Republic of Latvia

Cabinet

Regulation No. 184

Adopted on 26 March 2024

**Procedures for the Proposition and Implementation of International and National Sanctions**

*Issued in accordance with*

*Section 3.1, Paragraph two, Section 10, Paragraph four, and Section 11, Paragraphs four, five, six, and seven of the Law on International Sanctions and National Sanctions of the Republic of Latvia*

**I. General Provisions**

1. The Regulation prescribes:

1.1. the procedures for the proposition of international sanctions;

1.2. the principles for determining the expenses necessary to cover the basic needs of the subjects of sanctions;

1.3. the general procedures for the implementation of international or national sanctions;

1.4. the procedures for the implementation of national sanctions imposed in accordance with Section 3, Clause 3 of the Law on International Sanctions and National Sanctions of the Republic of Latvia (hereinafter – the Law);

1.5. the criteria for financial market participants by which the sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation which significantly affect the interests of the financial market participants or the financial market itself shall be imposed;

1.6. the requirements for financial market participants in relation to the application of sanctions if these restrictions arise from such sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation the compliance with which significantly affects the interests of the financial market participants or the financial market itself.

2. Within the meaning of this Regulation, the funds are any financial assets in accordance with the legal acts issued by international organisations in the field of sanctions.

**II. Procedures for the Proposition of International Sanctions**

3. The Minister for Foreign Affairs shall, upon his or her own initiative or based on an instruction given by the Cabinet, the proposal of the National Security Council or the information provided by the Financial Intelligence Unit of Latvia, State security institutions or supervisory authorities, submit to the Cabinet a draft legal act for the proposition of international sanctions.

4. Taking into account the information provided by the Financial Intelligence Unit of Latvia, State security institutions or supervisory authorities, the requests received from foreign countries, the possible impact of imposing international sanctions on the person’s fundamental rights, the political significance of such a request and its potential impact on international relations, the Cabinet shall take the decision on the proposition of international sanctions.

5. The Cabinet shall define the international organisation to which the request for the imposition of international sanctions shall be submitted.

6. After the Cabinet has taken the decision on the request to propose the imposition of international sanctions, the Ministry of Foreign Affairs shall, without delay, submit it to the relevant international organisation.

**III. Identification of the Potential Subject of Sanctions**

7. When preparing the draft legal act for the imposition of national sanctions or the proposition of international sanctions against a natural person, the Ministry of Foreign Affairs shall identify the possible subject of sanctions using the following criteria, if known:

7.1. all known and used given names, surnames, and aliases of the person in the original language in standard transliteration of the International Civil Aviation Organisation;

7.2. sex of the person;

7.3. place of birth;

7.4. date of birth;

7.5. nationality;

7.6. address of the place of residence;

7.7. number of a personal identification document.

8. When preparing the draft legal act for the imposition of national sanctions or the proposition of international sanctions against a legal person, the Ministry of Foreign Affairs shall identify the possible subject of sanctions using the following criteria, if known:

8.1. full name of the legal person;

8.2. place of activity;

8.3. place of registration;

8.4. registered office;

8.5. date of registration;

8.6. registration number;

8.7. beneficial owner.

9. To identify the possible subject of sanctions, the Ministry of Foreign Affairs shall request and receive information from the Financial Intelligence Unit of Latvia, State security institutions, supervisory authorities, and other State institutions, if needed.

**IV. Principles for the Determination of Basic Needs**

10. Expenses required to meet the basic needs of a subject of sanctions may include only those necessary to ensure daily living, domestic activities, and state of health of a subject of sanctions and his or her dependent family members, as well as the minimum existence of a subject of sanctions which is a legal person.

11. When taking the decision on the exemptions provided for in international or national sanctions in relation to ensuring the basic needs, the Financial Intelligence Unit of Latvia shall apply the following principles:

11.1. verify that the expenses are required exclusively for the objectives referred to in Paragraph 10 of this Regulation;

11.2. to determine the amount of expenses required to ensure the basic needs, assess the reasonable justification of expenses to ensure that the objective referred to in Paragraph 10 of this Regulation is achieved taking into account that the amount of the expenses cannot be justified only by the assessment of a subject of sanctions regarding their amount before the imposition of sanctions;

11.3. assess the expenses required to ensure the basic needs and their amount for legal persons in accordance with the plan for future activities of a legal person which is developed in compliance with the restrictions laid down in laws and regulations in the field of sanctions and their objective. The Financial Intelligence Unit of Latvia may set individual criteria for the development of the plan for future activities and its content in relation to the subject of sanctions;

11.4. to determine the basic needs of a legal person, including to determine the required amount of expenses, a person shall, upon request of the Financial Intelligence Unit of Latvia, submit an evaluation of an independent auditor or appraiser based on the individual criteria defined by the Financial Intelligence Unit of Latvia.

12. Natural persons shall be provided with the basic needs referred to in Paragraph 10 of this Regulation, including:

12.1. medical treatment;

12.2. food and hygiene products;

12.3. mandatory insurance premium;

12.4. payment of taxes and mandatory State fees;

12.5. lease or mortgage payments;

12.6. utility payments;

12.7. reasonable payment for the receipt of property maintenance services.

13. Legal persons shall be provided with the basic needs referred to in Paragraph 10 of this Regulation, including:

13.1. mandatory insurance premium;

13.2. reasonable payment for the receipt of property maintenance services;

13.3. remuneration to employees and officials;

13.4. payment of taxes and mandatory fees;

13.5. reasonable lease payment;

13.6. utility payments.

**V. Procedures for the Implementation of International or National Sanctions**

14. International or national sanctions that provide for freezing of economic resources and prohibition to make economic resources directly or indirectly available shall be implemented so as to prevent the possibility for the subject of sanctions to acquire financial or economic benefit using the economic resources.

15. When implementing international or national sanctions that provide for freezing of funds and prohibition to make funds directly or indirectly available or any other restrictions, the person shall ensure that the restrictions defined in laws and regulations governing the relevant international or national sanctions are complied with without delay and prior notice.

16. The following authorities shall be responsible for keeping the public registers when implementing international or national sanctions:

16.1. the Court Administration as the manager of the Sate Unified Computerised Land Register;

16.2. the Enterprise Register;

16.3. the Patent Office;

16.4. *valsts akciju sabiedrība “Ceļu satiksmes drošības direkcija”* [the State joint-stock company Road Traffic Safety Directorate] as the maintainer of the State Register of Vehicles and Their Drivers;

16.5. *valsts sabiedrība ar ierobežotu atbildību “Latvijas Jūras administrācija”* [the State limited liability company Maritime Administration of Latvia] as the maintainer of the Latvian Ship Register database;

16.6. the State Technical Supervision Agency as the manager of the State Information System of Tractor-type Machinery and Drivers Thereof;

16.7. the Agricultural Data Centre as the manager of the Agricultural Data Centre Information System;

16.8. *valsts aģentūra “Civilās aviācijas aģentūra”* [the State agency Civil Aviation Agency] as the holder of the Civil Aviation Aircraft Register of the Republic of Latvia;

16.9. the State Land Service as the manager and holder of the State Immovable Property Cadastre Information System.

17. When implementing international or national sanctions, the Court Administration shall examine whether the State Unified Computerised Land Register contains information on the subject of sanctions and if the subject of sanctions:

17.1. owns an immovable property, shall inform the district (city) court of the need to ensure the implementation of the international or national sanctions and make a note on the subject of sanctions in the index of persons;

17.2. does not own an immovable property, but the person is registered in the index of persons, shall make a note on the subject of sanctions in the index of persons.

18. When implementing international or national sanctions, the Patent Office shall take the decision:

18.1. to stop the registration of trademarks, designs, or topographies of semiconductor products applied for in accordance with the procedures for the national procedure or the granting of a patent;

18.2. to refuse the international registration of a trademark designating Latvia;

18.3. not to approve a European patent applied for in Latvia;

18.4. to stop making an entry on transactions with trademarks, designs, or topographies of semiconductor products registered in accordance with the procedures for the national procedure or with a granted patent, and designated or approved European patent.

19. When implementing international or national sanctions, the Agricultural Data Centre shall take the decision:

19.1. to refuse to register a herd;

19.2. to refuse to register the change of the animal owner and the change of the herd for an animal.

20. When implementing international or national sanctions, the State Land Service shall enter a note on the prohibition to alienate a cadastre object or to change a lawful possessor of cadastre objects registered in the name of a subject of sanctions in the State Immovable Property Cadastre Information System with which transactions may be executed without corroborating property rights in the Land Register.

21. When implementing the obligation referred to in Section 12, Paragraph five of the Law, the persons shall submit to the Financial Intelligence Unit of Latvia the information and documents which justify that freezing or release from freezing complies with the requirements of laws and regulations. If the subject of sanctions has already had frozen funds or economic resources the information on which is submitted to the Financial Intelligence Unit of Latvia in accordance with the procedures prescribed in this Regulation, the person shall only inform of the new frozen funds or economic resources and shall not provide justification for freezing repeatedly.

22. The Financial Intelligence Unit of Latvia shall publish the following on its website without delay:

22.1. information on the implementation of international and national sanctions in respect of freezing of funds and economic resources or their release from freezing received from persons in accordance with the procedures prescribed in Section 12, Paragraph five of the Law;

22.2. information at the disposal of the Financial Intelligence Unit of Latvia based on which the Financial Intelligence Unit of Latvia has taken the decision on the implementation of international and national sanctions in respect of freezing of funds or economic resources or their release from freezing in accordance with the procedures prescribed in Section 12.1, Paragraph four of the Law.

23. To ensure that, when fulfilling the obligation referred to in Section 12.1, Paragraph six of the Law, the information published by the Financial Intelligence Unit of Latvia is justified, the Financial Intelligence Unit of Latvia shall, within 30 days after publication of information, assess whether the sanctions have been implemented in accordance with the requirements of laws and regulations, including, where necessary, shall request additional information from the person.

24. If during the assessment referred to in Paragraph 23 of this Regulation the Financial Intelligence Unit of Latvia establishes that the person has failed to implement the sanctions in accordance with the requirements of laws and regulations, the Financial Intelligence Unit of Latvia shall take the decision on the implementation of international and national sanctions referred to in Section 12.1, Paragraph four of the Law.

25. In addition to the obligation laid down in Section 12, Paragraph one, Clause 3 of the Law to inform the Financial Intelligence Unit of Latvia and the supervisory authorities referred to in Section 13 of the Law, the Ministry of Foreign Affairs shall publish the information on existing international and national sanctions on its website.

26. The Minister for Foreign Affairs shall, upon his or her own initiative or based on an instruction given by the Cabinet, the proposal of the National Security Council or the information provided by the Financial Intelligence Unit of Latvia, State security institutions or supervisory authorities, submit to the Cabinet a draft legal act for the imposition of national sanctions.

27. If any foreign country requests to impose the national sanctions of the Republic of Latvia, the Ministry of Foreign Affairs shall assess whether the information submitted by such foreign country justifies the imposition of national sanctions, whether the fundamental rights of the person were complied with in obtaining of information, as well as shall assess the political significance of such request and its potential impact on international relations. If necessary, the Ministry of Foreign Affairs shall request and receive information from the Financial Intelligence Unit of Latvia, State security institutions or supervisory authorities.

28. The Minister for Foreign Affairs shall inform the Cabinet of the received requests of foreign countries to impose national sanctions and of the information provided by the Financial Intelligence Unit of Latvia, State security institutions or supervisory authorities.

29. The Minister for Foreign Affairs shall inform the relevant foreign country of the decision taken by the Cabinet on the imposition of national sanctions.

30. If the Cabinet has imposed the national sanctions for combating international terrorism or for the manufacture, storage, movement, use, or proliferation of weapons of mass destruction and the subject of sanctions has not contested them, the Ministry of Foreign Affairs may submit the list of the relevant sanctions to the United Nations, the European Union, or another international organisation and request such international organisation to assess the necessity to include the abovementioned sanctions in the international lists of sanctions.

**VI. Procedures for the Application of Exemptions**

31. For taking the decision referred to in Section 10, Paragraph one, 1.3, and four of the Law, a subject of sanctions or a person who wishes to perform activities subject to the international and national sanctions shall submit the following documents to the Financial Intelligence Unit of Latvia:

31.1. a written submission with a request to issue a permit for the application of exemption and indicate the following information as well as justifying documents:

31.1.1. information on a transaction or activity for which the permit is requested;

31.1.2. information on the applicable sanction regulation;

31.1.3. assessment of the compliance of the transaction with the relevant exemption determined in the laws and regulations in the field of sanctions;

31.1.4. information on the directly related transactions or activities necessary for the performance of the transaction or activity;

31.1.5. other information that may be necessary to take the decision on the admissibility of the application of exemption;

31.2. upon request of the Financial Intelligence Unit of Latvia, the assessment of the justification of the requested activity or transaction or the compliance of its scope with the exemptions provided for in the sanctions regulation performed by an independent auditor or appraiser based on the individual criteria defined by the Financial Intelligence Unit of Latvia.

32. In addition to the documents to be submitted and referred to in Paragraph 31 of this Regulation, a subject of sanctions which is a legal person registered in the Republic of Latvia shall submit a substantiation for the compliance of the payment with the exemptions defined in the sanctions regulation considering the plan of future activities of the subject of sanctions which is developed taking into account the restrictions defined in the laws and regulations in the field of sanctions and their objectives, as well as shall submit balance sheets for the previous periods, planned expenses and their items, list of employees and job descriptions to prove their relevance, statement of assets and liabilities and substantiation for the expenses for their management or maintenance and other information. The Financial Intelligence Unit of Latvia may set individual criteria for the development of the plan for future activities and its content in relation to the subject of sanctions.

33. To take the decision referred to in Section 10, Paragraphs one and four of the Law and to prepare the suggestion referred to in Section 10, Paragraph 1.3 of the Law, as well as to fulfil other functions stipulated by the Law in the implementation of international and national sanctions, the Financial Intelligence Unit of Latvia may use any information which is at its disposal.

34. When taking the decision referred to in Section 10, Paragraphs one and four of the Law and preparing the suggestion referred to in Section 10, Paragraph 1.3 of the Law, the Financial Intelligence Unit of Latvia shall assess whether the submitted documents and information comply with the requirements laid down in Chapters IV and VI of this Regulation and other laws and regulations, including with the individual criteria for a person specified by the Financial Intelligence Unit of Latvia.

35. If international sanctions are imposed by a legal act issued by the United Nations, the European Union or another international organisation where Latvia is a member state, the Ministry of Foreign Affairs shall, in accordance with the provisions of the relevant legal act:

35.1. inform the United Nations, the European Union or another international organisation of the application of the exemption based on the information provided by the Financial Intelligence Unit of Latvia;

35.2. in the cases specified in the laws and regulations governing international sanctions, request for the consent of other member states regarding the application of the exemption and inform the Financial Intelligence Unit of Latvia of the opinion of the member states.

**VII. Revocation of Sanctions**

36. If sanctions of the United Nations have been imposed on a natural or legal person within the jurisdiction of the Republic of Latvia and the person wishes that such sanctions are revoked, the subject of sanctions must address a submission to the Ministry of Foreign Affairs.

37. The Ministry of Foreign Affairs shall, without delay, inform the relevant supervisory committee of the sanctions regime of the United Nations or the Ombudsman, if such has been specified for the sanctions regime, of the submission referred to in Paragraph 36 of this Regulation.

38. If the sanctions of the European Union have been imposed on a person within the jurisdiction of the Republic of Latvia and the person wishes that such sanctions are revoked, the subject of sanctions must address a submission to the Ministry of Foreign Affairs. The person may also address the request to revoke the sanctions imposed on him or her to the responsible authority of any other European Union Member State or to the Court of Justice of the European Union.

39. The Ministry of Foreign Affairs shall inform the Council of the European Union of the submission referred to in Paragraph 38 of this Regulation.

40. If the Ministry of Foreign Affairs receives a submission of a subject of sanctions on the revocation of national sanctions, the Ministry of Foreign Affairs shall inform the Cabinet in accordance with the procedures laid down in laws and regulations and the Cabinet may decide on the amending or revoking of the national sanctions.

41. If international or national sanctions imposed on a subject of sanctions are revoked, the person shall ensure that the funds and economic resources are released without delay, and the registers referred to in Chapter V of this Regulation shall delete the imposed notes on restrictions thereby terminating the implementation of restrictions and freezing of funds or economic resources.

42. After the international or national sanctions imposed on a subject of sanctions are revoked, the Court Administration shall:

42.1. inform the district (city) court of the subjects of sanctions against whom the district (city) court has implemented international or national sanctions;

42.2. delete the information on the subject of sanctions from the index of persons of the State Unified Computerised Land Register.

43. After the sanctions imposed on a subject of sanctions are revoked, the Patent Office shall:

43.1. resume the procedure for the registration of trademarks, designs, or topographies of semiconductor products applied for in accordance with the procedures for the national procedure or the granting of a patent;

43.2. resume making an entry on transactions with trademarks, designs, or topographies of semiconductor products registered in accordance with the procedures for the national procedure or with a granted patent, and designated or approved European patent.

44. After the sanctions imposed on a subject of sanctions are revoked, the State Land Service shall delete the notes on prohibition to alienate a cadastre object or to change the lawful possessor of the cadastre object in the State Immovable Property Cadastre Information System.

**VIII. Criteria and Requirements for Financial Market Participants in Respect of the Sanctions Imposed by the European Union Member States and State Parties to the North Atlantic Treaty Organisation**

45. The sanctions are regarded as significantly affecting interests of financial markets if those are imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation whose official currency (excluding Euro) is mainly used for settlements in international trade and financial markets, and in case the imposed sanctions are violated, the access to the international financial settlement system by financial market participants may be substantially hindered.

46. When making the sanction risk assessment and evaluating the sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation that significantly affect the interests of the financial market participant, the financial market participant shall assess and take into account at least the following circumstances:

46.1. currency in which the financial market participant provides services and products;

46.2. contractual obligations of the financial market participant to other financial institutions or correspondent banks;

46.3. region of activities and provision of services of the financial market participant, including countries in which a unit of the market participant, i.e. its subsidiary, branch, representative office, performs activities or provides services;

46.4. countries in which the clients of the financial market participant perform activities.

47. If according to the sanction risk assessment the financial market participant establishes that the sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation significantly affect the interests of the financial market participant or the financial market itself, the financial market participant shall ensure appropriate sanction risk management also in relation to the sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation.

48. When applying the financial restrictions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation, a financial market participant shall assess the risks associated with these restrictions, including legal risks, and foresee restrictions corresponding to the assessment, and the financial market participant may also define that it does not provide services or provides restricted services to a person subject to the financial restrictions or does not execute transactions or executes only specific transactions if a party concerned is a person subject to the imposed financial restrictions.

**IX. Closing Provisions**

49. Persons shall initially inform the Financial Intelligence Unit of Latvia of any frozen funds and economic resources in accordance with the procedures prescribed by Section 12, Paragraph five of the Law before 12 April 2024 and shall also submit the information and documents referred to in Paragraph 21 of this Regulation. Before 31 May 2024, the Financial Intelligence Unit of Latvia shall verify the information initially published on the website in accordance with the procedures prescribed by Paragraph 22 of this Regulation.

50. The Regulation shall come into force on 1 April 2024.

51. Cabinet Regulation No. 327 of 9 July 2019, Procedures for the Proposition and Implementation of International and National Sanctions (*Latvijas Vēstnesis*, 2019, No. 142), is repealed.

Prime Minister E. Siliņa

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