodies or organisations as well as international charitable organisations indicated in the list approved by the Government of the Republic of Lithuania or an institution authorised by it.

### **Article 15. Status of Sponsorship Recipient**

1. Persons indicated in paragraph 1 of Article 7 of this Law may apply to the manager of the Legal Entities' Register for the status of a recipient of sponsorship. The status of a recipient of sponsorship must be granted where the articles of association (regulations) of such persons provide for:

1) activities beneficial to society as specified in paragraph 3 of Article 3 of this Law (this requirement shall not apply to budget financed institutions);

**2) (repealed on 12 January 2006).**

2. The Government of the Republic of Lithuania shall establish the procedure for granting the status of a recipient of sponsorship, including repeated granting of such status.

3. The manager of the Legal Entities' Register shall revoke the status of a recipient of sponsorship on the proposal of a controlling authority or at the request of the recipient of sponsorship himself. An institution shall apply to the manager of the Legal Entities' Register to revoke the status of a recipient of sponsorship after having established, within the scope of its competence, that:

1) there is an effective court judgement in respect of the person regarding a crime or criminal offence against the economy and business practice or the financial system as provided for by the Republic of Lithuania Criminal Code;

2) the person has committed a violation of the Law on the Prevention of Money Laundering;

3) the person has failed to prepare a report referred to in paragraph 2 of Article 12 of this Law in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it within a period of two months after being notified thereof;

4) the person provided, received or used the amount of charity or sponsorship funds exceeding 250 minimum living standards (hereinafter referred to as "MLS") during one calendar year or exceeding 500 MLS during three successive calendar years in violation of requirements of this Law;

5) the person has not paid arrears in payments, and the tax administrator has become entitled to enforce the recovery thereof in accordance with the procedure established by the Republic of Lithuania Law on Tax Administration. This provision shall not apply where the enforced recovery of arrears in payments has been suspended or has not commenced in accordance with the procedure established by Article 110 of the Law on Tax Administration.

4. A legal person whose status of a recipient of sponsorship has been revoked for committing at least one of the violations specified in paragraph 3 of this Article may reapply for the said status to the manager of the Legal Entities' Register not earlier than one year after the day of its repeal. The status of a recipient of sponsorship shall be granted again where the legal person has paid all of the taxes, fines and late-payment interest, has not been convicted for the crimes indicated in subparagraph 1 of paragraph 3 of this Article, did not commit the criminal offences indicated in subparagraph 1 of paragraph 3 of this Article during a period of the preceding one year and where no violations of the Law on the Prevention of Money Laundering were identified during a period of one year.

5. Traditional religious communities, associations and centres in Lithuania shall enjoy the status of a recipient of sponsorship. Provisions of paragraphs 1, 2, 3 and 4 shall not apply to the said entities.

**Article 16. Liability for Violation of the Law**

Providers and recipients of charity and sponsorship shall be liable for violating this Law in accordance with the procedure set out in the laws of the Republic of Lithuania.

**Article 17. Settlement of Disputes**

Any dispute relating to charity and sponsorship shall be settled in accordance with the procedure set out in the laws of the Republic of Lithuania.

*I promulgate this Law passed by the Seimas of the Republic of Lithuania.*

PRESIDENT OF THE REPUBLIC  
BRAZAUSKAS

ALGIRDAS

Annex to  
the law No XI-  
of the Republic of Lithuania  
\_\_\_\_\_ 2009

**THE LEGAL ACT OF THE EUROPEAN UNION BEING IMPLEMENTED**

Directive of the European Parliament and the Council 2005/60/EC of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (OL 2005, L 309, p.15).

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