

**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 2008 January 17 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 terrorist financing prevention measures.

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

Article 2. Definitions

1. **Close associate** shall mean :

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 relationship;

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** means the spouse, the persona 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 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 actions of the bailiffs;

4) undertakings providing accounting or tax advisory services;

5) notaries and other independent legal professionals, as well as advocates and advocate's assistants, when they are acting on behalf of and for the customer and by assisting 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 Article;

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 offering gaming;

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

10) open-ended investment companies.

9. **Customer** means a person performing monetary transactions or concluding contracts 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 beneficiary of 25% or more of the property of a legal arrangement or entity (where the future beneficiaries 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 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 transactions** 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, minister, vice minister or deputy minister;
- 2) member of the parliament;
- 3) member on the Supreme Court, the Constitutional Court or any other 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 publicly administered 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 Directive or they are situated in a third country which imposes equivalent requirements to those laid down in this Law.

20. **Property** means assets, funds, securities, other financial instruments, other assets whether corporeal or incorporeal, movable or immovable, tangible or intangible, and legal documents or instruments in any form including electronic or digital, evidencing title to or an interest in such assets.

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 (hereafter - the Financial Crime Investigation Service), the State Security Department of the Republic of Lithuania (hereafter - 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 prescribed by this Law of Money Laundering and/or Terrorist Financing.

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 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 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 and the depository 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 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 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 bailiffs' activities in order to prevent money

laundering and/or terrorist financing, shall supervise the activities of the bailiffs or persons authorised to perform the bailiffs' activities 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 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 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 Crimes Investigation Service in Implementing Measures for Prevention of Money Laundering and/or Terrorist Financing

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

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

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

5) co-operate and exchange information with foreign state institutions and international organisations implementing measures for the prevention of money laundering and 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 transactions 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 transactions 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 examine intelligence relating to terrorist financing;

2) co-operate with foreign 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 transactions and transactions, necessary for the performance of its functions;

2) to obtain from institutions, financial undertakings and 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 undertakings, 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 undertakings, 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 to the bailiffs' activities to suspend suspicious monetary transactions for up to 48 hours.

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. Co-transaction between State Institutions

Law enforcement and other state institutions must report to the Financial Crime Investigation Service about any indications of suspected money laundering and/or terrorist financing indications, the 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. Identifying the Customer and Beneficiary Identity

1. Financial institutions and other entities must take all the measures to identify the customer and beneficiary identity:

1) before establishing a business relationship;

2) when carrying out occasional transactions amounting to EUR 15000 or more, where the transaction is carried out in a single transaction or in several transactions in foreign currency, whether the transaction is carried out in a single transaction or in several transactions which appear to be linked' except in cases when the customer and beneficiary 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 remittance transfer services, when the sum of money sent or received exceeds EUR 600 or the corresponding amount in foreign currency;

5) performing and accepting remittance 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 beneficiary 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 operations not known, the financial institutions and other entities must establish the identity of the customer immediately after establishing that the amount of monetary transactions exceeds EUR 15 000 or the corresponding amount in foreign currency. In case of several mutually linked monetary transactions the customer identity must be established immediately after establishing that several monetary transactions are mutually linked.

3. Life insurance undertakings and insurance broking undertakings must establish the identity of the customer and the insured person's identity, if the amount payable by the customer is in excess of EUR 1000 or the amount payable at a time exceeds EUR 2 500 or the corresponding amount in foreign currency. The life insurance undertaking may verify the identity of the beneficiary 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 beneficiary 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 register him when he exchanges the chips into cash.

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 beneficiary.

6. It shall be prohibited to perform the transactions specified in paragraphs 1 to 4 of this Article, if the customer does not submit the documents 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 beneficiary or avoids submitting the information required for establishing the identity of the beneficiary or the submitted data is insufficient for that.

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

8. In all cases when the identity of the customer and the beneficiary is established, the financial institutions and other entities must verify the customer's and beneficiary'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 would correspond to the information about the customer, his business and 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 beneficiary 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 relations, 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. Paragraphs 7–10 of this Article shall not be applied when the customer of the financial institution or the customer of another entity is another financial institution.

14. The procedure for verification of the customer's and the beneficiary's identity and establishing several mutually related monetary transactions shall be established by the Government.

Article 10. Simplified Verification of the Customer's Identity

1. Simplified verification of the customer's identity shall be carried out:

1) for companies, trading in whose securities has been allowed in one or several regulated markets of EU member states, and other foreign state companies, whose stock

are traded in the regulated market and to which the requirements corresponding to the European Community legal acts to disclose information about their activities is applied;

2) joint accounts managed by the notaries and other persons providing legal services from the EU member states or from third states, 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;

3) in 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 media cannot be supplemented, and the largest amount kept in the media does not exceed EUR 150 or the corresponding amount 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 the corresponding amount in foreign currency, except in cases, where in the same calendar year the holder on electronic media 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 poses a small threat of money laundering and/or terrorist financing.

2. It shall be prohibited to perform a simplified verification of the customer identity, if a separate decision of European Commission has been adopted on the issue.

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

Article 11. Customer Due Diligence Measures Verifying his Identity

1. Customer due diligence measures verifying his identity shall be performed:

1) when the transactions of business relations are performed through the representative or the or the customer does not participate in verifying his identity;

2) when the cross-border 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 verify the customer identity when the transactions or business relationship is performed through the representative or the customer does not participate in verifying 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) to use additional data, documents and information for verifying the customer identity;

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

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

3. When performing due diligence measures to verify the customer identity, when 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 accessible information the repute of the institution and the quality of supervision;

2) assess the money laundering and/or terrorist financing prevention control mechanisms;

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) get convinced that funds receiving credit institution 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. When applying customer due diligence requirements, 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 ongoing monitoring of the business relationship of the politically exposed natural persons.

5. If the person stops for at least one year to perform 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 beneficiary 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 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 verified, and if necessary, immediately take measures to put an end to using money to money laundering and/or terrorist financing.

8. Customer due diligence measures for identifying the customer and verifying the customer identity, and the criteria based whereon it is believed 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 Transactions through the Representative

When the customer opens an account or performs other transactions specified in paragraphs 1 to 4 of Article 9 of this Law not in his own name, financial institutions and other entities must verify 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 verify the customer and beneficial owner identity without his direct participation, making use of the information about the customer or beneficial owner from financial institutions or other entities of their representations 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 the ES 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 any other entity copies of documents relating to identifying the customer or beneficial owner.

6. It shall be prohibited to make use of third party information about the customer or beneficial owner, if a separate decision of the European Commission is passed.

7. This Article shall not cover the relations of mediation and representation, if the provider under contract of the services, the beneficiary or representative 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 third country information about the

customer and financial institutions which have made use of the information about the customer or other entities.

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

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

2. Financial institutions and other entities, except notaries or persons entitled to perform notarial actions, the advocates and advocates' assistants, bailiffs or persons having the right to perform the bailiffs' actions, that their customer performs a suspicious transaction or transaction, must stop the transaction or transaction and not later than within 3 working hours report of the transaction 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 justify or negate the doubts about the criminal activities allegedly 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 transactions or transactions may be resumed.

5. The financial institutions and other entities, except notaries or persons, having the right to perform notarial actions, advocates or advocates' assistants, bailiffs or persons or persons entitled to perform actions of the bailiffs, having received from the Financial Crime Investigation Service a written instruction to stop the suspicious or unusual monetary transactions 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 transactions 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 in a criminal way, terrorist financing or other criminal activity relating to money laundering and/or terrorist financing, the Financial Crime Investigation Service must report to 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 performed by their customer may be related to money laundering and/or terrorist financing, must submit to the Financial Crime Investigation Service the data confirming the customer's identity 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 by the customer under the transaction, regardless of the amount of money received or paid by the customer under the transaction.

9. The advocates and 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 certifying the customer's identity and other data 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 established in paragraph 11 of this Article.

10. The Lithuanian Bar Association shall no 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 no 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 type may be related to money laundering and/or terrorist financing, and especially to complicated or especially very large transactions and all unusual structures of transactions, which have no manifest economic or visibly lawful purpose, and business relations or monetary transactions with the customers from third parties, in which the money laundering and/or terrorist financing prevention measures are insufficient or do not correspond to the international standards. The results of investigating the performing of such transactions or transactions and of investigating the 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 the fulfilment of duties and actions set in this Article. The employees of financial institutions and other entities who of their own free will report to the Financial Crime Investigation Service of the suspicious or unusual monetary transactions or transactions performed by the customer shall not be held liable either.

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

17. The procedure for suspension of suspicious monetary operations and transactions and about submitting the information to the Financial Crime Investigation Service shall be established by the Government.

Article 15. Termination of Transactions or Business Relations with the Customer

If the customer avoids or refuses to submit information to the financial institution or another entity at his request and within the time limits about the origin of the monetary

resources or assets, other additional data, the financial institutions and other entities may terminate the transactions or business relations with the customer.

Article 16. Keeping of Information

1. The financial institutions must keep the register of monetary transactions and suspicious and unusual monetary transactions and transactions specified in subparagraphs 2 to 5 of paragraph 1 of Article 9 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 the 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. Entities performing internal and international remittance transfer services, when the sum of money sent or received exceeds EUR 600 or the corresponding amount in foreign currency, must keep the register of monetary transactions specified in subparagraph 4 of paragraph 1 of Article 9 performed by the customer and suspicious and unusual monetary transactions and transactions.

4. Other entities, except for notaries or persons entitled to perform notarial actions, advocates and advocate's assistants, bailiffs or persons entitled to perform actions of the bailiffs must keep the register of monetary transactions and suspicious and unusual monetary transactions specified in paragraph 3 of Article 17 of this Law under which the amount of cash received or paid exceeds EUR 15 000 or the corresponding amount in foreign currency.

5. Companies offering gaming must keep the register of the persons specified in paragraph 4 of Article 9 of this Law.

6. The Lithuanian Bar Association must keep the register of the suspicious and unusual transactions performed by the customs, 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 relations have been terminated under

the circumstances specified in Article 15 of this Law or under other circumstances of violation of the procedure of money laundering and/or terrorist financing.

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 keeping the registers shall be established by the Government.

9. Copies of documents certifying 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 transactions 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. Provision of Information to the Financial Crime Investigation Service

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

2. The notaries or persons entitled to perform notarial actions, the bailiffs or persons having the right to perform the bailiffs' actions must report 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 notaries or persons entitled to perform notarial actions, advocates or advocates' assistants shall notify the Financial Crime Investigation Service of the date confirming 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 presented 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 ongoing permanent and regular monetary transactions, 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:

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) is a dealer in medicinal products.

Article 18. Activities of Customs Offices

1. Customs offices shall undertake in the manner prescribed by the Government control of the sums of cash brought into the European Community through the Republic of

Lithuania from the third countries within the meaning used in the Law on Customs (hereinafter - third countries) and taken out from the Republic of Lithuania to third countries in compliance with 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 (hereinafter Regulation (EC) No 1889/2005).

2. In the cases established by the 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 the 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 the Regulation (EC) No 1889/2005.

Article 19. Duties of Financial Institutions and other Entities

1. The financial institutions and other entities, except for advocates and advocates' assistants, must establish appropriate internal control procedures, connected with the identification of customers and beneficiaries, 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, business relations, products, transaction, etc.), management of enforcement of the requirements and communication, which would prevent monetary transactions 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 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 advocates and advocates' assistants, must take relevant measures shall include participation of their relevant employees in special ongoing training programmes to help them recognise transactions which may be related to money laundering 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 Directive. 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, from 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. Keeping 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 announced 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 keeping 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 shall be prohibited from notifying the customer or other persons, that the information about the monetary transactions or transactions performed 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 be applied to advocates and advocates' assistants, when they attempt to convince the customer not to pursue unlawful 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 financial brokerage firms, 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 and 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 European Union member states , as well as registered in the territories of third countries, 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, 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 Transactions and Transactions, of his Representative and Natural Person the Beneficial Owner

1. The data of the customer, performing monetary transactions 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 kept in the cases referred to in this Law:

- 1) by notifying or providing information to the Financial Crime Investigation Service;
- 2) by identifying by the financial institutions and other entities the customer and the beneficial owner;
- 3) by receiving by the financial institutions and other entities the information from the third countries in the cases set in Article 13 of this Law;

4) by keeping the information by financial institutions and other entities 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 about 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 unlawful 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