

EIROSISTĒMA

COUNCIL OF LATVIJAS BANKA

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26 April 2021 Riga Recommendations No. 327/20

Recommendations (Guidelines) for the Imposing of Administrative Sanctions for Violations of the Laws and Regulations in the Field of the Prevention of Money Laundering and Terrorism and Proliferation Financing and Sanction Risk Management

Note.

As amended by Recommendations No. 359/7 of the Council of Latvijas Banka of 31 January 2022 (in effect as of 1 February 2022)

Issued pursuant to Clause 3 of Paragraph one of Section 73 of the State Administration Structure Law

I. General issues

1. The Recommendations shall establish the procedure whereby administrative sanctions for violations of the laws and regulations in the field of prevention of money laundering and terrorism and proliferation financing and enforcement of the international sanctions and national sanctions of the Republic of Latvia (hereinafter, a sanction) are imposed on the capital companies holding a licence issued by Latvijas Banka for buying and selling cash foreign currencies (hereinafter, a capital company) and the responsible natural persons of the capital companies.

2. The Recommendations shall be aimed at ensuring the following:

2.1 imposing uniform and equal sanctions in equal legal and factual circumstances;

2.2 taking commensurate decisions according to the circumstances, nature and gravity of the violation committed to ensure effective elimination of the violation;

2.3 complying with the requirements of the laws and regulations in the field of prevention of money laundering and terrorism and proliferation financing and enforcement of the international sanctions and national sanctions of the Republic of Latvia (hereinafter, the laws and regulations or the legislative act) and refraining from committing violations; 2.4 awareness of the basic principles taken into account when imposing sanctions.

3. A sanction may be imposed for both a violation of the legislative act that has been committed, but has already ceased and the one that still continues.

4. A sanction may be imposed on a capital company and the capital company's responsible natural person, taking into account each person's responsibility for the compliance with the laws and regulations. A member of the administrative institution of

the capital company, the person responsible for the compliance with the requirements of the laws and regulations or an employee of the capital company shall be understood to mean the capital company's responsible natural person.

5. To ensure that, in equal factual and legal circumstances, equal sanctions are imposed, the potential violations of the laws and regulations in the field of prevention of money laundering and terrorism and proliferation financing and the sanctions applicable therefor shall be presented in Appendix 1 to the Recommendations and the potential violations of the laws and regulations in the field of sanction risk management and the sanctions applicable therefor shall be presented in Appendix 2 to the Recommendations.

6. It shall be possible to derogate from imposing the access sanction referred to in the Recommendations, with the decision to do this being particularly substantiated.

7. When imposing a sanction, the principle of ne bis in idem shall be adhered to, i.e. no one can be punished twice for the same violation of the laws and regulations.

8. Where the violation committed by a capital company or the responsible natural person has not harmed legally protected interests in a manner that it would be subject to sanctions (a minor violation), it is possible to refrain from initiating the case, but once it has been initiated, to dismiss the case without imposing a sanction.

II. Imposing sanctions

9. The violations of the laws and regulations are divided into four groups:

9.1 A minor, short-term violation that has been committed for the first time and is the only one;

9.2 A minor, continuing, repeated violation or several violations committed;

9.3 A serious, short-term violation that has been committed for the first time and is the only one;

9.4 A serious, continuing, repeated violation or several violations committed.

10. A violation of the legislative act shall be considered:

10.1 minor if it has not caused material damage to the rights and interests protected by the laws and regulations;

10.2 major if at least one of the following violations has been established:

10.2.1 it has caused material damage to the rights and interests protected by the laws and regulations including the reputation of the financial market in the area of commercial activities related to purchasing and selling cash foreign currencies;

10.2.2 at least three of the violation groups mentioned in Appendix to the Recommendations have been established, and the violations are applicable to conducted transactions with a value that exceeds EUR 10 000;

10.2.3 the essential requirements for the internal control system of the capital company laid down in the laws and regulations have not been complied with;

10.2.4 the capital company's responsible natural persons are not familiar with the requirements of the laws and regulations at appropriate level;

10.2.5 a transaction has been conducted with a customer who, at the moment of conducting it, is included in any list of persons suspected of being involved in terrorist activity or having been imposed national or international sanctions, compiled by the states or international organisations laid down by the Cabinet;

10.2.6 enhanced customer due diligence has not been performed including the beneficial owner of the customer subject to enhanced customer due diligence has not been identified or verified;

10.2.7 the funds are not retained where there have been reasonable grounds to suspect money laundering or terrorism financing;

10.2.8 no suspicious transaction has been identified and a respective report has been submitted to the Financial Intelligence Unit;

10.2.9 no violation, circumvention of the sanction requirements or non-compliance with them has been established.

11. A violation of the laws and regulations shall be considered:

11.1 short-term if the violation of the laws and regulations has lasted for no more than three months or for a shorter period of time that has been reasonable and sufficient enough to terminate the respective violation and to take action in accordance with the requirements of the laws and regulations;

11.1 long-term if the violation of the laws and regulations constitutes a continuous violation with the same elements (action or inaction) related to a subsequent long-term failure to comply with the obligations laid down in laws and regulations exceeding three months.

12. A violation of the laws and regulations shall be considered repeated where during the last five years the particular capital company or responsible natural person has already been informed in writing about a similar violation in terms of its type, nature, substance, consequences or other features, pointing out the identified violation and stating that upon identification of another similar violation in terms of its type, nature, substance, consequences or other features, administrative case will be instituted or a sanction has been imposed on the particular capital company or responsible natural person.

13. When making a decision on the particular sanction to be imposed on a capital company or responsible natural person, in addition to the criteria established by law, the previous sanctions imposed on the respective capital company or responsible natural person or other capital companies or responsible natural persons for similar violations in terms of their type, nature, substance, consequences or other features shall be taken into account.

14. When deciding on the type and scale of a sanction:

14.1 according to Paragraph 9 herein, the group shall be identified where the violation of laws and regulations falls under and the amount of the fine shall be set in line with that applied within the respective group and in view of the actual situation;

14.2 liability mitigating or aggravating circumstances shall be taken into account: they allow for changing the type of the sanction or reduce or increase its amount;

14.3 the applicable sanction shall be assessed as to whether it is commensurate with and appropriate for the particular actual conditions/situation; the impact of the sanction on the financial position of the capital company or responsible natural person shall be taken into account.

15. When deciding on the amount of a fine applicable to the natural person, in addition, information on the person's net income earned over the 12 month period prior to the adoption of the decision in the administrative case, as well as any other information regarding the person's financial position or prospective future income shall be taken into account.

16. The applicable sanction can be increased to the type or scale of sanction stipulated for the next group of more serious violations if at least one of the following liability aggravating circumstances is present:

16.1 the capital company or responsible natural person fails to cooperate with Latvijas Banka in the administrative proceedings, exceeds the time limits set for submitting the information it requests, fails to disclose facts about the violation or otherwise hinders Latvijas Banka in the administrative proceedings;

16.2 compliance with the requirements of the legislative act is not ensured even after the capital company or responsible natural person has been notified of the potential violation of the legislative act.

17. The applicable type and scope of the sanction can be changed, inter alia the amount of the fine can be reduced by up to 50% where:

17.1 compliance with the requirements of the legislative act is ensured as soon as the capital company or responsible natural person has been notified of the potential violation of the legislative act;

17.2 the capital company or responsible natural person has eliminated the consequences of non-compliance with the requirements of the legislative act on a voluntary basis, before a decision with respect to the potential violation of the legislative act has been made;

17.3 the capital company or responsible natural person on its own initiative has provided complete and accurate information or evidence playing an important role in identifying the potential violation of the legislative act;

17.4 the capital company or responsible natural person has compensated losses incurred or caused as a result of a potential violation of the legislative act.

18. Where several violations of legislative acts have been identified simultaneously, upon deciding on the applicable sanction, the type of a sanction applicable for the violation classified under the group of the most serious violation shall be taken into account, while the sanctions applicable for the less serious violations shall be deemed applied.

III. Concluding an administrative agreement

18.¹ It is possible to refrain from taking a decision on the imposition of a sanction and conclude an administrative agreement, provided the capital company cooperates with Latvijas Banka, inter alia promotes a timely examination of the administrative case, and at least one of the following considerations is present:

18.¹1 the violation ceases as soon as information on it is received from Latvijas Banka or within the deadline established by Latvijas Banka;

18.¹2 the person admits to having committed the violation and has submitted a plan of measures to eliminate violations and to prevent violations of similar nature in the future.

18.² In case of a first-time administrative agreement, the amount of the fine applicable is reduced by 50 per cent, provided the capital company or the responsible natural person of the capital company has not been subject to sanctions over the last five years since the initiation of the administrative case. In case of a recurrent administrative agreement, the amount of the fine applicable is reduced by 25 per cent.

18.³ The parties shall conclude an administrative agreement upon mutual agreement and in a reasonable time frame. Where the parties fail to negotiate the provisions of the agreement, a decision on the imposition of full sanctions shall be adopted.

18.⁴ The publication of the information on the concluded administrative agreement is subject to a procedure established by laws and regulations and governing the publication of information on the sanctions against violations of laws and regulations.

18.⁵ The sanctions and corrective measures established by an administrative agreement may be reviewed or any other legal actions may be suggested where the actual or legal circumstances that served as the basis for the conclusion of such an agreement have changed and these changes would have prevented the conclusion of an administrative agreement of such content.

IV. Final Provisions

19. In the administrative cases instituted by the day when the present Recommendations take effect, the sanctions shall be applied in accordance with Recommendations No. 1503/7 "Recommendations (Guidelines) for the Imposition of Sanctions for Breaches of Laws and Regulations on Anti-Money Laundering and Counter-Terrorism Financing" adopted by the Board of Latvijas Banka on 5 April 2018.

20. Recommendations No. 1584/5 "Recommendations (Guidelines) for the Imposing of Administrative Sanctions for Violations of the Laws and Regulations in the Field of the Prevention of Money Laundering and Terrorism and Proliferation Financing and Sanction Risk Management" adopted by the Board of Latvijas Banka on 12 September 2019 shall be deemed invalid.

21. The Recommendations shall enter into force on 1 June 2021.

Governor of Latvijas Banka

Mārtiņš Kazāks

Appendix 1 to Recommendations No. 327/20 of the Council of Latvijas Banka of 26 April 2021

Potential administrative sanctions for violations of the laws and regulations in the field of prevention of money laundering and terrorism and proliferation financing

Ite m	Section of the	Violation group	Minor, short-terr has been commit		Minor, continu violation or seve			n violation that has the first time and is		nuing, repeated everal violations
No.	Law that	0 1	time and is th	ne only one	comm	itted	the on	ly one	com	mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
1	2	3	4	5	6	7	8	9	10	11
1.	Section	Performance	Section 78,	Section 78,	Section 78,	Section 78,	Section 78,	Section 78,	Section 78,	Section 78,
	6–8	and updating	Paragraph one,	Paragraph one,	Paragraph one,	Paragraph one,	Paragraph one,	Paragraph one,	Paragraph one,	Paragraph one,
		of the risk	Clause 2 (to	Clause 2 (to	Clause 2 (to	Clause 2 (to	Clause 2 (to issue	Clause 2 (to issue	Clause 6 (to	Clause 6 (to
		assessment	issue a warning)	issue a	issue a warning)	issue a	a warning)	a warning)	impose an	impose an
		and creation		warning)		warning)			obligation to	obligation to
		and	Section 78,		Section 78,		Section 78,	Section 78,	perform certain	perform certain
		improvement	Paragraph one,	Section 78,	Paragraph one,	Section 78,	Paragraph one,	Paragraph one,	action or refrain	action or refrain
		of the internal	Clause 6 (to	Paragraph one,	Clause 6 (to	Paragraph one,	Clause 6 (to	Clause 6 (to	therefrom)	therefrom)
		control system	impose an	Clause 6 (to	impose an	Clause 6 (to	impose an	impose an		
			obligation to	impose an	obligation to	impose an	obligation to	obligation to	Section 78,	Section 78,
			perform certain	obligation to	perform certain	obligation to	perform certain	perform certain	Paragraph one,	Paragraph one,
			action or refrain	perform	action or refrain	perform	action or refrain	action or refrain	Clause 7 (to	Clause 5 (to set a
			therefrom)	certain action	therefrom)	certain action	therefrom)	therefrom)	impose an	temporary
				or refrain		or refrain			obligation on the	prohibition on a
				therefrom)	Section 78,	therefrom)	Section 78,	Section 78,	capital company	person liable for
					Paragraph three,	~	Paragraph three,	Paragraph one,	to dismiss the	the violation to
					Clause 1 (a fine	Section 78,	Clause 1 (a fine of	Clause 5	person liable for	fulfil the
					of up to EUR	Paragraph one,	up to	(to set a temporary	the violation	obligations
					100 000)	Clause 3 (a	EUR 1 000 000)	prohibition on a	from the	specified for him
						fine of up to		person liable for	position held)	or her by the
						EUR 10 000)		the violation to	a .:	capital company)
								fulfil the	Section 78,	
								obligations	Paragraph one,	

Ite m No.	Section of the Law that	Violation group	Minor, short-terr has been commit time and is tl	ted for the first ne only one	Minor, continu violation or sev comm	eral violations itted	been committed for the on	n violation that has the first time and is ly one	violation or se com	nuing, repeated everal violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
1	2	3	4	5	6	7	8	9	10	11
								specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	Clause 4 (to suspend or discontinue the activity (including to suspend or cancel the licence) Section 78, Paragraph three, Clause 1 (to impose a fine on a legal person in the amount of up to 10 per cent of the total annual turnover/a fine of up to EUR 5 000 000)	Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)
2.	Section 9	Training of the employees	Section78,Paragraphone,Clause2issue a warning)Section78,Paragraphone,Clause6(toimposeanobligationto	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an	Section78,Paragraphone,Clause 2 (to issuea warning)Section78,Paragraphone,Clause6 (toimposeanobligationto	Section78,Paragraphone,Clause 2 (to issuea warning)Section78,Paragraphone,Clause6 (toimposeanobligationto	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)

Ite m No.	Section of the Law that	Violation group	Minor, short-terr has been commit time and is th	ted for the first	Minor, continu violation or seve comm	eral violations itted	been committed for the on	n violation that has the first time and is ly one	violation or se com	inuing, repeated everal violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
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			perform certain action or refrain therefrom)	obligation to perform certain action or refrain therefrom)	perform certain action or refrain therefrom) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 100 000)	obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 10 000)	perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 500 000)	perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 1 000 000)	Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 100 000)
3.	Section 10	Appointment of employees responsible for the compliance with the	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section78,Paragraph one,Clause2issueawarning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform contain	0
		with the	Section 78, Paragraph one,		Section 78, Paragraph one,		Section 78, Paragraph one,	Section 78, Paragraph one,	perform certain	perform certain

Ite m No.	Section of the Law that	Violation group	Minor, short-terr has been commit time and is th	ted for the first ne only one	Minor, continu violation or sev comm	eral violations itted	been committed for the on	n violation that has the first time and is ly one	violation or se com	nuing, repeated everal violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
1	2	3	4	5	6	7	8	9	10	11
		requirements of Law	Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 100 000)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 10 000)	Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 1 000 000)	Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	action or refrain therefrom) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 1 000 000)	action or refrain therefrom) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)
4.	Section 10. ¹	Requirements for a Member of the Senior Management and the Employee Responsible for the Compliance with the Requirements of this Law and Conformity	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 1 000 000)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a

Ite m No.	Section of the Law that	Violation group	Minor, short-terr has been commit time and is th	ted for the first	Minor, continu violation or seve comm	eral violations itted	been committed for the on	n violation that has the first time and is ly one	violation or se com	inuing, repeated everal violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
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		Assessment of the Applicant		or refrain therefrom)	Section 78, Paragraph three, Clause 1 (a fine of up to EUR 100 000)	or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 10 000)	Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 1 000 000)	Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	Section 78, Paragraph three, Clause 1 (fine on a legal person in the amount of up to 10 per cent of the total annual turnover/a fine of up to EUR 5 000 000)	person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)
5.	Sections 11–29	The obligation to conduct the customer due diligence	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 6 (to impose an obligation to	Section78,Paragraphone,Clause6imposeanobligationto

	has been violated		Capital company	he only one	comm	eral violations itted	been committed for the on	5		everal violations mitted
1	2		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
		3	4	5	6	7	8	9	10	11
			Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 1 000 000)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 1 000 000)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 500 000)	perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 4 (to suspend or discontinue the activity (including to suspend or cancel the licence) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph three, Clause 1 (fine on	perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)

Ite m No.	Section of the Law that	Violation group	Minor, short-term violation that has been committed for the first time and is the only one		Minor, continu violation or seve comm	eral violations itted	been committed for the on	5	violation or se com	nuing, repeated everal violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
1	2	3	4	5	6	7	8	9	10	11
						fine of up to EUR 500 000)			a legal person in the amount of up to 10 per cent of the total annual turnover/a fine of up to EUR 5 000 000)	
6.	Sections 31. ⁴ and 31. ⁵	Reporting on suspicious transactions, submission of the threshold declaration	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 500 000)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph one,	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company)

Ite m No.	Section of the Law that	Violation group	Minor, short-tern has been commit time and is th	ted for the first ne only one	Minor, continu violation or seve comm	eral violations itted	been committed for the on	n violation that has the first time and is ly one	violation or se com	nuing, repeated everal violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
1	2	3	4	5	6	7	8	9	10	11
						for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	the violation from the position held) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)	specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 100 000)	Clause 4 (to suspend or discontinue the activity (including to suspend or cancel the licence) Section 78, Paragraph three, Clause 1 (fine on a legal person in the amount of up to 10 per cent of	Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)
7.	Sections 32–36	Refraining from executing a transaction and freezing of funds	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to	Section78,Paragraphone,Clause2(toissue a warning)Section78,Paragraphone,Clause6Clause6(toimposeanobligationtoperformcertain	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to	Section78,Paragraphone,Clause 2 (to issuea warning)Section78,Paragraphone,Clause6 (toimposeanobligationtoperformcertain	Section78,Paragraphone,Clause 2 (to issuea warning)Section78,Paragraphone,Clause6 (toimposeanobligationtoperformcertain	the total annual turnover/a fine of up to EUR 5 000 000) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one,	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)

Ite m No.	Section of the Law that	Violation group	Minor, short-terr has been commit time and is th	tted for the first	Minor, continu violation or sev comm	eral violations itted	been committed for the on	n violation that has the first time and is ly one	violation or se com	nuing, repeated everal violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
1	2	3	4	5	6	7	8	9	10	11
			action or refrain therefrom)	perform certain action or refrain therefrom)	action or refrain therefrom) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 500 000)	perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	action or refrain therefrom) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)	action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 100 000)	Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph one, Clause 4 (to suspend or discontinue the activity (including to suspend or cancel the licence) Section 78, Paragraph three, Clause 1 (fine on a legal person in the amount of up to 10 per cent of the total annual turnover/a fine	Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of

Ite m No.	Section of the Law that	Violation group	Minor, short-terr has been commit time and is th	ted for the first ne only one	Minor, continu violation or seve comm	eral violations itted	been committed for the on	n violation that has the first time and is ly one	violation or se com	inuing, repeated everal violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
1	2	3	4	5	6	7	8	9	10	11
									of up to EUR 5 000 000)	
8.	Section 37	Storage, updating and destruction of customer due diligence documents	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 500 000)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph one, Clause 3 (a fine of	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 4 (to suspend or	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)

Ite m No.	m of the group ha No. Law that		has been commit time and is th	Minor, short-term violation that has been committed for the first time and is the only one		Minor, continuing, repeated violation or several violations committed		n violation that has the first time and is ly one	violation or se com	nuing, repeated veral violations mitted
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person
1	2	3	4	5	6	7	8	9	10	11
							up to EUR 1 000 000)	Section 78, Paragraph one, Clause 3 (a fine of up to EUR 100 000)	discontinue the activity (including to suspend or cancel the licence) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph three, Clause 1 (fine on a legal person in the amount of up to 10 per cent of the total annual turnover/a fine of up to EUR 5 000 000)	

violatednatural personnatural personnatural person123456789.Section 37.2Provision of the information to the Financial Intelligence Unit of Latvia, Supervisory and Control AuthoritiesSection 78, Paragraph one, Clause 2 (to issue a warning)Section 78, Paragraph one, Clause 6 (to Clause 6 (to Clause 6 (to Clause 6 (to Clause 6 (to or refrain therefrom)Section 78, Paragraph one, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)Section 78, Paragraph one, Clause 6 (to clause 6 (to perform certain action or refrain therefrom)Section 78, Paragraph one, Clause 6 (to perform certain action or refrain therefrom)Section 78, Paragraph one, Clause 6 (to perform certain action or refrain therefrom)Section 78, Paragraph one, Paragraph one, Clause 7 (to certain action or refrain therefrom)Section 78, Paragraph one, Paragraph on	Responsible natural person 9 Section 78		Responsible natural person
9. Section 37. ² Provision of the information to the Financial Intelligence Section the information to the Financial Intelligence Section Paragraph one, Clause 2 (to issue a warning) Section Paragraph one, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section Paragraph one, Paragraph one Paragraph one, Paragraph one Paragraph one, Paragrap	~	10	
37.2the information to the Financial Intelligence Unit of Latvia, Supervisory and ControlParagraph one, Clause 2 (to issue a warning)Paragraph one, Clause 4 (to paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)Paragraph one, Clause 6 (toParagraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)Paragraph one, clause 6 (toParagraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)Paragraph one, clause 6 (toParagraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)Paragraph one, clause 7 (to impose an obligation on the person liable for the violation from the position held)Paragraph one, clause 5 (to set a capital company periform on the periform certain action on the position held)Paragraph one, clause 5 (to set a capital company periform on the periform certain	Section 78	10	11
Section 78, prohibition on person liable for full Paragraph three, a person liable a person liable for be the violation from oble Clause 1 (a fine for the the position held) spec of up to violation to or	Paragraph one Clause 2 (to issue a warning) Section 78 Paragraph one Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78 Paragraph one Clause 5 (to set a temporary prohibition on a person liable fo the violation to fulfil the obligations specified for him or her by the capital company)	Section78,Paragraph one,Clause 6 (toimpose anobligation toperform certainaction or refraintherefrom)nSection78,Paragraph one,Clause 7 (toimpose anobligation on thecapital companyto dismiss theperson liable forthe violationa from theposition held)bclause 4 (to	Section78, ParagraphParagraphone, ClauseClause6imposean obligationobligationto performcertain actionor refrain therefrom)Section78, ParagraphSection78, ParagraphOne, Clause 5(to set a temporary prohibitionprohibitionon a personpersonliablefor the violationsspecifiedfor him or her by the capital company)Section78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)

Ite m No.	Section of the Law that	he group that	at group has been committed for the time and is the only of		ted for the first	for the first violation or several violations nly one committed		Serious, short-term violation that has been committed for the first time and is the only one		Serious, continuing, repeated violation or several violations committed	
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	
1	2	3	4	5	6	7	8	9	10	11	
						the capital company)		up to EUR 1 000 000)	cancel the licence)		
						Section 78, Paragraph one, Clause 3 (a fine of up to EUR 10 000)			Section 78, Paragraph three, Clause 1 (fine on a legal person in the amount of up to 10 per cent of the total annual turnover/a fine of up to EUR 5 000 000)		
10.	Section 38	Prohibition of disclosure of the reporting fact	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom)	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain action or refrain therefrom) Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for	

Ite m No.	Section of the Law that	Violation group	has been commit			Minor, continuing, repeated violation or several violations committed		Serious, short-term violation that has been committed for the first time and is the only one		Serious, continuing, repeated violation or several violations committed	
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	
1	2	3	4	5	6	7	8	9	10	11	
					Section 78, Paragraph three, Clause 1 (a fine of up to EUR 100 000)	Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 10 000)	Section 78, Paragraph one, Clause 7 (to impose an obligation on the capital company to dismiss the person liable for the violation from the position held) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 1 000 000)	Section 78, Paragraph one, Clause 5 (to set a temporary prohibition on a person liable for the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	to dismiss the person liable for the violation from the position held) Section 78, Paragraph one, Clause 4 (to suspend or discontinue the activity (including to suspend or cancel the licence) Section 78, Paragraph three, Clause 1 (fine on a legal person in the amount of up to 10 per cent of the total annual turnover/a fine of up to EUR 5 000 000)	the violation to fulfil the obligations specified for him or her by the capital company) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)	

Appendix 2 to Recommendations No. 327/20 of the Council of Latvijas Banka of 26 April 2021

Potential sanctions for violations in the aplication of the Law on International Sanctions and National Sanctions of the Republic of Latvia

Ite	Section	Violation	Minor, short-term violation that has been committed for the first		Minor, continu		Serious, short-term violation that has		Serious, continuing, repeated violation or several violations	
m No.	of the Law that	group	time and is th		violation or sev comm		been committed for the first time and is the only one		committed	
INO.	has been		Capital company	Responsible	Capital company	Responsible	Capital company	Responsible natural	Capital company	Responsible natural
	violated			natural person		natural person		person		person
1	2	3	4	5	6	7	8	9	10	11
1.	Section 13. ¹	Obligation to make sanction	Section 13. ² , Paragraph two,	Section 13. ² , Paragraph	Section 13. ² , Paragraph two,	Section 13. ² , Paragraph	Section 13. ² , Paragraph two,	Section 13. ² , Paragraph two,	Section 13. ² , Paragraph two,	Section 13. ² , Paragraph two,
	15.	risk	Clause 1 (to	two, Clause 1	Clause 1 (to	two, Clause 1	Clause 1 (to issue	Clause 1 (to issue	Clause 1 (to	Clause 1 (to issue
		assessment	issue a warning)	(to issue a	issue a warning)	(to issue a	a warning)	a warning)	issue a warning)	a warning)
		and to		warning)	8)	warning)				
		establish an	Section $13.^2$,	Ċ,	Section 13. ² ,	C,	Section 13. ² ,	Section 13. ² ,	Section $13.^2$,	Section 13. ² ,
		internal	Paragraph two,	Section $13.^2$,	Paragraph two,	Section $13.^2$,	Paragraph two,	Paragraph two,	Paragraph two,	Paragraph two,
		control system	Clause 4 (an	Paragraph	Clause 4 (an	Paragraph	Clause 4 (an	Clause 4 (an	Clause 4 (an	Clause 4 (an
			obligation to	two, Clause 4	obligation to	two, Clause 4	obligation to	obligation to	obligation to	obligation to
			perform certain	(an obligation	perform certain	(an obligation	perform certain	perform certain	perform certain	perform certain
			action or refrain therefrom)	to perform certain action	action or refrain therefrom)	to perform certain action	action or refrain therefrom)	action or refrain therefrom)	action or refrain therefrom)	action or refrain therefrom)
			ulerenom)	or refrain	ulcicitoiii)	or refrain	ulerenom)	ulerenom)	ulerenom)	ulerentoin)
				therefrom)	Section 13. ² ,	therefrom)	Section 13. ² ,	Section 13. ² ,	Section 13. ² ,	Section 13. ² ,
				,	Paragraph two,	,	Paragraph two,	Paragraph two,	Paragraph two,	Paragraph two,
					Clause 2 (a fine	Section 13. ² ,	Clause 2 (a fine of	Clause 2 (a fine of	Clause 2 (a fine	Clause 2 (a fine of
					of up to	Paragraph	up to	up to	of up to	up to
					EUR 100 000)	two, Clause 2	EUR 1 000 000)	EUR 50 000)	EUR 1 000 000)	EUR 1 000 000)
						(a fine of up to EUR 10 000)			Section 13. ² ,	
						EUK 10 000)			Paragraph two,	
									Clause 3 (to	
									suspend or	
									cancel the	
									licence)	

Ite m	Section of the	Violation group	has been commit	Minor, short-term violation that has been committed for the first		Minor, continuing, repeated violation or several violations		Serious, short-term violation that has been committed for the first time and is		Serious, continuing, repeated violation or several violations	
No.	Law that		time and is the	he only one	committed		the only one		committed		
	has been violated		Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	Capital company	Responsible natural person	
1	2	3	4	5	6	7	8	9	10	11	
2.	Section 13. ¹	Training of the employees	Section 13. ² , Paragraph two, Clause 1 (to issue a warning) Section 13. ² , Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)	Section 13. ² , Paragraph two, Clause 1 (to issue a warning) Section 13. ² , Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)	Section 13. ² , Paragraph two, Clause 1 (to issue a warning) Section 13. ² , Paragraph two, Clause 4 an obligation to perform certain action or refrain therefrom) Section 13. ² , Paragraph two, Clause 2 (a fine of up to EUR 100 000)	Section 13. ² , Paragraph two, Clause 1 (to issue a warning) Section 13. ² , Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom) Section 13. ² , Paragraph two, Clause 2 (a fine of up to EUR 10 000)	Section 13. ² , Paragraph two, Clause 1 (to issue a warning) Section 13. ² , Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom) Section 13. ² , Paragraph two, Clause 2 (a fine of up to EUR 500 000)	Section 13. ² , Paragraph two, Clause 1 (to issue a warning) Section 13. ² , Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom) Section 13. ² , Paragraph two, Clause 2 (a fine of up to EUR 50 000)	Section 13. ² , Paragraph two, Clause 1 (to issue a warning) Section 13. ² , Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom) Section 13. ² , Paragraph two, Clause 2 (a fine of up to EUR 1 000 000) Section 13. ² , Paragraph two, Clause 3 (to suspend or cancel the licence)	Section 13. ² , Paragraph two, Clause 1 (to issue a warning) Section 13. ² , Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom) Section 13. ² , Paragraph two, Clause 2 (a fine of up to EUR 1 000 000)	