



Decisions of the Financial Market Supervision Committee of the Bank of Lithuania



LINK

The Bank of Lithuania, having assessed that the electronic money institution "Paysera LT", UAB, took steps to strengthen the measures to prevent money laundering and terrorist financing, cancelled the restrictions on the institution's activities.

Even after the full implementation of the action plan, the Bank of Lithuania recommended that Paysera LT, UAB, perform a detailed evaluation of the effectiveness of the elements of the internal control system during the first quarter of 2024.

Our recommendation:

We remind you that on September 9, 2022, the Bank of Lithuania has issued a fine of EUR 100 000 to Paysera LT, UAB for not fully correcting the previously identified ML/TF prevention deficiencies, for which, the electronic money institution has received a fine of EUR 370 000. Additionally, the Bank of Lithuania has instructed the company to not provide its services to customers that reside/are established outside of the European Economic Area or are not its citizens, except when they reside or are citizens of Ukraine. Paysera LT, UAB was also prohibited to onboard high-risk customers.

Crypto-assets: green light to new rules for tracing transfers in the EU



LINK

The European Parliament has approved the text of the Regulation on Markets in Crypto-assets (MiCA). The MiCA framework will extend its scope to encompass crypto-assets that do not fall under the jurisdiction of current financial regulations. It will introduce important measures for those involved in the issuance and trade of crypto-assets, such as asset-reference tokens, e-money tokens and utility tokens, focusing on transparency, disclosure, authorisation for operating in EU, and transaction monitoring. Countries, already requiring crypto companies to obtain authorisation, including Lithuania, will be subject to simplified authorisation process.

Global Terrorism Index 2023



LINK

The Global Terrorism Index (GTI) is a study analysing the impact of terrorism for 163 countries covering 99.7 per cent of the world's population. The study provides an analysis of trends and patterns in terrorism around the world based on data from the 2022. The report ranks countries based on their level of terrorism, with higher scores indicating higher levels of terrorism.

The report covers a range of topics related to terrorism, including the number of deaths and incidents related to terrorism, the impact of terrorism on economic development, and the relationship between terrorism and other factors such as conflict and governance.

FATF Press Release – Virtual Assets Contact Group (VACG)



LINK

The Virtual Assets Contact Group of the Financial Action Task Force (FATF) met in Tokyo to discuss the regulation of virtual assets. The Group emphasized that countries worldwide must urgently implement the FATF Standards to effectively regulate and supervise this sector, in particular Recommendation 15 on the "Travel Rule", requiring virtual asset service providers to share relevant originator and beneficiary information alongside virtual asset transactions. The lack of regulation of virtual assets in many countries creates opportunities for criminals and terrorist financiers to exploit.

The discussions from the meeting will be used in the 2023 FATF targeted update on global implementation of the FATF Standards, including the 'Travel Rule', and responses to emerging risks such as decentralised financing (DeFi) and peer-to-peer transactions. The FATF expects to finalize the report in June 2023. Lithuania has decided to implement the "Travel Rule" starting from January 1, 2025.

Wolfsberg Group: Anti-Bribery and Corruption Programme Guidance



LINK

The Wolfsberg Group has published the Anti-Bribery and Corruption Programme Guidance, which replaces the Guidance issued in 2017. The Guidance emphasizes a risk-based approach for the adequate development and implementation of compliance programmes to prevent, detect, and report acts of bribery and corruption and identify areas of elevated risk. Specifically, the paper suggests that financial institutions consider implementing the following measures:

- Anti-Bribery and Corruption Policy
- Roles and responsibilities and access to top management
- Periodic risk assessment to assess the nature and extent of the bribery and corruption risks, the performance of used controls
- Anti-Bribery and Corruption training
- Monitoring and testing of used controls.



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Detailed and full Regulatory Compliance report on AML/CTF regulation can be found here:

Our recommendations and details are in this file





Resolution of the Bank of Lithuania No 03-59



LINK

The Bank of Lithuania has adopted Resolution No 03-59, by which it has been decided to supplement the current Resolution of the Bank of Lithuania No 03-261 On description of the procedure for compiling and submitting reports to the Bank of Lithuania for the supervision of money laundering and/or terrorist financing prevention measures of electronic money institutions and payment institutions.

The Resolution establishes new reporting forms and replaces the existing ones. The new forms are for reporting customer activities (industries), customer and their payment services (customer number and value of payment services separated by country), payment services (how the funds were transferred, amount and number of transactions separated by country), statistics regarding suspicious activities, and information on intermediary activities.

The updated Resolution came into force from 14th of March 2023.

The Resolution is applicable for the reports to be submitted to the Bank of Lithuania for Quarter I of 2023. The deadline to submit the reports is set until **16th of June 2023**.

Publication by the Bank of Lithuania



LINK

The Bank of Lithuania's Reporting Consultation Centre was launched on 3 April. It will provide one-stop shop advice to financial market participants to make reporting easier and clearer for them.

The Consultation Centre will answer questions from financial market participants about the reports submitted to the Bank of Lithuania through a specially designed website, record problems with the submission of the reports, and provide methodological advice related to the reports submitted.

To submit enquiries, representatives of market participants must register at datacollection@lb.lt, indicating the institution they represent, as well as users and their email addresses.

The Reporting Advisory Centre website is dedicated to managing the issues of the Reporting Acceptance System and the Online Reporting Acceptance System. It will replace the consultation, which is now provided by email addresses ataskaitos@lb.lt, payments.statistics.reporting@lb.lt. However, during the transition period, it will be possible to communicate with the Bank of Lithuania on reporting data issues through the existing channels.

This initiative is a coherent next step in the implementation of the Bank of Lithuania's Data Management Maturity Awareness Program.

REMINDER ON REPORTING

Please make sure you have submitted quarterly reports to the Bank of Lithuania:

- Balance sheet statement;
- Off-balance sheet statement;
- Profit (loss) statement;
- Statement of changes in equity;
- Report on performance indicators and safeguarding of received funds;
- Report on customers with whom business relationships are established;
- Report on significant payment transactions;
- Report on payment transactions related to foreign countries;
- Report on statistical payment data.

Please be reminded that reports for supervision of the implementation of money laundering and/or terrorist financing prevention measures for Q1 of 2023 shall be submitted by 16th of June 2023.

Please be aware of the upcoming deadlines for reporting to the State Tax Inspectorate – by 1st of June to submit the reports in terms of:

- accounts where the total annual turnover of all accounts held by the same person with the same financial market participant is at least EUR 15,000;
- balance of accounts at the end of the year, if the total annual balance of accounts of the same person with the same financial market participant at the end of the year is not less than EUR 5,000.

Enforcement measures imposed by the Bank of Lithuania



LINK

The Bank of Lithuania found that UAB PCS Transfer did not comply with the legal requirements related to internal audit and did not appoint an independent person responsible for internal audit. In addition, the institution was found non-compliant with the equity capital requirements that it is required to meet on an ongoing basis. Taking into account that the institution has already eliminated part of the identified breaches, the Bank of Lithuania imposed a fine of 6000 Eur on UAB PCS Transfer.

Enforcement measures imposed by the Bank of Lithuania



LINK

The Bank of Lithuania fined UAB Glocash Payment 10000 Eur for failing to ensure the internal audit function of the electronic money institution by not carrying out an internal audit that complies with the requirements laid down in the legislation and by not appointing a person responsible in this area from 2020.



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Detailed and full Regulatory Compliance report on Payment services, electronic money, other institutions rendering payments, regulation can be found here:

Our recommendations and details are in this file



Decision of the Supreme Court of the Republic of Lithuania

[LINK](#)

The Supreme Court of the Republic of Lithuania has clarified the distinction between civil and employment relationships.

An employment relationship can be defined by the following characteristics:

- the employee's obligation to the employer to perform a job function (not to do a specific job, not to achieve a specific result, but to perform a job function characterized by properties of a kind);
- an employer's obligation to pay an employee a remuneration for the performance of a job function (remuneration is understood as a payment agreed in an employment contract for the work performed, paid periodically and continuously, linked to a specific period of time (e.g., monthly, weekly, etc.);
- subordination of the employee to the employer (the employer has the right to control or direct all or part of the work process, and the employee is subject to the employer's instructions or rules in force in the workplace).

However, to distinguish between these relationships, it is also necessary to consider the totality of the other circumstances, such as, for example, whether there is a provision of work equipment, or whether there is a reimbursement of expenses, etc.

Our recommendation:

Since the relationship between an organisation and an individual will determine the rights and obligations of both parties and the guarantees that will be provided, it is necessary to properly determine whether the relationship is of a civil or employment nature.

To assess whether a person's activities will be of a civil or employment nature, we recommend assessing the following criteria:

1. does a person provide services only for one company;
2. does the person fulfill his/her duties at the premises of the company;
3. does the company provide the person with working tools, workplace, etc.;
4. is the person subordinate to the company, i. e. carries out instructions of the company, participates in trainings organized by the company and / or other legal or physical persons in which the person is required to participate in the instruction of the company;
5. dedicated time, length of cooperation, nature of the cooperation.

If most of the answers are positive, the activity is considered as an employment relationship. Either way, we recommend contacting your legal experts when assessing the nature of the relationship.

Information from the State Labour Inspectorate of the Republic of Lithuania

[LINK](#)

The State Labour Inspectorate has released an important reminder regarding job advertisements. Article 25(6) of the Labour Code stipulates that in a job advertisement, the employer must provide information on the amount and/or the amount range of the basic (rate) remuneration (hourly rate or monthly wage, or the base amount of the basic salary), except in cases provided for by law.

This means that the employer may choose whether to publish:

- only the amount of the basic remuneration offered (e.g., EUR 2000 gross);
- only the range of the amount (e.g., from EUR 1000 to EUR 2000 gross);
- include both.

In addition, whether the amount given is before tax (gross) or after tax (net) should be indicated.

If an employer wishes to include information on additional payments such as bonuses, allowances and other additional forms of remuneration, such payments may be included in the job advertisement, but should be distinguished from the proposed basic remuneration or its range.

Our recommendation:

We recommend reviewing your current and future job advertisements to ensure that the provided requirements are met.

Employers may be liable to pay a fine of between EUR 240 and EUR 880 for violating these requirements as provided in Article 96(2) of the Code of Administrative Offences.

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Detailed and full Regulatory Compliance report on Employment regulation can be found here:

Our recommendations and details are in this file





EDPB publishes its Annual Report 2022



LINK

The news: the EDPB released its activity report for the year 2022. The report offers a comprehensive overview of the EDPB's efforts throughout the year. It specifically covers topics such as enforcement cooperation, with a focus on the Vienna statement and decisions made in accordance with Article 65 of the GDPR. Additionally, the report details the EDPB's activities in 2022, which encompassed binding decisions, consistency opinions, and general guidance. The report provides short summaries of all 2022 guidance. The report also sheds light on the supervisory authorities' activities for the year, including cross-border cooperation and national cases.

Lithuanian supervisory authority (VDAI) publishes results of DPO inspections



LINK

The news: VDAI has published the summarised results of its planned inspections regarding DPO compliance. The results note:

- many DPOs, in performing other roles simultaneously, such as safety representative or other decision-making roles, had a conflict of interest;
- DPOs must not determine the aims and means of processing personal data;
- in many cases, for larger organisations, the responsibilities of the DPO and other privacy professionals were not determined;
- employees must be informed about the designated DPO and their function, so that they may easily contact the DPO regarding any questions about the GDPR;
- etc.

EDPB adopts final version of Guidelines on personal data breach notification under GDPR



LINK

The news: following public consultation, the EDPB has updated the Guidelines on data breach notification. Most notably, the updated version of the Guidelines clarifies that data breach notification is the responsibility of the controller. Following some feedback received regarding the convenience of reporting to multiple DPA's, the EDPB decided to publish a contact list for data breach notification with relevant links and accepted languages for all EEA DPA's. This information will be available in the near future.

Romanian DPA fined Tensa Art Design SRL EUR 3,000 for insufficient fulfilment of data subjects rights



LINK

The violation: the company sent a data subjects promotional messages even after they filed an objection to receiving promotional messages and having their personal data processed for marketing purposes. As such, the company was found to be in violation of data subject rights request fulfillment.

Spanish DPA fined BANCO BILBAO VIZCAYA ARGENTARIA, S.A. EUR 84,000 for insufficient legal basis for data processing



LINK

The violation: the company registered alleged debts of a former client to the risk information centre of the Spanish Central Bank. This was done without having a legal basis for processing. Additionally, the company had not complied with data subject rights request.

EDPB adopts final version of Guidelines on data subject rights - right of access



LINK

The news: following public consultation, the EDPB has adopted a final version the Guidelines regarding the rights of data subjects, specifically the right to access. These Guidelines examine the different facets of the right to access and offer more detailed advice on how to carry out the right to access in various scenarios.



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Detailed and full Regulatory Compliance report on PERSONAL DATA PROTECTION REGULATION can be found here:

Our recommendations and details are in this file





EU sanctions on Russia: Overview, impact, challenges



[LINK](#)

The European Parliament has issued an overview on EU sanctions imposed on Russia. The document includes a timeline and types of sanctions imposed on Russia, analysis of oil cap and oil embargo, effectiveness of sanctions, economic impact on sanctions and European Parliament's demands. Additionally, the paper provides examples of countries that are supporting Russia, increasing the risk of circumvention of sanctions.

New reporting obligations introduced by Council Regulation (EU) 2023/426 of 25 February



[LINK](#)

The European Commission has updated its Russia sanctions FAQs on asset freezes and reporting obligations introduced by the 10th package of Russia sanctions.

Applying from 26 April 2023, reports on dealings with assets of listed persons that took place in the 2 weeks before their listing have to be made for all existing designations within 2 weeks. It is assumed that the relevant information is already available in existing records, without requiring additional investigations.

Frequently asked questions on the Central Bank of Russia



[LINK](#)

The European Commission has updated its FAQs on the Central Bank of Russia, which now includes a common template for reporting immobilised assets under article 5a(4) of Regulation No 833/2014. The provided template is intended for operators who have immobilized assets to report to both their national supervisory authorities and the European Commission. However, operators who have not immobilized any assets are not required to submit NIL reports.

Possible Evasion of the Russian Oil Price Cap



[LINK](#)

The Department of the Treasury's Office of Foreign Assets Control (OFAC) has published an alert on possible sanction evasion schemes related to the Russian oil price cap. The alert identifies two main schemes:

- Deceptive Practices, Including AIS Manipulation to Disguise Russian Port Calls.
- Opaque Shipping Costs.

Russia's war of aggression against Ukraine: Wagner Group and RIA FAN added to the EU's sanctions list



[LINK](#)

The European Union has added the Wagner Group and RIA FAN to the list of entities subject to EU restrictive measures for actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine. This is the second time the EU has sanctioned the Wagner Group.

EU restrictive measures now apply to a total of 1,473 individuals and 207 entities. The designated entities are subject to an asset freeze, and EU citizens and companies are forbidden from making funds available to them.



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Detailed and full Regulatory Compliance report on Financial and Economic Sanctions can be found here:

Our recommendations and details are in this file





News feed of the Bank of Lithuania



LINK

The Bank of Lithuania warns of financial scams that have become extremely active.

In 2022, fraudulent attacks against bank customers continued to increase, with a significant (3.5-times) increase in consumer disputes with banks over compensation for fraudulent losses. According to the Association of Lithuanian Banks, last year fraudsters swindled EUR 12 million (EUR 10 million in 2021).

In the first quarter of this year, the Bank of Lithuania received more than 1,000 complaints about financial services, with fraud accounting for about one-fifth of the complaints.

Currently, there is an increase in phishing attacks, where messages are sent with active links pointing to fake online banking pages and asking for e-banking login or other personal data.

Our recommendation:

It is recommended to doublecheck your technical tools and strengthen them where needed in order to prevent fraud attacks.

It is also recommended to educate clients about known fraud/scam schemes, including putting information on your website, communicating with customers through secure channels.

Vilnius Regional Court decision in Civil Case No. e2A-803-967/2023



LINK

A Consumer that was a scam victim won a case against "Paysera LT" by appealing to Vilnius Regional Court.

The Vilnius Regional Court ruled that Paysera LT was liable to pay damages because it had a duty to use more secure authentication measures.

The case established that five payment transactions were made from Paysera LT customer's account and EUR 10 550 was transferred to someone else's account. The customer became aware of this within one hour after the execution of these banking transactions and immediately contacted the company, claiming that he had not initiated or consented to the payment transactions. Paysera LT launched an investigation into the incident and contacted the bank to whose account the money was transferred. Almost two months later, only part of Paysera LT's unauthorized payment transactions had been refunded.

The client stated that on the day his account had been illegally debited, he had received an email on his mobile phone informing him that his Paysera LT account password had been successfully changed, even though he had not initiated the change and had not made it.

Paysera LT representatives said that the client had tried to log in to his account via Google browser search results, where he found a fake website address www.paeysera.com after entering the company name "Paysera". Paysera LT lawyers pointed out that even if the client had not been sufficiently attentive to notice that the address of the fake Paysera website was clearly different from the real one (<https://bank.paysera.com/lt/login>), he should have been suspicious of the SMS sent by the company asking him to confirm the login to his account from a new device.

The Bank of Lithuania acting as alternative dispute resolution body decided in favor of the client and recommended Paysera LT to refund his money. However, the company did not do so, so the client turned to the court.

Our recommendation:

It is recommended to:

- inform clients about known fraud/scam schemes.
- follow Strong Customer Authentication legal requirements.
- use modern Strong Customer Authentication methods that could minimize the risk of unauthorized payment transactions to be executed. We recommend that Strong Customer Authentication methods would be constantly updated following fraud/scam schemes that are trending.
- Perform internal audit on the SCA implementation in your company, if it is adopted according to the different risks of the customers and their transactions.

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As your legal advisors we will be happy to assist you regarding all the questions related to proposed changes in regulation, including legal advice as well as revision and preparation of your internal documents.

Detailed and full Regulatory Compliance report on Consumer Protection can be found here:



Our recommendations and details are in this file



Law on Companies



A set of amendments to the Law on Companies came into effect on 1st of May, 2023. The amendments reduce the mandatory authorized capital requirement for private limited companies and liberalize the procedure of the issuance of preference shares.

Mandatory capital requirement. Previous regulation set the minimal mandatory capital requirement at 2,500 EUR. The amendments reduce this requirement to 1,000 EUR.

Changes to the regulation of preference shares. Under the new regulation, companies have the right to issue different types of preference shares and are able to opt out of the dividend percentage regime.

Companies are able to issue different classes of preference shares, with different shareholder rights for each class. The classes of shares, the rights attached to them and the procedure for calculating the dividend have to be set out in the company's articles of association.

Until now, preference shares could represent no more than one-third of the share capital and their dividend had to be set as a percentage of the nominal value of the preference share. Once the amendments entered into force, preference shares are able to represent no more than half of the company's capital.

The amendments also provide for a flexible procedure for the conversion of preference shares into ordinary shares or other classes of preference shares.

Our recommendation:

The changes to the minimal mandatory capital requirement are particularly important for small and medium-sized businesses. Companies with minimal capital are the most popular among incorporators. They account for around 75% of the total number of companies set up each year.

Amendments to the regulation of the preference shares shall ease the procedures associated with the issuance of preference shares and provide Companies with more options related to this type of shares.

The possibility to convert shares into ordinary shares or other classes of preference shares shall considerably simplify the conversion procedure compared to the previous requirement to first convert shares into ordinary shares and then to issue additional new shares. These regulatory changes allow shareholders of companies to diversify their holdings and the shares issued by the company, thus creating new opportunities for both existing and future shareholders.

The changes should have a positive impact on strengthening the competitiveness of businesses and encourage investment.

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As your legal advisors we will be happy to assist you regarding all the questions related to proposed changes in regulation, including legal advice as well as revision and preparation of your internal documents.