REGULATORY COMPLIANCE UPDATE

AML/CTF REGULATION

02.2025

ECOVIS ProventusLaw

The Financial Action Task Force

LINK

The Financial Action Task Force has issued its Updated Recommendations (February 2025), reinforcing global standards on AML/CFT, and Combating the Financing of Proliferation.

The revised framework strengthens the risk-based approach, requiring continuous assessments of money laundering, terrorist financing, and proliferation financing risks. Greater emphasis is placed on data-driven risk management and mitigation strategies. Financial crime enforcement measures have been enhanced, enabling authorities to identify, freeze, and confiscate illicit assets, including cryptocurrency-related holdings, even without conviction-based proceedings.

Corporate transparency requirements have been reinforced, mandating stricter disclosure rules and centralized registries for beneficial ownership. Bearer shares and nominee shareholder arrangements face further restrictions. VASPs must now comply with AML standards equivalent to those for traditional financial institutions, with stricter regulations on cross-border virtual asset transactions.

Expanded measures target terrorist financing and sanctions evasion, requiring countries to implement financial sanctions, enhance oversight of NPOs, and scrutinize correspondent banking relationships. The FATF also calls for improved international cooperation, mandating faster financial intelligence sharing and alignment with United Nations Security Council Resolutions on counter-terrorism financing and sanctions enforcement.

Transparency International

LINK

On February 11, 2025, Transparency International released the Corruption Perceptions Index (CPI) for 2024, providing updated assessments for 180 countries. The findings reveal that two-thirds of the ranked nations scored below 50 out of 100, with the global average standing at 43. A significant concern highlighted in the report is the increasing risk of climate-related corruption, particularly the misuse and embezzlement of climate funds.

Denmark, Finland, and Singapore secured the highest rankings with scores of 90, 88, and 84, respectively, while South Sudan, Somalia, and Venezuela ranked lowest, with scores of 8, 9, and 10. Notable shifts in rankings occurred over the period from 2015 to 2024, with Bahrain and Côte d'Ivoire showing the most improvement, increasing their scores by 17 and 13 points, respectively. Conversely, Eswatini and Austria experienced the largest declines, with decreases of 16 and 10 points.

Center of Excelence in Anti-monay Laundering

LINK

In 2024, Lithuania saw a sharp rise in fraud cases, though significant progress was made in prevention. Financial institutions blocked over $15 million in suspicious transactions and recovered more than EUR 2.6 million, yet public losses still totalled EUR 17.3 million.

Fraud attempts reached record highs, with scammers targeting $35 million and successfully obtaining over EUR 20 million. Cases surged from 7,881 in 2022 to 13,691 in 2024, mirroring a rise in illicit transfers from EUR 11.8 million to EUR 20 million. Investment and telephone fraud were the most damaging schemes, accounting for nearly EUR 10 million in losses.

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

Our recommendations and details are in this file

REGULATORY COMPLIANCE UPDATE

EMI, PI REGULATION

02.2025

ECOVIS ProventusLaw

The Bank of Lithuania Held a Consultation Event on the Risk Management Process

LINK LINK

On February 13, 2025, the Prudential Supervision Department of the Bank of Lithuania organized a consultation event titled "Risk Management Process: Guidelines and Implementation Solutions."

The event was aimed at market participants to present the updates to the Risk Management Process Organization Guidelines for Electronic Money and Payment Institutions. These guidelines were drafted in 2024 and underwent a public consultation, along with multiple meetings with industry representatives to refine them.

During the consultation event, the Bank of Lithuania introduced the updated guidelines, incorporating feedback, insights, and suggestions received during the consultation process and discussions.

Our recommendation:

The guidelines are expected to be officially approved in March 2025, allowing sufficient time for EMIs/PIs to prepare for their full implementation. The guidelines will come into effect considering feedback from EMIs/PIs, ensuring that enough time is allocated for proper adaptation.

Resolution of the Bank of Lithuania

LINK

REMINDER

Requirement to have a wind-down plan comes into effect from 9th of April 2025.

The content of the wind down plan is specified in Point 161 of draft amendment of the Board of the Bank of Lithuania Resolution No. 247 of 30 December 2009, On the Approval of the Description of the Management System and Safeguarding Requirements for Funds Received by Electronic Money Institutions and Payment Institutions.

Our recommendation:

We would like to draw your attention to the importance of the regulatory requirement to have a wind down plan in place.

1. We recommend initiating the preparation of your wind-down plan without delay.
2. The plan should be tailored to reflect the specific nature of your institution's business model, customer base, and service structure – ensuring that it is both practical and effective.
3. Ensure that the wind down plan is integrated into your broader risk management framework and is regularly updated to reflect changes in the business environment or regulatory requirements.

Our law firm provides assistance in creating your wind-down plan. At your request, we are happy to prepare a plan that fully complies with the requirements of the Bank of Lithuania.

Article by European Central Bank

LINK

The European Central Bank (ECB) published the latest report on card schemes and card processors. Card payments have emerged as the dominant electronic payment method in the European Union (EU), accounting for 70 billion payments – 54% of all non-cash transactions – in 2023.

The report shows that there are currently only nine national card schemes active in the EU, each operating in only one Member State.

In the euro area, 13 countries rely entirely on international card schemes for card transactions. Overall, in 2022 international card schemes accounted for approximately 61% of euro area card payments, with national schemes making up the remaining 39%.

There are four major cross-border card processors out of a total of 80 providers identified in the EU. While the processors operating in a single Member State are mostly companies headquartered in the EU, none of the processors operating across EU borders can be identified as fully EU-owned.

Detailed and full Regulatory Compliance Report on EMI, PI regulation can be found here:

Our recommendations and details are in this file

REGULATORY COMPLIANCE UPDATE

PERSONAL DATA PROTECTION AND ICT REGULATION

02.2025

ECOVIS ProventusLaw

ENISA Threat Landscape: Finance Sector

LINK

The European Union Agency for Cybersecurity (ENISA) analyzed 488 publicly reported incidents that occurred in 2023-2024 and affected the financial sector in Europe. The results show that banks, public sector financial institutions, and consumers are experiencing an increasing impact from cyber threats.

Key highlights of the report:

- Banks – primary target: European banks experienced 46% of all cyber incidents in the financial sector.
- Geopolitical influence: The number of DDoS attacks increased in response to geopolitical events, especially Russia's war against Ukraine.
- Financial fraud and social engineering: Phishing, smishing, and vishing attacks were among the most common tactics used by criminals to steal sensitive data and commit financial fraud.
- Ransomware attacks mainly affected service providers (29%) and insurance companies (17%).

Further DORA delegated acts published in the Official Journal of the EU (OJ)

LINK LINK

On 20 February 2025, the following was published in the Official Journal of the EU (OJ):

- Commission Delegated Regulation (EU) 2025/301 of 23 October 2024
- Commission Implementing Regulation (EU) 2025/302 of 23 October 2024

EU abandons ePrivacy, AI liability reforms

LINK

The European Commission has unveiled its 2025 work programme, outlining key legislative priorities and withdrawing certain ongoing proposals. Among the cancellations are two significant initiatives: the ePrivacy Regulation and the EU AI Liability Directive.

Decisions (fines, orders, etc.) by VDAI 2025

LINK

The State Data Protection Inspectorate (VDAI) has provided guidance on assessing the actions of an employee misusing the rights of access to personal data processed in the register/system.

VDAI states:

Obligation to Investigate and Document Data Security Breaches:

- According to Article 32(4) of the General Data Protection Regulation (GDPR), both the data controller and the data processor must take measures to ensure that any individual under their authority who has access to personal data does not process it without the data controller's instructions, unless required by Union or Member State law.

Employee Not Considered an Independent Data Controller:

- An employee who has unlawfully accessed personal data in the Real Estate Register cannot be considered an independent data controller.

Employer's Responsibility:

- The employer, whose employee has unlawfully accessed personal data, has the right and obligation to take appropriate action regarding this infringement.

ECJ judgement on the calculation of GDPR fines

LINK

The Court of Justice of the European Union ("CJEU") has issued a ruling in case C-383/23 that clarifies the basis for calculating fines under article 83 of the GDPR.

The calculation of fines under the General Data Protection Regulation (GDPR) has been the subject of debate for years. A key question is whether the amount of a fine should be based on the turnover of the direct legal entity or the total turnover of a group of companies.

The ECJ has now made a clear distinction between two aspects:

Maximum amount of the fine:

- The total turnover of a group of companies may be taken into account when determining the maximum possible penalty.

Calculation of the specific fine:

- The actual assessment of the fine must be based on the economic performance of the unit concerned, not on the turnover of the entire group.

Detailed and full Regulatory Compliance update on PERSONAL DATA PROTECTION and ICT Regulation can be found here:

Our recommendations and details are in this file

REGULATORY COMPLIANCE UPDATE

FINANCIAL AND ECONOMIC SANCTIONS 02.2025

ECOVIS ProventusLaw

The U.S. Department of the Treasury

LINK

Issuance of Executive Order Imposing Sanctions on the International Criminal Court.
New Executive Order:

- E.O. 14203 (Feb 6, 2025) – Imposes sanctions on the International Criminal Court (ICC).

Newly Sanctioned Individual:

- Karim Asad Ahmad Khan (UK) – ICC official, sanctioned under E.O. 14203.

The European Council

LINK

The European Union has adopted its 16th package of sanctions against Russia, further intensifying restrictive measures in response to its ongoing aggression against Ukraine. This package introduces comprehensive sanctions targeting critical sectors of the Russian economy, including energy, trade, transport, infrastructure, and banking. A full transaction ban has been imposed on specific Russian infrastructures, including two major Moscow airports, Vnukovo and Zhukovsky, as well as four regional airports and the Volga ports of Astrakhan and Makhachkala on the Caspian Sea.

Additionally, nearly 200 individuals, companies, and institutions within the EU have been subjected to asset freezes, while 74 additional vessels and 53 entities linked to Russia's military-industrial complex have also been sanctioned. These measures are designed to constrain Russia's revenues, limit its military capabilities, and increase pressure on its economy. The European Union remains committed to countering Russian aggression and supporting Ukraine through continued economic and political actions.

The Europol

LINK

On the third anniversary of Russia's invasion of Ukraine, Europol reaffirms its commitment to assisting EU Member States in tracing and investigating assets linked to sanctioned individuals and entities under Operation OSCAR. Established on April 11, 2022, this initiative strengthens financial investigations by facilitating intelligence exchange, supporting asset-tracing efforts, and enhancing international cooperation. With 44 partners, including Eurojust and Frontex, Operation OSCAR plays a pivotal role in enforcing EU sanctions and combating financial crime.

Europol has received over 300 operational contributions across more than 90 investigations under this framework. The European Financial and Economic Crime Centre (EFECC) has provided analytical and operational support, cross-checking intelligence with Europol's databases and coordinating efforts among law enforcement agencies, customs authorities, asset recovery offices, and financial intelligence units.

Following the recent implementation of the EU's harmonized legal framework on sanctions-related offenses, Europol has intensified its efforts by establishing a dedicated Target Group on Sanctions within the EFECC. This unit serves as the central hub for sanction-related investigations, enhancing the tracking of illicit financial flows and asset seizures while ensuring a more coordinated response to sanctions evasion.

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

Our recommendations and details are in this file

REGULATORY COMPLIANCE UPDATE

CONSUMER PROTECTION

02.2025

ECOVIS ProventusLaw

The European Commission

LINK

EU's Affordable Energy Action Plan: Consumer Benefits and Protections

The European Commission's Affordable Energy Action Plan, released in February 2025, contains several consumer-focused measures designed to provide immediate relief from high energy costs while supporting the long-term transition to cleaner energy.

The Action Plan introduces several measures that will directly impact consumer energy bills:

- The Commission will provide guidance to Member States to remove barriers that prevent consumers from switching to cheaper energy suppliers, potentially saving households €150-200 per year.
- Support for energy communities will allow households to produce, use, and sell renewable energy, with potential savings of €500-1,100 annually for participating households.
- The Commission is pushing for the revision of the Energy Taxation Directive to reduce taxes on electricity while phasing out fossil fuel exemptions.

The European Commission

LINK

EU fight online consumer fraud

In a significant move to address the growing threat of online consumer fraud, the European Commission hosted an expert workshop on February 21, 2025, bringing together key enforcement networks and stakeholders from across Europe. The workshop aimed to enhance cooperation in fighting emerging trends in online consumer fraud that affected nearly half of EU consumers in 2024.

The high-level meeting convened representatives from the Consumer Protection Cooperation (CPC) Network, the European Consumer Centres (ECC) Network, Europol, and national law enforcement authorities. Participants focused on sharing best practices and expertise on fraud detection tools, including AI-powered solutions, while mapping emerging trends to ensure a dynamic and flexible response to evolving fraudulent practices.

The European Consumer Organisation

LINK

US Threatens Over Digital Market Regulations, BEUC Urges EU to Stand Firm

The US Administration announced on February 21 plans to launch an investigation and threatened trade retaliation against the European Union over its digital market regulations - specifically the Digital Markets Act (DMA) and Digital Services Act (DSA).

The European Consumer Organisation (BEUC) strongly condemned these US threats, stating that the EU must stand firm in enforcing laws adopted by its sovereign and democratic institutions. BEUC Director General Agustín Reyna emphasized that "it is extremely worrying to see the US Administration threatening trade retaliation in response to lobbying by Big Tech companies."

The US Administration justifies its decision by claiming that EU regulations discriminate against American technology companies. A bipartisan group of US Congress members had previously expressed concerns that the EU's digital market policies "will harm US competitiveness by unfairly advantaging European firms."

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

Our recommendations and details are in this file

REGULATORY COMPLIANCE UPDATE

EMPLOYMENT

02.2025

Order of the Minister of Social Security and Labour of the Republic of Lithuania

LINK

The interest rate for late payment of unpaid wages or employment-related benefits remains unchanged, the Ministry of Social Security and Labour has confirmed. Employers must pay 0.1% interest for each day of delay, amounting to 36.5% interest per year.

If wages or other employment-related benefits are not paid on time due to the employer's fault, interest is charged from the first day of delay until full payment is made.

In addition, if the delay in payment of wages is more than two months, the employee has the right to terminate the employment relationship by giving the employer at least five working days' notice. In such cases, the employee is entitled to severance pay equal to two months' average salary. If the employment has lasted less than one year, the severance pay is one month's average salary.

If the employer fails to make the payment after the employment relationship has ended, the employee is entitled to compensation based on the average daily wage for each day of delay instead of interest on arrears. This compensation can be claimed for a maximum period of six months.

Our recommendation:

We recommend to ensure payments are made on time.

Please note that:

- If wages are late while the employee is still at work, a penalty of 0.1% per day of delay (36.5% annual interest) will apply.
- If wages are unpaid after the termination of the employment contract, the employer must compensate the employee with the average daily wage for each day of delay, up to a maximum of six months.

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REGULATORY COMPLIANCE UPDATE

CRYPTO

02.2025

ECOVIS ProventusLaw

The Bank of Lithuania

LINK

The Bank of Lithuania emphasises that the MiCA transition period imposes restrictions, requiring cryptocurrency service providers and consumers to comply with legal requirements.

Under the national transitional regime, providers may operate only in their country of registration. Registration in one EU member state does not grant rights in others, and cross-border services require a MiCA license. Operating without authorisation is illegal.

From 30 June 2024, the MiCA Regulation mandates compliance for ARTs and EMTs. A notice from ESMA on 17 January 2025 reaffirms that non-compliant ARTs and EMTs must not be offered, and providers must inform investors and work toward compliance.

Although MiCA took effect on 30 December 2024, Lithuania, like other EU states, adopted a transitional regime. Under the Law on Cryptocurrency Markets, Lithuanian providers may operate under current rules but must obtain a MiCA-compliant license by 1 June 2025 to continue their activities.

The European Securities and Markets Authority (ESMA)

LINK

On 17 February 2025, the European Securities and Markets Authority (ESMA) released a consultation paper on draft guidelines for assessing the knowledge and competence of individuals advising on crypto-assets and related services under the MiCA. These guidelines, mandated by Article 81(15) of MiCA, aim to enhance investor protection by ensuring that staff possess adequate expertise.

Drawing on MiFID II guidelines, the draft addresses the specific risks and characteristics of crypto-assets, requiring professionals to understand distributed ledger technology and the unique features of crypto-asset markets. The Annex provides examples of practical implementation.

Stakeholders may submit comments until 22 April 2025, with the final report expected in Q3 2025.

The European Securities and Markets Authority

LINK

The European Securities and Markets Authority (ESMA) has published its final guidelines on Reverse Solicitation under the MiCA Regulation, significantly restricting the ability of third-country firms to target clients within the European Union without obtaining the necessary authorization.

The guidelines adopt a broad definition of solicitation, encompassing the promotion, advertisement, or offering of crypto-asset services or activities to clients or prospective clients in the EU by any means. This includes invitations to events. Given the detailed examples provided in the guidelines, it is strongly advisable for individuals working with third-country firms to review them carefully.

Furthermore, ESMA clarifies that general promotions, advertisements, marketing, and brand advertisements aimed at the public with a broad reach may also constitute solicitation. Additionally, ESMA recognizes that certain circumstances may lead to third-country firms being deemed to solicit EU clients, even if not exclusively. To avoid breaching MiCA's authorization requirements, such firms should implement precautionary measures, such as refraining from accepting new EU clients and employing geo-blocking techniques.

The guidelines also establish that any form of influencing, whether for monetary or non-monetary benefit, is prohibited. Moreover, CASPs authorized under MiCA must not redirect clients—such as through their websites—to crypto-asset services provided by a third-country firm, irrespective of whether the firm belongs to the same corporate group.

Lastly, third-country firms may not provide clients with additional crypto-assets or related services beyond those initially requested, even if they are of the same type, unless they are directly linked to the original transaction. Given the significant implications of these guidelines, a thorough review of the concrete examples provided by ESMA is strongly recommended.

Detailed and full Regulatory Compliance report on Crypto Regulation can be found here:
Our recommendations and details are in this file