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26 April 2021
Rīga

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

Item No.	Section of the Law that has been violated	Violation group	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		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	
			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 6–8	Performance and updating of the risk assessment and creation and improvement of the internal control system	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 three, Clause 1 (a fine of up to EUR 100 000)	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 10 000)	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 three, Clause 1 (a fine of up to EUR 1 000 000)	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 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)

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								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	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	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	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 obligation to	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)

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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) Section 78, Paragraph one,	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one,	Section 78, Paragraph one, Clause 2 (to issue a warning)	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one,	Section 78, Paragraph one, Clause 2 (to issue a warning) Section 78, Paragraph one,	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain	Section 78, Paragraph one, Clause 6 (to impose an obligation to perform certain

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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 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 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

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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	Section 78, Paragraph one, Clause 6 (to impose an obligation to

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			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)

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						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)

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						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 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)
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	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 obligation to	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 obligation to	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)

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			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	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)

Item No.	Section of the Law that has been violated	Violation group	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		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	
			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)

Item No.	Section of the Law that has been violated	Violation group	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		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	
			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)	

Item No.	Section of the Law that has been violated	Violation group	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		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	
			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
9.	Section 37. ²	Provision of the information to the Financial Intelligence Unit of Latvia, Supervisory and Control Authorities	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 to dismiss the person liable for the violation from the position held) Section 78, Paragraph three, Clause 1 (a fine of up to EUR 100 000)	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 for the violation to fulfil the obligations specified for him or her by	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 three, Clause 1 (a fine of up to EUR 1 000 000)	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 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 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	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)

Item No.	Section of the Law that has been violated	Violation group	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		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	
			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) Section 78, Paragraph one, Clause 3 (a fine of up to EUR 10 000)		up to EUR 1 000 000)	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)	
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

Item No.	Section of the Law that has been violated	Violation group	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		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	
			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 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 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)	to dismiss the person liable for the violation from the position held)	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 three, Clause 1 (a fine of up to EUR 1 000 000)	Section 78, Paragraph one, Clause 3 (a fine of up to EUR 50 000)	Section 78, Paragraph one, Clause 4 (to suspend or discontinue the activity (including to suspend or cancel the licence)	Section 78, Paragraph one, Clause 3 (a fine of up to EUR 1 000 000)
									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)	

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

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

Item No.	Section of the Law that has been violated	Violation group	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		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	
			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 13. ¹	Obligation to make sanction risk assessment and to establish an internal control system	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 1 000 000)	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)

Item No.	Section of the Law that has been violated	Violation group	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		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	
			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	<p>Section 13.², Paragraph two, Clause 1 (to issue a warning)</p> <p>Section 13.², Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)</p>	<p>Section 13.², Paragraph two, Clause 1 (to issue a warning)</p> <p>Section 13.², Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)</p>	<p>Section 13.², Paragraph two, Clause 1 (to issue a warning)</p> <p>Section 13.², Paragraph two, Clause 4 an obligation to perform certain action or refrain therefrom)</p> <p>Section 13.², Paragraph two, Clause 2 (a fine of up to EUR 100 000)</p>	<p>Section 13.², Paragraph two, Clause 1 (to issue a warning)</p> <p>Section 13.², Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)</p> <p>Section 13.², Paragraph two, Clause 2 (a fine of up to EUR 10 000)</p>	<p>Section 13.², Paragraph two, Clause 1 (to issue a warning)</p> <p>Section 13.², Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)</p> <p>Section 13.², Paragraph two, Clause 2 (a fine of up to EUR 500 000)</p>	<p>Section 13.², Paragraph two, Clause 1 (to issue a warning)</p> <p>Section 13.², Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)</p> <p>Section 13.², Paragraph two, Clause 2 (a fine of up to EUR 50 000)</p>	<p>Section 13.², Paragraph two, Clause 1 (to issue a warning)</p> <p>Section 13.², Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)</p> <p>Section 13.², Paragraph two, Clause 2 (a fine of up to EUR 1 000 000)</p> <p>Section 13.², Paragraph two, Clause 3 (to suspend or cancel the licence)</p>	<p>Section 13.², Paragraph two, Clause 1 (to issue a warning)</p> <p>Section 13.², Paragraph two, Clause 4 (an obligation to perform certain action or refrain therefrom)</p> <p>Section 13.², Paragraph two, Clause 2 (a fine of up to EUR 1 000 000)</p>