

## Information Note on the implementation of Council Regulation [\(EU\) 2021/1030](#) amending Regulation (EC) No 765/2006 concerning restrictive measures in respect of Belarus

### General provisions

This Information Note on the implementation of Council Regulation (EU) 2021/1030 amending Regulation (EC) No 765/2006 concerning restrictive measures in respect of Belarus (hereinafter – the Regulation) is a non-binding interpretive guideline addressed to financial market participants (hereinafter – the financial institutions) and natural and legal persons (hereinafter – business entities) operating in the Republic of Lithuania.

The document has been prepared on the basis of the Republic of Lithuania Law on the Implementation of Economic and Other International Sanctions, the Republic of Lithuania Law on the Prevention of Money Laundering and Terrorist Financing and Order No V–273 of the Director of the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania of 20 October 2016 on the approval of the Guidelines for the supervision of proper implementation of international financial sanctions in the regulatory field of the Financial Crime Investigation Service under the Ministry of Interior.

### Implementation of Articles 1c, 1d, 1e, 1f, 1g, 1h, 1i, 1j, 1k, 1l and 1m of the Regulation

Financial institutions should assess the potential connection of the institution (and its customers, their activities, services provided to customers) with the restrictions imposed and, consequently, the vulnerability of the financial institution to sanctions in order to ensure the implementation of sectoral sanctions. Such an assessment would help financial institutions to understand the areas of their activities and the customers which require financial institutions to allocate more resources and additional preventive measures. After assessing their business relationships and volume of payment transactions with Belarus and those of their customers, financial institutions should decide which operations and transactions should be subject to enhanced and/or additional measures of real-time monitoring. Sanctions, otherwise known as restrictive measures, aim to change the policies or put an end to specific actions of the government, entities or persons of the country (or part of it) concerned. They are designed to minimise the adverse effects on subjects that are not responsible for the policies or actions that have led to the imposition of sanctions. Therefore, a blanket ban on transactions to or from Belarus, which is likely to adversely affect not only the customers of a financial institution and their business partners but also timely payments, is not considered to be in line with the objectives of sectoral sanctions.

In order to ensure the full implementation of sanctions (including the different types of restrictive measures), it is necessary to ensure that business entities put in place appropriate internal policies and internal control procedures applicable to their business in relation to the implementation of international financial sanctions/restrictive measures. Business entities should also put in place and follow a sanction compliance programme to ensure that a policy of sanctions is drawn up and regularly reviewed and that the institution's staff is continuously kept informed of compliance with sanctions.

Associations of relevant business sectors should also educate their members on international sanctions and risk management systems associated with them.

### Implementation of Articles 1j, 1k and 1l of the Regulation

Financial institutions should assess the nature of the products/services provided, the institution's own transactions and identify which transactions or operations of the financial institution and its customers would fall within the scope of applicable restrictions (including the identification of sanctioned securities and money market instruments). Financial institutions should also take additional steps to effectively identify the potential relationship of the financial institution and its customers with the entities subject to the restrictions set out in these Articles of the Regulation.

### Temporal validity of sanctions

In assessing the temporal validity of sanctions, financial institutions should assess not only the content of contracts but also the content of obligations arising, changing or terminating under the contracts and assess whether such obligations can be considered as independent. As a general rule, if the master contract (on sale and purchase) was concluded before 25 June 2021 and the contractual obligation specifically defined in the contract has been fulfilled and/or commenced and/or an ancillary contract has been concluded for the fulfilment of the said master contract, the derogation laid down in the Regulation would apply in such a case and the financial institutions have to settle such obligations. Where a master contract (on sale and purchase) of a general nature was concluded before to 25 June 2021, i.e. the master contract does not specifically define the obligation and the master agreement of a general nature gives rise to, modifies and terminates individual obligations which are considered to be independent in substance and which are to be fulfilled after 25 June 2021, the financial institutions should not apply the derogation and should ask business entities to provide additional documents. Any amendments to contracts and/or modification of obligations should be assessed accordingly. This is the approach to be followed by financial institutions under Article 1m of the Regulation in order to ensure that they do not participate in activities whose object or effect is, directly or indirectly, to circumvent the prohibitions set out in the Regulation. The European Commission has also provided the relevant clarifications on the temporal validity of sanctions such as the European Commission's [Guidance Note](#) on the implementation of certain provisions of Council Regulation (EU) 2020/198 (EU Global Human Rights Sanctions Regime) adopted on 17 December 2020.

The Civil Code of the Republic of Lithuania provides for a similar principle of temporal validity of obligations.

### Exchange of information on sanctions and publication of entities subject to sanctions

The Centre of Excellence for Anti-Money Laundering periodically collects and summarises information on the identification, monitoring and management of risks related to sectoral sanctions in the Republic of Lithuania and in other EU Member States. The summary information is shared with market participants through the relevant business associations.

The interactive [sanctions map](#) of the European Union provides links to all EU legal acts in the field of sanctions in respect of Belarus (when the country of Belarus is selected). These EU legal acts also contain lists of persons, groups and businesses subject to EU financial restrictive measures.

The Ministry of Foreign Affairs of the Republic of Lithuania, implementing the Republic of Lithuania Law on the Implementation of Economic and Other International Sanctions, coordinates the implementation of international sanctions in the Republic of Lithuania and provides information to natural and legal persons on the issues related to implementation of international sanctions. The Ministry of Foreign Affairs also invites to make use of the up-to-date information on legislation adopted by the European Union in relation to restrictive measures which is published in the Official Journal of the European Union (EUR-Lex) as it contains information on individuals, entities and activities subject to the restrictive measures of the EU.

### General obligations in the event of sanctioned payments

Financial institutions that identify payments or transactions that violate the sanction restrictions must take appropriate measures as provided for by laws, *inter alia*, to refrain from executing the prohibited payments and transactions, freeze funds, communicate this information to the Financial Crime Investigation Service and the Ministry of Foreign Affairs of the Republic of Lithuania within three (3) hours, impose restrictions on business relations and/or to terminate business relations.

The Regulation applies to all natural and legal persons. Consequently, if persons determine that they enter into or execute transactions, either directly or indirectly, falling within the scope of the Regulation, they must take the appropriate action provided for in the legislation, *inter alia*, to refrain from entering into or executing prohibited transactions, communicate this information to the Financial Crime Investigation Service and the Ministry of Foreign Affairs of the Republic of Lithuania within three (3) hours, impose restrictions on business relations and/or terminate business relations.

### Final provisions

It should be noted that the European Commission is preparing the Guidelines on the implementation of restrictive measures in respect of Belarus.

The Centre of Excellence in Anti-Money Laundering may amend the document in view of further clarifications by the responsible authorities or new decisions adopted by the Council of the European Union on restrictive measures in respect of Belarus.

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