Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

21 June 2018 [shall come into force on 12 July 2018];

13 June 2019 [shall come into force on 4 July 2019];

30 September 2021 [shall come into force on 1 January 2023];

8 December 2023 [shall come into force on 1 April 2024].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima* 1 has adopted and

the President has proclaimed the following Law:

**Law on International Sanctions and National Sanctions of the Republic of Latvia**

**Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) **international sanctions** – restrictions imposed in accordance with the international law on subjects of sanctions which have been adopted by the United Nations or the European Union, or another international organisation to which the Republic of Latvia is a member state and which are directly applicable or introduced in Latvia in accordance with the procedures laid down in this Law;

2) **national sanctions** – restrictions imposed in accordance with the laws and regulations of Latvia and international law on subjects of sanctions which have been stipulated by the Cabinet in accordance with the procedures laid down in this Law;

3) [8 December 2023];

4) **subject of sanctions** – a subject of public international law, a natural or legal person, or another identifiable subject on which international or national sanctions have been imposed or which are covered by them;

5) [8 December 2023].

[*13 June 2019; 8 December 2023*]

**Section 2. Purpose and Scope of Application of this Law**

(1) The purpose of the Law is to ensure peace, security, and rule of law in accordance with the international obligations and national interests of Latvia when introducing international sanctions or imposing national sanctions, or when applying the sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation in the cases specified in this Law.

(2) The Law applies to all persons, and they have the obligation to comply with and implement the international and national sanctions.

[*21 June 2018; 13 June 2019; 8 December 2023*]

**Section 3. Imposition of National Sanctions**

The Cabinet may, upon its own initiative, as well as upon a proposal of the Minister for Foreign Affairs or the National Security Council, impose national sanctions, if it is not in contradiction with the international obligations of Latvia arising from the participation of Latvia in an international organisation, and if it is necessary to achieve any of the following objectives:

1) to achieve peace or to prevent international crimes or human rights violations outside the territory of Latvia;

2) to prevent harm to foreign policy interests or national security of Latvia;

3) to combat international terrorism or the manufacture, storage, movement, use, or proliferation of weapons of mass destruction (hereinafter – the proliferation);

4) to prevent justification of such actions or invitation to such actions which are against the objectives referred to in Clauses 1–3 of this Section.

[*21 June 2018; 13 June 2019*]

**Section 3.1 Proposition of International Sanctions**

(1) The Cabinet may, upon its own initiative, as well as upon a proposal of the Minister for Foreign Affairs or the National Security Council, propose the imposition of international sanctions in accordance with the rights which the Republic of Latvia has as the Member State of the European Union or the United Nations.

(2) The procedures for the proposition of international sanctions shall be determined by the Cabinet.

[*13 June 2019*]

**Section 4. Types of National Sanctions**

The following national sanctions may be imposed in Latvia:

1) financial restrictions;

2) civil legal restrictions;

3) restrictions on entry;

4) restrictions on the circulation of goods of strategic significance and other goods;

5) restrictions on the provision of tourism services.

[*8 December 2023*]

**Section 5. Financial and Civil Legal Restrictions**

(1) If financial restrictions have been imposed on the subject of sanctions, all persons in accordance with their competence have the obligation to immediately and without a prior notice take the following actions:

1) to freeze all funds and financial instruments which are directly or indirectly, wholly or partially under the ownership, possession, holding or control of the subject of sanctions, including those funds and financial instruments that have been transferred to third persons;

2) to deny access for the subject of sanctions to funds and financial instruments;

3) not to provide the financial services specified in international or national sanctions to the subject of sanctions (including by means of an authorisation).

(2) A subject of sanctions on which civil legal restrictions have been imposed, based on these restrictions, is prohibited from acquiring and alienating tangible and intangible objects to which ownership rights or other property rights must be registered, corroborated, or published in public registers.

(3) The acquisition and alienation of the ownership rights or other property rights referred to in Paragraph two of this Section is forbidden to be registered or corroborated in public registers.

[*13 June 2019*]

**Section 6. Civil Legal Restrictions**

[13 June 2019]

**Section 7. Restrictions on Entry**

A subject of sanctions on which a restriction on entry has been imposed is prohibited from entering and staying in Latvia or crossing the territory of Latvia in transit.

**Section 8. Restrictions on the Circulation of Goods of Strategic Significance and Other Goods**

If in relation to a subject of sanctions an arms embargo or a prohibition of import, export, transit, or brokering services of other goods has been imposed, the subject governed by private or public law is prohibited from selling, supplying, transferring, or exporting goods of strategic significance of specific kind to the subject of sanctions, or otherwise alienating them or other goods specified in law, or allowing access to them.

**Section 9. Restrictions on the Provision of Tourism Services**

A subject governed by private law is prohibited from providing services which are directly related to tourism activities in a territory specified in national sanctions or to a subject of sanctions on which restrictions for the provision of tourism services have been imposed.

[*8 December 2023*]

**Section 10. Application of Exemptions in Implementation of Sanctions**

(1) If international or national sanctions provide for specific exceptional cases in the implementation of sanctions, the Financial Intelligence Unit of Latvia may, upon a reasoned written submission submitted by the subject of sanctions or the person who wishes to perform activities covered by the international or national sanctions, take the decision to apply such exemptions, except for the cases referred to in Paragraphs 1.1, 1.2, and 1.3 of this Section. The submitter of the written submission has the obligation to indicate in the submission the need for the application of the exemption and the legal basis thereof, and the submission shall be accompanied by the documents and information justifying the application of the exemption.

(11) Written submissions in relation to activities involving goods the circulation of which is governed by the Law on the Circulation of Goods of Strategic Significance and exceptional cases related to humanitarian considerations shall be examined and decided by the Ministry of Foreign Affairs.

(12) A decision on exemptions to sanctions in emergency situations in the field of aviation shall be taken by the Civil Aviation Agency. A decision on emergency situations in the field of shipping shall be taken by a harbour master.

(13) In special matters related to national security, the decision to apply the exemptions to international or national sanctions shall be taken by the Cabinet. The Minister for Foreign Affairs shall submit a proposal for the exemption to sanctions on the basis of a suggestion made by the Financial Intelligence Unit of Latvia. The Cabinet shall take the decision within three months from the day of receipt of the submission. If the abovementioned deadline cannot be complied for objective reasons, the Cabinet may extend it for a period not exceeding six months from the day of receipt of the submission, notifying the submitter thereof.

(14) The decision of the Cabinet on the application of exemptions to sanctions may be appealed to the Regional Administrative Court. The court composed of three judges shall examine a case as the court of first instance. A judgement of the Regional Administrative Court may be appealed by submitting a cassation complaint.

(2) The Financial Intelligence Unit of Latvia has the right, in accordance with the procedures laid down in the Administrative Procedure Law, to request the submitter of the submission, any authority of a public entity according to its competence, private individuals, and subjects under supervision of the supervisory authorities determined in this Law to provide information necessary for taking the decision on the application of exemptions in the implementation of international or national sanctions. Information shall be provided within seven working days or, in case of urgency indicated in the request, within three working days from the day of receipt of the request for information.

(21) The decision taken by the Financial Intelligence Unit of Latvia on the application of exemptions may be contested by submitting a relevant submission to the head of the Financial Intelligence Unit of Latvia. The decision of the head of the Financial Intelligence Unit of Latvia may be appealed to a court in accordance with the procedures laid down in the Administrative Procedure Law.

(3) The restrictions imposed in international or national sanctions on the tangible or intangible objects in the ownership or possession of the subject of sanctions shall not preclude the direction of recovery towards such objects when enforcing rulings of courts and other authorities.

(4) The Financial Intelligence Unit of Latvia may allow to release specific frozen funds or economic resources or make them available if the respective funds or economic resources are needed to cover the basic needs of the subjects of sanctions. The Cabinet shall prescribe the principles for determining the expenses necessary to cover the basic needs of the subjects of sanctions.

[*8 December 2023*]

**Section 11. Introduction, Imposition, and Implementation of Sanctions**

(1) The financial and civil legal sanctions imposed by the United Nations Security Council resolutions and the sanctions imposed by the European Union regulations are binding and directly applicable in the Republic of Latvia.

(11) After a resolution of the United Nations Security Council on the imposition, amendment, or revocation of sanctions has been adopted, the Ministry of Foreign Affairs shall immediately notify this information to the Financial Intelligence Unit of Latvia and the supervisory authorities referred to in Section 13 of this Law and publish it on its website, and shall also send the information on the adoption, amendment, or revocation of the resolution and the abovementioned resolution for publication in the official gazette *Latvijas Vēstnesis* not later than on the next working day.

(2) The Cabinet may issue regulations regarding the introduction of international sanctions, if international sanctions that are not directly applicable have been imposed.

(3) The Cabinet may issue regulations regarding the imposition of national sanctions if any of the grounds referred to in Section 3 of this Law are established. The national sanctions imposed by the Cabinet regulations are applicable to specific subjects of sanctions by a Cabinet order including the list of subjects of sanctions. A Cabinet order shall come into force on the day of its signing. After signing the order, the Ministry of Foreign Affairs shall immediately notify the Financial Intelligence Unit of Latvia and the supervisory authorities referred to in Section 13 of this Law of this fact. The order shall be published in the official gazette *Latvijas Vēstnesis* on the next working day after its signing.

(4) The Cabinet shall determine general procedures for the implementation of international or national sanctions.

(5) The Cabinet shall determine separate procedures for the implementation of national sanctions imposed in accordance with Section 3, Clause 3 of this Law.

(6) The Cabinet shall determine the criteria for financial market participants by which the sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation which significantly affect the interests of the financial market participants or the financial market itself shall be imposed.

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

[*21 June 2018; 16 June 2019; 8 December 2023*]

**Section 11.1 Application of Sanctions in the Fields of Public Procurements and Public-Private Partnerships**

(1) As regards a tenderer to whom a contract should be awarded in accordance with the laws and regulations in the field of public procurement, the contracting authority, public service provider, public partner, or its representative shall verify whether international or national sanctions, or sanctions of a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests have been imposed on this tenderer, a member of its executive or supervisory board, its beneficial owner, the person having the right of representation or proctor, or the person who is authorised to represent the tenderer in activities related to a branch, or member of a partnership, member of its executive or supervisory board, its beneficial owner, a person having the right of representation or proctor, if the tenderer is a partnership. Where the international or national sanctions, or sanctions of a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests have been imposed on the tenderer or any of the abovementioned persons and they will delay the performance of the contract, the tenderer shall be excluded from participation in the contract awarding procedure.

(2) Where the contracting authority has provided for a possibility to make direct payments to a subcontractor in accordance with the laws and regulations in the field of public procurements, the verification referred to in Paragraph one of this Section shall also be made in respect of the subcontractor indicated by the tenderer, a member of its executive or supervisory board, its beneficial owner, person having the right of representation or proctor, or person who is authorised to represent the subcontractor in activities related to a branch, or member of a partnership, or member of its executive or supervisory board, beneficial owner, person having the right of representation or proctor, if the subcontractor is a partnership. Where the international or national sanctions, or sanctions of a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests which have been imposed on the subcontractor or any of the abovementioned persons will delay the performance of the contract, the respective tenderer shall be excluded from participation in the contract awarding procedure if it has not substituted such subcontractor in accordance with the procedures laid down the laws and regulations in the field of public procurements within 10 working days after the day of issuing or sending the request.

(3) The contracting authority, public service provider, public partner or its representative shall obtain the information referred to in Paragraphs one and two of this Section on a tenderer or subcontractor that is registered in the Republic of Latvia from the Enterprise Register of the Republic of Latvia in accordance with the procedures specified in the laws and regulations.

(4) The contracting authority, public service provider, public partner or its representative shall request that the tenderer referred to in Paragraph one of this Section and the subcontractor referred to in Paragraph two of this Section which are registered in a foreign country submit a statement of the respective foreign competent authority where the information on the tenderer and subcontractor that is necessary for the verification provided for in Paragraphs one and two of this Section, including information on the beneficial owner of the tenderer and subcontractor or information on the fact that the beneficial owner cannot be identified, is indicated, by determining a term for the provision of information which shall not be less than 10 working days after the day of issuing or sending the request. If such statement is not issued, the aforementioned document may be replaced by a declaration on oath or, if the laws and regulations of the respective country do not provide for taking the oath, by a certification of the tenderer or subcontractor referred to in Paragraph two of this Section to a competent executive or judicial institution, sworn notary or competent organisation of the respective field in the country of their registration. The contracting authority, public service provider, public partner or its representative can also obtain information on the tenderer or subcontractor registered in a foreign country that is necessary for the verification provided for in Paragraphs one and two of this Section independently.

(5) A procurement contract, framework agreement, partnership procurement contract, or concession contract shall provide the right for the contracting authority, public service provider, public partner, or its representative to unilaterally withdraw from the performance of the contract if the contract cannot be performed due to the imposition of the international or national sanctions or sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests.

[*13 June 2019; 30 September 2021; 8 December 2023*]

**Section 11.2 Application of Sanctions in the Field of the European Union Funds and Other Foreign Financial Assistance**

(1) As regards the project promoter whose project application is to be approved or with whom the contract on the project implementation is to be concluded in accordance with the procedures laid down in the laws and regulations regarding the respective European Union fund or other foreign financial assistance, the liaison body, intermediary body, or manager of the European Union funds or other foreign financial assistance, or another authority specified in the laws and regulations regarding the introduction of the European Union funds or granting of the foreign financial assistance (hereinafter – the responsible authority) shall verify whether international or national sanctions, or sanctions of a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests have been imposed on this project promoter, a member of its executive or supervisory board, its beneficial owner, person having the right of representation or proctor, or person who is authorised to represent the project promoter in activities related to the branch. If, before approval of the project application or conclusion of the contract on project implementation, the responsible authority establishes that the international or national sanctions, or sanctions of a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests have been imposed on the project promoter or any of the abovementioned persons, it shall exclude the project promoter from participation in the selection of project applications or shall not conclude the contract on project implementation.

(2) Before making a payment, the responsible authority shall conduct verification and shall not make the payment if it establishes as a result of the abovementioned verification that the international or national sanctions, or sanctions of a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests have been imposed on the beneficiary of the European Union funds or other foreign financial assistance, a member of its executive or supervisory board, its beneficial owner, the person having the right of representation or proctor, or the person who is authorised to represent the abovementioned beneficiary in activities related to the branch.

(3) The contract on project implementation or the decision on the approval of a project application, when the contract on project implementation is not being concluded in accordance with the laws and regulations regarding the respective European Union fund or other foreign financial assistance, shall provide for the right for the responsible authority to unilaterally withdraw from the performance of the contract or to revoke the decision on the approval of a project application if the contract cannot be performed or the project cannot be implemented due to the imposition of the international or national sanctions, or sanctions determined by a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests.

[*13 June 2019; 30 September 2021; 8 December 2023*]

**Section 11.3 Conclusion of Contracts in the Field of Public or Private Law and Making of Payments when Sanctions are Imposed**

(1) A subject governed by public law is prohibited from concluding a contract in the field of public or private law where international or national sanctions, or sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests have been imposed and affect the performance of the contract.

(2) A subject governed by public law is prohibited from making a payment where international or national sanctions, or sanctions imposed by a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests have been imposed and affect the payment.

[*13 June 2019; 30 September 2021; 8 December 2023*]

**Section 12. Circulation of the Information Associated with the Imposition and Introduction of Sanctions**

(1) The Ministry of Foreign Affairs shall inform:

1) the international organisations of the implementation of the sanctions imposed thereby in Latvia, and also of the exemptions applied by the authorities in accordance with Section 10 of this Law;

2) the Cabinet of international sanctions, amending their term of validity, and revocation;

3) the Financial Intelligence Unit of Latvia and the supervisory authorities referred to in Section 13 of this Law of the imposition of international and national sanctions, amendment or revocation of such sanctions, and provide information necessary for the implementation thereof;

4) the subject of sanctions of the national sanctions imposed on such subject, and of their revocation;

5) the Financial Intelligence Unit of Latvia of the application of the exemptions referred to in Section 10, Paragraph 1.1 of this Law.

(2) The Financial Intelligence Unit of Latvia and the supervisory authorities referred to in Section 13 of this Law shall, upon request of the Ministry of Foreign Affairs, inform it of the implementation and supervision of sanctions insofar as the relevant information is obtained in compliance with the requirements of this Law and the laws and regulations issued on the basis thereof. The Financial Intelligence Unit of Latvia and the Ministry of Foreign Affairs shall exchange information on the implementation of sanctions on a regular basis.

(21) The Financial Intelligence Unit of Latvia shall inform the Ministry of Foreign Affairs of the application of the exemptions referred to in Section 10, Paragraph one of this Law.

(22) In order for the Ministry of Foreign Affairs to be able to fulfil its commitments towards international organisations in relation to the sanctions imposed thereby which are applied in Latvia, the Financial Intelligence Unit of Latvia shall, upon request of the Ministry of Foreign Affairs, provide information at its disposal (including on private individuals) which is necessary for the imposition of international and national sanctions or which is related to the implementation of international sanctions insofar as the relevant information is obtained in compliance with the requirements of this Law and the laws and regulations issued on the basis thereof. Upon the abovementioned request, information shall be provided within five workings days from the day of receiving the request.

(3) The Ministry of Foreign Affairs shall be the coordinating institution regarding the imposition of sanctions in Latvia, including in communication with international organisations and foreign competent authorities.

(4) The Financial Intelligence Unit of Latvia shall contact foreign competent authorities and international organisations according to its competence.

(5) Any person has an obligation to immediately inform the Financial Intelligence Unit of Latvia of the implementation of international and national sanctions, including any freezing of funds, as soon as it has been carried out.

[*8 December 2023*]

**Section 12.1 Competence of the Financial Intelligence Unit of Latvia**

(1) The Financial Intelligence Unit of Latvia shall be the competent authority in the matters of implementation of international and national sanctions insofar as laws and regulations do not provide otherwise.

(2) The Financial Intelligence Unit of Latvia shall be the competent authority in combating the circumvention of international or national sanctions or a circumvention attempt in the implementation of financial restrictions in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

(3) The Financial Intelligence Unit of Latvia shall analyse the laws and regulations governing the field of international and national sanctions, and, where necessary, provide proposals to the Ministry of Foreign Affairs for the improvement of such laws and regulations.

(4) The Financial Intelligence Unit of Latvia shall take decisions on the implementation of international and national sanctions which are binding on the persons specified in Section 2, Paragraph two of this Law if there is information at its disposal that a person has the obligation to implement sanctions but the sanctions are not implemented in accordance with the requirements of laws and regulations.

(5) If international or national sanctions imposed on a person are revoked or in case of change in property rights or control of the subject of sanctions, but the funds and economic resources are not released, the Financial Intelligence Unit of Latvia has the right to decide on the release of funds and economic resources from freezing upon its own initiative or upon receipt of a submission of the person.

(6) The Financial Intelligence Unit of Latvia shall publish information on its website on subjects of sanctions and frozen financial funds and economic resources thereof in Latvia, and also information on subjects of international and national sanctions.

(7) The Financial Intelligence Unit of Latvia shall organise informative measures and training on matters of the implementation of sanctions.

[*8 December 2023*]

**Section 13. Supervisory Authorities for the Implementation of International and National Sanctions**

(1) Supervisory authorities shall perform all activities that are necessary to ensure implementation of international and national sanctions.

(2) The Office of Citizenship and Migration Affairs shall supervise inclusion of a person on whom the restriction on entry has been imposed in accordance with Section 11 of this Law in the list of persons who are prohibited to enter Latvia.

(3) [8 December 2023]

(4) Latvijas Banka shall:

1) supervise the implementation of the restrictions imposed by international and national sanctions as well as the sanctions significantly affecting the financial market participant or financial market of a European Union Member State or a State party to the North Atlantic Treaty Organisation regarding financial market participants in relation to whom this Law does not specify another supervisory authority;

2) [8 December 2023];

3) shall determine the requirements for the financial market participants in relation to the establishment and control of an internal control system for the sanction risk management;

4) [8 December 2023];

5) [8 December 2023].

(41) [8 December 2023]

(42) The State Revenue Service shall supervise the implementation of the restrictions imposed by international and national sanctions in relation to those persons which it supervises in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

(43) The Consumer Rights Protection Centre shall supervise how the persons who are engaged in consumer crediting and to whom the Consumer Rights Protection Centre has issued a special permit (licence) for the provision of crediting services, and persons who are dealing with provision of debt recovery services and to whom the Consumer Rights Protection Centre has issued a special permit (licence) for the provision of debt recovery services are implementing the restrictions imposed by international and national sanctions.

(44) The Latvian Council of Sworn Advocates shall:

1) supervise the implementation of the restrictions imposed by international and national sanctions in the work of sworn advocates;

2) develop procedures which provide for a set of measures that a sworn advocate must implement in order to ensure the fulfilment of the requirements of this Law.

(45) The Council of Sworn Notaries of Latvia shall:

1) supervise the implementation of the restrictions imposed by international and national sanctions in the work of sworn notaries;

2) develop procedures which provide for a set of measures that a sworn notary must implement in order to ensure the fulfilment of the requirements of this Law.

(46) The Latvian Association of Sworn Auditors shall:

1) supervise the implementation of the restrictions imposed by international and national sanctions in the work of sworn auditors and commercial companies of sworn auditors;

2) develop procedures which provide for a set of measures that a sworn auditor and commercial company of sworn auditors must implement in order to ensure the fulfilment of the requirements of this Law.

(47) The Lotteries and Gambling Supervision Inspection shall supervise the implementation of the restrictions imposed by international and national sanctions in the work of the lottery and gambling operators.

(48) The National Heritage Board shall supervise the implementation of the restrictions imposed by international and national sanctions in relation to those transactions and persons which it supervises in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

(49) [30 September 2021].

(410) The Insolvency Control Service shall:

1) supervise the implementation of the restrictions imposed by international and national sanctions in the work of the administrators of insolvency proceedings;

2) develop guidelines specifying a set of measures that an administrator of insolvency proceedings takes to ensure compliance with the requirements of this Law.

(5) The Land Registry Office of a district (city) court as the competent authority shall implement the prohibition specified in international or national sanctions to corroborate the property rights to immovable property or record a pledge notation, which hinders voluntary corroboration of any rights (except for the rights obtained as a result of inheriting) in relation to the immovable property in the ownership of the subject of sanctions.

(6) If the sanctions imposed on the subject of sanctions are amended or revoked, the supervisory authorities shall take all actions necessary for amending or revoking the imposed restrictions based on the competence specified for such authorities in laws and regulations.

[*21 June 2018; 13 June 2019; 30 September 2021; 8 December 2023*]

**Section 13.1 Obligation to Make Sanction Risk Assessment and to Establish an Internal Control System**

(1) Persons who are under supervision of Latvijas Banka, the State Revenue Service, the Consumer Rights Protection Centre, the Latvian Council of Sworn Advocates, the Council of Sworn Notaries of Latvia, the Latvian Association of Sworn Auditors, the Lotteries and Gambling Supervision Inspection, the National Heritage Board, and the Insolvency Control Service shall, according to their type of activity, conduct and document the risk assessment of international and national sanctions in order to establish, assess, understand, and manage the risks of failure to implement the international and national sanctions imposed on their activities or customers. Based on this assessment, the persons that are under supervision shall establish an internal control system for the management of the risks of international and national sanctions, including by developing and documenting the respective policies and procedures.

(2) The internal control system is a set of measures which includes activities oriented towards ensuring compliance with the requirements of international and national sanctions by providing appropriate resources and training the employees for this purpose in order to prevent, as far as possible, the involvement of persons who are under supervision of Latvijas Banka, the State Revenue Service, the Consumer Rights Protection Centre, the Latvian Council of Sworn Advocates, the Council of Sworn Notaries of Latvia, the Latvian Association of Sworn Auditors, the Lotteries and Gambling Supervision Inspection, the National Heritage Board, and the Insolvency Control Service in the violation or circumvention of the requirements of international and national sanctions, or avoidance of their implementation.

[*13 June 2019; 30 September 2021; 8 December 2023*]

**Section 13.2 Liability for Violations in the Field of the Requirements of International and National Sanctions**

(1) Latvijas Banka, the State Revenue Service, the Consumer Rights Protection Centre, the Latvian Council of Sworn Advocates, the Council of Sworn Notaries of Latvia, the Latvian Association of Sworn Auditors, the Lotteries and Gambling Supervision Inspection, the National Heritage Board, and the Insolvency Control Service are entitled to impose administrative sanctions and supervisory measures on the persons who are under their supervision for violations of the laws and regulations governing the requirements of international and national sanctions regarding the internal control system and sanction risk management.

(2) The supervisory authorities referred to in Paragraph one of this Section, except for Latvijas Banka, may impose the following administrative sanctions on the persons who are under their supervision for the violation of the laws and regulations governing the requirements of international and national sanctions regarding the internal control system and sanction risk management:

1) to issue a warning;

2) to impose a fine on the natural or legal person liable for the violation in the amount of up to EUR 1 000 000;

3) to suspend or terminate the activity, including to suspend or annul a licence (certificate) or to annul the record in the relevant register;

4) to impose an obligation to take certain action or refrain therefrom.

(3) Cases against sworn advocates and sworn notaries in relation to violations of the laws and regulations governing the requirements of international and national sanctions regarding the internal control system and sanction risk management shall be examined in accordance with the procedures determined for the examination of disciplinary cases in the laws and regulations governing the activities of these persons. The administrative sanctions provided for in Paragraph two, Clauses 1, 2 and 4 of this Section shall be applied to sworn auditors and commercial companies of sworn auditors by the State Revenue Service upon a proposal of the Latvian Association of Sworn Auditors, but the licences of sworn auditors and commercial companies of sworn auditors shall be revoked by the Latvian Association of Sworn Auditors in accordance with the procedures laid down in the laws and regulations regarding the audit services.

(4) Latvijas Banka may impose the following administrative sanctions on the persons who are under its supervision – financial market participants – for the violation of the laws and regulations governing the requirements of international and national sanctions regarding the internal control system and sanction risk management:

1) to issue a warning;

2) to impose a fine on a financial market participant in the amount of up to 10 per cent of the total annual turnover according to the latest approved financial statement drafted, approved and, if necessary, audited in accordance with the laws and regulations regarding the drawing up of annual statements. If 10 per cent of the total annual turnover determined in accordance with the first sentence of this Clause is less than EUR 5 000 000, Latvijas Banka is entitled to impose a fine in the amount of up to EUR 5 000 000. If the financial market participant is a parent undertaking or a subsidiary of a parent undertaking, the corresponding total annual turnover shall be the total annual turnover or the income of the corresponding type in accordance with the relevant laws and regulations and the latest available consolidated statements which have been approved by the management body of the parent undertaking;

3) to impose a fine of up to EUR 5 000 000 on an official, employee or a person who, at the time of committing the violation, is responsible for the compliance with the requirements of international and national sanctions under the assignment or in the interests of the financial market participant;

4) to suspend or terminate the activity, including to suspend or annul a licence (certificate) or to annul the record in the relevant register;

5) to determine a temporary prohibition for the person liable for the violation to fulfil the obligations specified for the financial market participant;

6) to impose an obligation on a financial market participant to remove the person liable for the violation from the office.

(5) Decisions of Latvijas Banka on the imposition of administrative sanctions may be appealed to the Regional Administrative Court. The court composed of three judges shall examine a case as the court of first instance. A judgement of the Regional Administrative Court may be appealed by submitting a cassation complaint. Decisions of other supervisory authorities referred to in Paragraph one of this Sections on the imposition of administrative sanctions may be appealed to the District Administrative Court in accordance with the procedures laid down in the Administrative Procedure Law. The appeal of the decision on the imposition of administrative sanctions (except for the imposition of a fine) shall not suspend the operation of such decision.

(6) The supervisory authorities referred to in Paragraph one of this Section shall publish the decision on the application of administrative sanctions and supervisory measures on its website immediately after the person on whom the administrative sanction or supervisory measure has been imposed is informed of this decision.

(7) When publishing the decision by which the administrative sanctions and supervisory measures are imposed, the supervisory authorities referred to in Paragraph one of this Section shall comply with the following provisions:

1) the publication shall include information at least on the type and nature of the violation and the identity of the persons held liable, except for that specified in Clause 2 of this Paragraph, and also on contesting the decision and the adopted ruling;

2) the natural person need not be identified in the publication, if after making the initial assessment it is found that the disclosure of his or her data can endanger the stability of the financial market or the course of the initiated criminal proceedings, or cause incommensurate harm to the persons involved;

3) if it is expected that the circumstances referred to in Clause 2 of this Paragraph could cease to exist within a reasonable period, the publication of information may be temporarily postponed;

4) the publication shall be available on the website of the supervisory authority for five years in accordance with the personal data protection requirements.

[*13 June 2019; 30 September 2021; 8 December 2023*]

**Section 13.3 Procedures for the Use of Fines**

The fines imposed for the violations of this Law shall be transferred into the State budget, and its use shall be determined in accordance with the annual State budget law.

[*21 June 2018* / *Section shall come into force on 3 July 2019.* *See Paragraph 4 of Transitional Provisions.*]

**Section 13.4 Statute of Limitation**

(1) The supervisory authority referred to in Section 13 of this Law is entitled to initiate an administrative case regarding the violations specified in Section 13.2, Paragraph one of this Law not later than within 10 years from the day of committing the violation, but if the violation is continuous – from the day of terminating the violation. Counting of the limitation period for the initiation of a case shall be suspended on the day of the initiation of the administrative case.

(2) The supervisory authority referred to in Section 13 of this Law may take the decision to impose the sanctions specified in Section 13.2 of this Law within two years from the day of initiating the administrative case.

(3) On objective grounds, including if the case requires a protracted determination of facts, the supervisory authority referred to in Section 13 of this Law, by taking a decision, may extend the term for taking a decision specified in Paragraph two of this Section for a period not exceeding three years from the day when the administrative case was initiated. The decision on extending the time period shall not be subject to appeal.

(4) The supervisory authority referred to in Section 13 of this Law shall terminate the case if the decision to apply the sanctions specified in Section 13.2 of this Law has not been taken within the term specified in Paragraph two or three of this Section.

[*21 June 2018; 8 December 2023*]

**Section 13.5 Discharge of the Liability of a Person**

(1) Provision of information to the State Security Service, the Financial Intelligence Unit of Latvia, and the supervisory authorities referred to in Section 13 of this Law on alleged violations of the international and national sanctions, or sanctions of a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests and violations irrespective of the provisions of other laws and regulations or contracts shall not be considered the disclosure of confidential information, and a natural or legal person, or a subject governed by public law, or its management (including members of the supervisory and executive boards) and employees shall not be held legally liable, including civilly liable, for the provision of the abovementioned information.

(2) If, upon application of the requirements of this Law or other laws and regulations in the field of international or national sanctions, or sanctions of a European Union Member State or a State party to the North Atlantic Treaty Organisation which affect significant financial market interests, a person has refrained from conducting a transaction, terminated business relations, or requested early fulfilment of the commitments, this person or its management (including members of the supervisory and executive boards) and employees shall not be held legally liable, including civilly liable, due to such refraining or delay of a transaction, termination of business relations, or request for an early fulfilment of commitments.

[*13 June 2019; 30 September 2021; 8 December 2023*]

**Section 14. Revocation of International and National Sanctions**

(1) The Minister for Foreign Affairs may, upon his or her initiative or on the basis of the recommendation of the National Security Council, or after evaluating the application of the subject of sanctions, express a proposal to the international organisation to revoke international sanctions, insofar as they apply to the subject of sanctions, if the relevant subject is a natural or legal person under the jurisdiction of the Republic of Latvia.

(2) The Cabinet may, upon its initiative or on the basis of the proposal of the Minister for Foreign Affairs or recommendation of the National Security Council, decide to amend or revoke the Cabinet regulations issued in accordance with the procedures laid down in Section 11, Paragraph three of this Law and the Cabinet orders issued on their basis. Upon receipt of a submission from the subject of sanctions, the Cabinet may decide to amend or revoke the Cabinet order issued in accordance with the procedures laid down in Section 11, Paragraph three of this Law insofar as it applies to the subject of sanctions.

[*21 June 2018*]

**Section 15. Appeal and Revision of National Sanctions**

(1) The Cabinet order issued on the basis of the Cabinet regulation regarding national sanctions, insofar as it applies to the subject of sanctions, may be appealed to the Regional Administrative Court. The court composed of three judges shall examine a case as the court of first instance. A judgement of the Regional Administrative Court may be appealed by submitting a cassation complaint. Appeal of a Cabinet order shall not suspend the operation of this order.

(2) The Cabinet shall, not less than once a year, review the Cabinet regulations issued in accordance with the procedures laid down in Section 11, Paragraph three of this Law and the Cabinet orders with lists of subjects of sanctions and, if necessary, amend or partially or completely revoke them.

[*21 June 2018; 8 December 2023*]

**Section 16. Sanctions Coordination Council**

(1) The Sanctions Coordination Council is a consultative body established by the Cabinet the objective of which is to coordinate the activities of the authorities and to promote a uniform approach to the application of laws and regulations.

(2) The by-laws of the Sanctions Coordination Council shall be approved by the Cabinet.

[*13 June 2019; 8 December 2023*]

**Section 17. Reporting Obligation**

The persons under supervision of the supervisory authorities referred to in Section 13 of this Law have the obligation to:

1) immediately, but not later than on the next working day, report to the State Security Service on the violation of the international or national sanctions or an attempt to violate them, and the funds frozen due to such actions;

2) if suspicions of the circumvention of international or national sanctions or circumvention attempt in the implementation of financial restrictions have arisen, report thereon to the Financial Intelligence Unit of Latvia in accordance with the procedures laid down in the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

[*13 June 2019; 8 December 2023*]

**Transitional Provisions**

[*21 June 2018*]

1. With the coming into force of this Law, the law On Introduction in the Republic of Latvia of the Sanctions Specified by International Organisations (*Latvijas Vēstnesis*, 2006, No. 171) is repealed.

[*21 June 2018*]

2. The right referred to in Section 11.1, Paragraph three of this Law to unilaterally withdraw from the performance of the contract shall not be applied to the procurements or procurement procedures that have been commenced or announced before the day of coming into force of this provision.

[*21 June 2018*]

3. Section 13.1 of this Law shall come into force on 1 May 2019.

[*21 June 2018*]

4. Sections 13.2, 13.3, and 13.4 of this Law shall come into force concurrently with amendments to Section 84 of the Criminal Law providing for criminal punishments for the violation of the sanctions imposed by the United Nations, the European Union, and other international organisations or the national sanctions imposed by the Republic of Latvia.

[*21 June 2018*]

5. Amendments to Section 11.1 of this Law shall not apply to the procurements or procurement procedures that have been commenced or announced before the day of coming into force of these amendments.

[*13 June 2019*]

6. Until the respective amendments are made in other laws and regulations, the name “Financial Intelligence Unit of Latvia” used in this Law shall correspond to the name “Office for Prevention of Laundering of Proceeds Derived from Criminal Activity” or “Control Service” used in other laws and regulations.

[*13 June 2019*]

7. The regulatory provisions of the Financial and Capital Market Commission issued on the basis of this Law until the day of coming into force of the Law on Latvijas Banka shall be applicable until the day when the relevant regulations of Latvijas Banka come into force, but not later than until 31 December 2024.

[*30 September 2021*]

8. Latvijas Banka shall, by 1 April 2024, issue regulations laying down the requirements referred to in Section 13, Paragraph four, Clause 3 of this Law. The permits issued by Latvijas Banka and the Financial and Capital Market Commission for the execution of financial transaction shall be valid until the moment when Latvijas Banka revokes them but not longer than until 31 December 2024.

[*8 December 2023*]

The Law shall come into force on 1 March 2016.

This Law has been adopted by the *Saeima* on 4 February 2016.

Acting for the President, Chairperson of the *Saeima* I. Mūrniece

Rīga, 15 February 2016