

**REPUBLIC OF LITHUANIA
LAW
ON THE BANK OF LITHUANIA**

1 December 1994 No I-678
(As last amended on 23 December 2021 – No XIV-822)
Vilnius

**CHAPTER 1
GENERAL PROVISIONS**

Article 1. Bank of Lithuania

1. The central bank of the Republic of Lithuania shall be the Bank of Lithuania, belonging by the right of ownership to the State of Lithuania. The Bank of Lithuania shall form an integral part of the European System of Central Banks and shall pursue the objectives and carry out the tasks of the European System of Central Banks in accordance with the guidelines and instructions of the European Central Bank. The Bank of Lithuania shall perform its functions and carry out its activities to the extent that it does not interfere with the objectives of the European Central Bank and of the European System of Central Banks and complies with the legal acts of the European Union, including the legal acts of the European Central Bank. The regulation of the activities of the Bank of Lithuania has been harmonised with the legal acts of the European Union specified in Annex 3 to this Law.
2. The ownership of the State of Lithuania in the Bank of Lithuania shall be expressed by the capital of the Bank of Lithuania. The assets of the Bank of Lithuania shall belong to it by the right of ownership. The Bank of Lithuania shall manage, use and dispose of its assets in accordance with legal acts of the European Union and this Law.
3. The Bank of Lithuania shall be established by the Seimas.

Article 2. Legal status of the Bank of Lithuania

1. The Bank of Lithuania shall be a legal person.
2. The Bank of Lithuania shall have a seal bearing the State Emblem of Lithuania and words 'Lietuvos Bankas' [Bank of Lithuania].
3. *Repealed as of 15 June 2018.*
4. The State of Lithuania shall not be liable for the obligations of the Bank of Lithuania, and the Bank of Lithuania shall not be liable for the obligations of the State of Lithuania.

Article 3. Independence of the Bank of Lithuania

1. The Bank of Lithuania shall be governed by the Treaty on the Functioning of the European Union, the Protocol on the Statute of the European System of Central Banks and of the European Central Bank annexed to the Treaty on the Functioning of the European Union, as well as other legal acts of the European Union. The Bank of Lithuania shall be also governed by laws and other legal acts of the Republic of Lithuania in as much as they are in compliance with the Treaty on the Functioning of the European Union and the Protocol on the Statute of the European System of Central Banks and of the European Central Bank annexed to the Treaty on the Functioning of the European Union. In the event of a conflict between the legal acts of the Republic of Lithuania and the international treaties of the Republic of Lithuania, the international treaties of the Republic of Lithuania shall take precedence.

2. When implementing the objectives and performing its functions as well as pursuing the activities necessary therefor, the Bank of Lithuania, the Chair of the Board of the Bank of Lithuania, the Deputy Chairs, the Members of the Board, other members of the staff of the Bank of Lithuania (hereinafter: 'the staff of the Bank of Lithuania') may not seek and take instructions from the institutions and bodies of the European Union, the governments of the Member States of the European Union or any other institutions or bodies. The Government of the Republic of Lithuania and state institutions must respect the independence of the Bank of Lithuania and must not seek to influence the Bank of Lithuania and its staff in discharge of their duties.

Article 4. Branches, representative offices, institutions and enterprises of the Bank of Lithuania

The Bank of Lithuania shall have the right to establish branches, representative offices, institutions and enterprises, to be a shareholder or stakeholder in other institutions and enterprises in the Republic of Lithuania and foreign states, provided this is needed to perform its functions.

Article 5. Foreign relations of the Bank of Lithuania and its representation of the State of Lithuania

1. The Bank of Lithuania shall maintain relations with foreign and international financial institutions and shall conclude agreements with them.

2. The Bank of Lithuania may represent the State of Lithuania in international financial institutions.

Article 6. Issuance of banknotes and coins

1. The Bank of Lithuania shall have the right to issue banknotes and coins in compliance with the requirements of the Treaty on the Functioning of the European Union.

2. The Bank of Lithuania shall be designated as the National Analysis Centre (NAC) and the Coin National Analysis Centre (CNAC) in the Republic of Lithuania.

3. The Bank of Lithuania shall supervise how cash handlers, namely, the institutions referred to in Article 6(1) of Regulation (EC) No 1338/2011 (hereinafter: 'cash handlers'), fulfil the requirements set out by Regulation (EU) No 1210/2010 and Decision ECB/2010/14 for cash handling activities, such as checking euro banknotes and coins for authenticity and fitness and their recirculation (hereinafter: 'cash handling activities').

Article 7. Primary objective of the Bank of Lithuania

1. In accordance with the Treaty on the Functioning of the European Union, the primary objective of the Bank of Lithuania shall be to maintain price stability.

2. Without prejudice to its primary objective, the Bank of Lithuania shall, within its remit, support the general economic policies in the European Union with a view to contributing to the achievement of the objectives of the European Union established in the Treaty on the Functioning of the European Union, and support the economic policy carried out by the Government of the Republic of Lithuania, without prejudice to the primary objective of the Bank of Lithuania and to the extent this meets the objectives of the European Central Bank and of the European System of Central Banks.

Article 8. Functions and activities of the Bank of Lithuania

1. In implementing the provisions of the Treaty on the Functioning of the European Union and acting as an integral part of the European System of Central Banks, the Bank of Lithuania shall perform the following functions:

1) issue banknotes and perform other related activities;

2) implement monetary policy;

3) manage, use and dispose of the official foreign reserves of the Bank of Lithuania (hereinafter: 'foreign reserves');

4) promote the stable and efficient operation of payment and securities settlement systems, including the development of payment systems managed by the Bank of Lithuania and other

information systems constituting the infrastructure of payments;

5) collect statistical information necessary for the performance of the tasks of the European System of Central Banks from state and municipal institutions and economic entities.

2. In addition, the Bank of Lithuania shall:

1) exercise the functions of a fiscal agent in accordance with the agreements with public entities referred to in Article 21.1 of the Treaty on the Functioning of the European Union Protocol on the European System of Central Banks and the Statute of the European Central Bank (hereinafter: 'public entities');

2) exercise financial market supervision, except for the cases where these functions are performed by the European Central Bank in accordance with the provisions of Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, as well as perform the functions assigned to the national supervisory authority under Regulation (EU) No 1024/2013;

3) settle disputes between consumers and financial market participants out of court;

4) collect statistical information necessary for the performance of the functions of the Bank of Lithuania that are not related to the activities of the European System of Central Banks from state and municipal institutions and economic entities, set a procedure for the collection, compilation and dissemination of the said statistical information, and compile the balance of payments and international investment and financial accounts of the Republic of Lithuania;

5) be allowed, in accordance with the procedure and under the conditions laid down by the Bank of Lithuania, to grant the loans secured by eligible collateral provided to the Bank of Lithuania to credit and other financial institutions, undertakings engaged in insurance or reinsurance activities registered in the Republic of Lithuania, provided this is without prejudice to the requirements arising from the Bank of Lithuania's participation in the European System of Central Banks, in particular the requirements arising from operations performed on behalf of public law entities;

6) issue coins in compliance with the requirements of the Treaty on the Functioning of the European Union and carry out other related activities;

7) implement a policy that aims to contribute to the protection of the stability of the entire financial system, including the strengthening of the resilience of the financial system and the reduction of systemic risks in order to ensure sustainable financial sector's contribution to economic growth (hereinafter: 'macro-prudential policy');

8) perform the functions assigned by laws of the Republic of Lithuania to a resolution authority for financial sector entities, except for the cases where such functions are performed by the Single Resolution Board in accordance with the provisions of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (with all amendments), as well as perform the functions assigned to the national resolution authority in accordance with Regulation (EU) No 806/2014.

3. The Bank of Lithuania shall carry out activities necessary for the implementation of the functions referred to in paragraph 1 and 2 of this Article and for the development and maintenance of the infrastructure necessary for that purpose. For services provided by the Bank of Lithuania, other than the services for which no fee may be charged under Article 15(5) of the Law of the Republic of Lithuania on Public Administration, the Bank of Lithuania shall have the right to receive the fee fixed by a resolution of the Board of the Bank of Lithuania, unless legal acts of the European Union provide otherwise.

4. In performing its functions and carrying out its activities, the Bank of Lithuania shall participate in maintaining stability and soundness of the entire financial system and, within its remit, shall take all the necessary measures.

Article 9. Legal acts of the Bank of Lithuania

Within their respective remit, the Board of the Bank of Lithuania shall adopt resolutions and the Chair of the Board of the Bank of Lithuania shall issue orders.

CHAPTER 2

ORGANISATION AND MANAGEMENT OF THE ACTIVITIES OF THE BANK OF LITHUANIA

Article 10. Board of the Bank of Lithuania

1. The Bank of Lithuania shall be governed by the Board of the Bank of Lithuania. The Board shall be comprised of the Chair, two Deputy Chairs, and two Members of the Board.
2. Only citizens of the Republic of Lithuania may be the Chair, the Deputy Chairs, and the Members of the Board of the Bank of Lithuania, provided they have not reached the age of 65 by the date of their appointment.
3. The Chair, the Deputy Chairs and the Members of the Board of the Bank of Lithuania may participate in the management of international financial institutions of which the Republic of Lithuania or the Bank of Lithuania is a member.
4. The Chair of the Board of the Bank of Lithuania shall be appointed for a term of five years and dismissed prior to the expiration of his term of office by the Seimas on a recommendation of the President of the Republic.
5. The Deputy Chairs and the Members of the Board of the Bank of Lithuania shall be appointed for a term of six years and dismissed prior to the expiration of their term of office by the President of the Republic on a recommendation of the Chair of the Board of the Bank of Lithuania.

Note. Paragraph 5 shall apply to the Deputy Chairs and the Members of the Board of the Bank of Lithuania appointed after the entry into force of Law No [XI-1319](#).

6. The Chair of the Board of the Bank of Lithuania may be appointed to his post for unlimited number of terms of office. The Deputy Chairs and the Members of the Board may be appointed to their respective posts for no more than two consecutive terms.
7. The amount of remuneration of the Deputy Chairs and the Members of the Board of the Bank of Lithuania, not exceeding 90 per cent of the amount of the remuneration of the Chair of the Board of the Bank of Lithuania, shall be established by the Board of the Bank of Lithuania.

Note. Paragraph 7 shall apply to the Deputy Chairs and the Members of the Board of the Bank of Lithuania appointed after the entry into force of Law No [XI-1319](#).

Article 11. Functions and activities of the Board of the Bank of Lithuania

1. The Board of the Bank of Lithuania shall:
 - 1) *repealed as of 1 January 2015;*
 - 2) *repealed as of 1 January 2015;*
 - 3) *repealed as of 1 January 2015;*
 - 4) establish the principles of and procedures for the management, use and disposal of foreign reserves that have not been transferred to the European Central Bank in accordance with the procedure laid down by legal acts of the European Union, in compliance with the requirements of the European Central Bank applicable to foreign reserves of the national central banks;
 - 5) *repealed as of 1 January 2015;*
 - 6) develop a financial market supervision policy, except for cases where, in accordance with the provisions of Regulation (EU) No 1024/2013, this is carried out by the European Central Bank;
 - 7) adopt resolutions;
 - 8) decide, subject to the consent of the European Central Bank, on matters concerning the participation of the Bank of Lithuania in international monetary institutions;
 - 9) decide on matters of issuance and withdrawal of the banknotes and coins and other matters related thereto in compliance with the requirements of the Treaty on the Functioning of the European Union;
 - 10) establish branches, representative offices, enterprises and institutions of the Bank of Lithuania for the performance of its functions and decide on the acquisition of shares of (stakes in) enterprises and institutions related to the functions of the Bank of Lithuania;

- 11) approve the structure of the Bank of Lithuania;
 - 12) determine the principles of service/work and the status of the staff of the Bank of Lithuania, approve the rules of procedure of the Board;
 - 13) impose on the financial market participants referred to in Article 42(1) of this Law (hereinafter: 'financial market participants under supervision') and other persons the sanctions specified by laws and legal acts of the European Union as well as the mandatory instructions and other mandatory measures established by legal acts regulating the financial market, except for cases where, in accordance with the provisions of Regulation (EU) No 1024/2013, this is carried out by the European Central Bank;
 - 14) adopt, in accordance with the provisions of the Law on Financial Sustainability, other legal acts of the Republic of Lithuania and applicable legal acts of the European Union, decisions on the approval of resolution plans for financial sector entities, the establishment of minimum requirements for own funds and eligible liabilities, the write-down and/or conversion of capital instruments and eligible liabilities separately from resolution actions, resolution, implementation of decisions of the Single Resolution Board and other decisions related to the performance of the functions assigned to a resolution authority for financial sector entities and shall apply to a court for the opening of insolvency proceedings against financial market participants under supervision;
 - 15) approve the Bank of Lithuania's budget;
 - 16) establish, in compliance with requirements of legal acts of the European Central Bank, the financial accounting policy of the Bank of Lithuania, approve a set of annual financial statements and the allocation of profit for the financial year, as stipulated in Article 23(3) of this Law;
 - 17) establish a procedure for the management, use and disposal of the assets of the Bank of Lithuania, following the main principle of achieving the objectives and carrying out the tasks of the European System of Central Banks using the most economical, effective and productive means, also shall establish procurement procedures;
 - 18) resolve matters pertaining to the issuance, suspension, lifting of suspension and revocation (termination of validity) of licences, authorisations, consents, approvals, non-objections specified by the laws regulating the financial market and legal acts of the European Union;
 - 19) adopt decisions as regards disputes between consumers and financial market participants;
 - 20) specify measures of macro-prudential policy;
 - 21) adopt decisions on the development of payment systems managed by the Bank of Lithuania and other information systems constituting the infrastructure of payments and on the implementation of related measures;
 - 22) approve the operating rules of payment systems managed by the Bank of Lithuania and other information systems constituting the infrastructure of payments, the rules for opening and managing of their participants' accounts with the Bank of Lithuania, establish a procedure for the provision of and payment for services of the payment systems managed by the Bank of Lithuania and other information systems constituting the infrastructure of payments;
 - 23) carry out other activities related to the implementation of the primary objective of the Bank of Lithuania.
2. The Board may authorise the Chair of the Board of the Bank of Lithuania to perform a part of its functions, except for the functions provided for by points 4, 6, 7, 9, 10, 12, 13, 14, 15, 16, 18, 19, 20, 21 and 22 of paragraph 1 of this Article.
3. The Board of the Bank of Lithuania may delegate the performance of all functions, or a part thereof, specified in points 13, 18 and 19 of paragraph 1 of this Article to the structural units of the Bank of Lithuania to perform or, in accordance of provisions of Article 17¹ of this Law, to collegial bodies formed by the Board of the Bank of Lithuania, unless laws provide otherwise.

Article 12. Dismissal of Members of the Board of the Bank of Lithuania

1. The Chair of the Board of the Bank of Lithuania, the Deputy Chairs and the Members of the Board of the Bank of Lithuania shall be dismissed prior to the expiration of their term of office

only if they do not fulfil requirements for the performance of their duties or they have been found guilty of serious misconduct.

2. A decision regarding the dismissal of the Chair of the Board of the Bank of Lithuania on the grounds referred to in paragraph 1 of this Article shall be adopted by the Seimas of the Republic of Lithuania on a recommendation of the President of the Republic, while a decision regarding the dismissal of the Deputy Chairs and the Members of the Board shall be adopted by the President of the Republic on a recommendation of the Chair of the Board of the Bank of Lithuania.

3. A decision regarding a dismissal shall be adopted within one month from the submission of a recommendation thereon to the Seimas of the Republic of Lithuania or to the President of the Republic. In the event a decision is not adopted within the above time limit, the person in question shall continue to perform his duties.

4. The Chair of the Board of the Bank of Lithuania shall have the right to refer to the Court of Justice of the European Union a decision regarding his dismissal prior to the expiration of his term of office within two months from the publication of the decision or from the receipt of a notification thereof or, if the above has not occurred, from the date when the decision became known to the claimant on the grounds of the decision being in breach of the Treaty on the Functioning of the European Union or any other legal provision related to the application of the above Treaty. The Deputy Chairs and the Members of the Board of the Bank of Lithuania shall have the right to appeal to Vilnius Regional Court against a decision regarding their dismissal prior to the expiration of their terms of office.

Article 13. Resignation of the Members of the Board of the Bank of Lithuania

1. The Chair of the Board of the Bank of Lithuania may resign from his post upon submitting a resignation request to the President of the Republic of Lithuania; the Deputy Chairs and the Members of the Board may resign upon submitting resignation requests to the Chair of the Board.

2. A resignation request submitted by the Chair of the Board shall be considered by the Seimas and requests of the Deputy Chairs and the Members of the Board shall be considered by the President of the Republic.

3. A decision regarding resignation shall be adopted within one month from the submission of a resignation request.

4. In the event a decision is not adopted during the time limit specified in paragraph 3 of this Article, the Chair of the Board, the Deputy Chairs and the Members of the Board shall be considered to have resigned after one month from the submission of such a request.

5. In the event a decision to decline a request is adopted, the Chair of the Board, the Deputy Chairs and the Members of the Board shall be considered to have resigned after one month from the taking of the above decision if they submit a request confirming their previous request within two weeks from the adoption of the decision to decline the request.

Article 14. Meetings of the Board of the Bank of Lithuania

1. Meetings of the Board of the Bank of Lithuania shall be held as necessary, but at least once a month. A procedure for arranging meetings of the Board shall be specified by the rules of procedure of the Board of the Bank of Lithuania.

2. Meetings of the Board of the Bank of Lithuania shall be considered valid if attended by at least three members of the Board. Decisions of the Board shall be adopted by a majority of at least three votes.

3. Meetings of the Board of the Bank of Lithuania shall be presided over by the Chair of the Board or by one of the Deputy Chairs in accordance with the procedure specified by the rules of procedure of the Board.

4. Decisions of the Board of the Bank of Lithuania shall be implemented by resolutions thereof or by orders of the Chair of the Board.

Article 15. Implementation of the duty of the Members of the Board of the Bank of Lithuania to withdraw

1. Where the official duties performed by the Chair of the Board, a Deputy Chair of the Board or the Members of the Board of the Bank of Lithuania are related to private interests, prior to or upon commencing the performance of the official duties, the Chair of the Board of the Bank of Lithuania shall inform thereof in writing the Board of the Bank of Lithuania, while the Deputy Chairs of the Board and the Members of the Board – the Chair of the Board of the Bank of Lithuania, declare their withdrawal and shall not participate in any form in further performance of the official duties.
2. The Board and the Chair of the Board of the Bank of Lithuania may refuse to accept the declared withdrawal and obligate to continue performing the official duties.
3. Where the declared withdrawal is accepted, the duties of the Chair of the Board, a Deputy Chair of the Board and the Members of the Board of the Bank of Lithuania shall be performed by a Deputy Chair of the Board or a Member of the Board in accordance with the sharing of responsibilities between the Chair of the Board, the Deputy Chairs of the Board and the Members of the Board approved by the Chair of the Board.
4. Data on the withdrawal or removal of the Chair of the Board of the Bank of Lithuania shall be submitted to the Chief Official Ethics Commission and the entity appointing the Chair of the Board of the Bank of Lithuania while ensuring protection of non-public information.

Article 16. Restriction on activities of the Members of the Board of the Bank of Lithuania

1. The Chair, the Deputy Chairs and the Members of the Board of the Bank of Lithuania may only be employed with the Bank of Lithuania and may not engage in any other activities that would cause a conflict of private and public interest. The Board of the Bank of Lithuania may give them consent to engage in research and pedagogical activities.
2. The Chair, the Deputy Chairs and the Members of the Board of the Bank of Lithuania must, for a period of one year after discontinuing the performance of their duties, avoid any conflict of private and public interest that would be caused by their new activities. When intending to engage in the activities that the above-mentioned persons consider might cause a conflict of private and public interest, they shall inform the Board of the Bank of Lithuania in writing and shall seek its opinion before committing themselves.
3. Upon the discontinuation of the performance of duties, the Chair, the Deputy Chairs and the Members of the Board of the Bank of Lithuania shall be paid a severance pay. The pay shall amount to the number of the average monthly earnings paid to them corresponding to the years of their uninterrupted term of office at the Bank of Lithuania, but shall not exceed five average monthly earnings. The severance pay shall not be paid if they have discontinued the performance of their duties because they have been found guilty of serious misconduct.

Note. Paragraph 3 shall apply to the Chair of the Board of the Bank of Lithuania who commences his term of office on the date of entry into force of Law No [XI-1319](#) and afterwards and to the Deputy Chairs and the Members of the Board of the Bank of Lithuania appointed after the entry into force of this Law.

Article 17. Chair of the Board of the Bank of Lithuania

1. The Chair of the Board of the Bank of Lithuania shall:
 - 1) organise the work of the Bank of Lithuania;
 - 2) represent the Bank of Lithuania in the Republic of Lithuania and abroad without any special power of attorney;
 - 3) conclude employment contracts with staff members of the Bank of Lithuania and heads of the branches, representative offices, institutions and enterprises of the Bank of Lithuania, provide incentives for distinguished staff members and impose disciplinary penalties;
 - 4) approve the distribution of duties between the Chair, the Deputy Chairs and the Members of the Board;
 - 5) issue powers of attorney;
 - 6) approve regulations of the structural units of the Bank of Lithuania;
 - 7) perform other functions delegated by the Board of the Bank of Lithuania.

2. In the event of the absence of the Chair of the Board of the Bank of Lithuania, his duties shall be performed by one of the Deputy Chairs or one of the Members of the Board on a mandate from the Chair of the Board of the Bank of Lithuania.

3. The Chair of the Board of the Bank of Lithuania, a Deputy Chair or a Member of the Board shall have the right to attend meetings of the Government of the Republic of Lithuania in an advisory capacity.

4. The remuneration of the Chair of the Board of the Bank shall be equal to five average monthly earnings of employees of monetary intermediation institutions published by Statistics Lithuania.

Note. Paragraph 4 shall apply to the Chair of the Board of the Bank of Lithuania who commences his term of office on the date of entry into force of Law No [XI-1319](#) and afterwards.

5. In order to finance the expenses related to representation both in Lithuania and abroad, the Chair of the Board of the Bank of Lithuania shall be granted a monthly sum accounting for 15 percent of his remuneration without accounting for these expenses.

Note. Paragraph 4 shall apply to the Chair of the Board of the Bank of Lithuania who commences his term of office on the date of entry into force of Law No [XI-1319](#) and afterwards.

Article 17¹. Collegial bodies formed by the Board of the Bank of Lithuania

1. Collegial bodies of the Bank of Lithuania which by virtue of provisions of Article 11(3) of this Law may be authorised to perform the functions of the Board of the Bank of Lithuania shall be formed, their composition and rules of procedure specifying the functions and procedure of work organisation of such collegial bodies shall be approved by the Board of the Bank of Lithuania.

2. Only staff members of the Bank of Lithuania may be appointed as the members of the collegial bodies formed by the Board of the Bank of Lithuania who will be authorised to perform the functions referred to in points 13 and 18 of Article 11(1) of this Law.

3. In addition to the staff members of the Bank of Lithuania, other representatives delegated by state institutions, organisations uniting financial market participants under supervision and consumers of financial services specified by the Board of the Bank of Lithuania who meet the requirements of Article 22³ of the Law of the Republic of Lithuania on Consumer Protection (hereinafter collectively all these persons: ‘delegated members’) may be appointed as the members of the collegial bodies formed by the Board of the Bank of Lithuania who will be authorised to perform the functions referred to in Article 11(1)(19) of this Law. The number of delegated members may not exceed one third of the composition of members of a collegial body. The delegated members shall *mutatis mutandis* be subject to the provisions of Articles 18¹ and 19 of this Law.

Article 18. Staff of the Bank of Lithuania

1. The staff of the Bank of Lithuania shall perform the functions of the Bank of Lithuania laid down in this Law by implementing resolutions of the Board of the Bank of Lithuania and orders of the Chair and by observing the regulations of a relevant structural unit and employment contracts.

2. The staff of the Bank of Lithuania shall be subject to laws governing labour relationships.

3. The staff of the Bank of Lithuania may only be employed with the Bank of Lithuania. Subject to the consent of the Board of the Bank of Lithuania, they may also be employed elsewhere.

4. The Board of the Bank of Lithuania shall have the right to delegate a staff member for temporary employment at institutions of the European Union and international institutions and foreign institutions and bodies at the request of the staff member and at its own initiative, subject to the consent of the staff member, without cancelling the employment contract and suspending the counting of the period of employment at the Bank of Lithuania, without changing the terms of remuneration set in the employment contract or by changing the said terms by mutual agreement between the parties of the employment contract. At the request of the staff member and subject to the consent of the Board of the Bank of Lithuania, such a staff member may take up employment

for a certain period of time with the institutions and bodies mentioned in this paragraph by granting unpaid leave and without suspending the counting of the period of employment at the Bank of Lithuania.

5. The staff of the Bank of Lithuania may be provided financial services in accordance with the procedure and under the conditions specified by the Board of the Bank of Lithuania.

6. The Bank of Lithuania shall disclose information concerning a staff member only in the cases and in accordance with the procedure provided for by law.

Article 18¹. Requirements for the avoidance of a conflict of public and private interest applicable to the staff of the Bank of Lithuania

1. The staff of the Bank of Lithuania must avoid engaging in the activities that would cause a conflict of public and private interest.

2. The Board of the Bank of Lithuania, in ensuring the interests of the Bank of Lithuania and in order to ascertain that the staff of the Bank of Lithuania avoid a conflict of public and private interest and do not use or allow the use by third parties of the information comprising a state secret, an official secret or a bank secret in their own or the third parties' interests, may establish the types of information on personal and family financial operations to be disclosed by the Bank of Lithuania's staff to the Bank of Lithuania and may impose restrictions on entering into certain financial transactions or engaging in certain activities.

Article 19. Duty to protect secrets

1. The staff of the Bank of Lithuania as well as other persons who have been granted the right of access to the information comprising state secrets, official secrets and bank secrets or who have come into possession of such information without such a right must protect the information comprising state secrets, official secrets and bank secrets. This obligation shall continue to exist after the end of an employment relationship with the Bank of Lithuania or after the end of any other service or function related to the Bank of Lithuania.

2. A bank secret shall be any non-public information related to the European System of Central Banks and any other information used in the activities of the Bank of Lithuania that does not comprise a state secret or an official secret with respect to its significance, the unlawful disclosure or loss of which could nevertheless have negative consequences on the functioning of the Bank of Lithuania and its activities, harm legitimate interests of other persons.

3. The Chair of the Board of the Bank of Lithuania shall approve detailed lists of information comprising state secrets and official secrets. Detailed lists of information comprising state secrets and official secrets shall be approved and amended in accordance with the procedure laid down by the Law of the Republic of Lithuania on State Secrets and Official Secrets.

4. A procedure for using information comprising a bank secret shall be approved by the Chair of the Board of the Bank of Lithuania.

5. Protection of information comprising a bank secret in court proceedings shall be subject to the provisions of the laws of the Republic of Lithuania ensuring protection of a commercial secret.

CHAPTER 3 FINANCES OF THE BANK OF LITHUANIA

Article 20. Capital of the Bank of Lithuania

1. The capital of the Bank of Lithuania shall be comprised of its authorised capital and capital buffer.

2. The authorised capital shall be EUR 60 million. It shall be accumulated from the funds of the State of Lithuania and/or profit of the Bank of Lithuania.

3. The capital buffer shall be accumulated from the profit of the Bank of Lithuania.

Article 21. Budget of the Bank of Lithuania

The Bank of Lithuania shall plan its annual budget taking into account the needs related to the implementation of the objectives and functions, as well as its activities prescribed by this Law. The budget shall consist of operating expenses and investment in tangible and intangible assets.

Article 21¹. Financing of financial market supervision and of activities of a resolution authority for financial sector entities

1. Financial market supervision shall be financed by contributions of financial market participants and other funds of the Bank of Lithuania. Activities of a resolution authority for financial sector entities shall be financed by contributions of financial market participants.

2. Financial market participants who must pay contributions to cover the expenditure of financial market supervision, their contribution base and maximum contribution rates shall be set out in Annex 1 of this Law. Financial market participants who must pay contributions to cover the expenditure of a resolution authority for financial sector entities, their contribution base and maximum contribution rates shall be set out in Annex 2 of this Law. Annual contribution rates shall be set by the Bank of Lithuania. Rates of contributions for financial market supervision shall be set by the Bank of Lithuania after consultation with financial market participants under supervision. When setting the contribution rates, account shall be taken of the functions performed by the Bank of Lithuania and the expenditure incurred by it in relation to the relevant financial market participants as well as of the scope and form of activities of the said financial market participants, and in the case of the financial market participants under supervision – the risk taken by them. Financial market participants who engage in the activity of more than one financial market participant referred to in Annex 1 or 2 to this Law must pay contributions to cover the expenditure of financial market supervision or contributions to cover the expenditure of the resolution authority for financial sector entities for each activity carried out by them, except where a licence or business authorisation issued by the supervisory authority entitles the financial market participant to engage in the activity of more than one financial market participant referred to in Annex 1 or 2 to this Law or where the activity of a financial market participant, as referred to in Annex 1 or 2 to this Law, pursued by the financial market participant is already reflected in its contribution base. The detailed calculation method of contributions of the financial market participants under supervision and the procedure of payment thereof as well as the procedure of payment of contributions to finance activities of the resolution authority shall be laid down by legal acts of the Bank of Lithuania.

3. If in a given year the amount of contributions paid by financial market participants exceeds the expenditure incurred by the Bank of Lithuania that year, where such expenditure is related to financial market supervision or the functions of a resolution authority for financial sector entities, the Bank of Lithuania shall reduce the amount of contributions planned for the following year by the said amount and the amount of contributions paid in excess shall be used to finance respectively next-year financial market supervision or activities of the resolution authority for financial sector entities.

4. If in a given year the amount of contributions paid by financial market participants is insufficient to cover the expenditure of the Bank of Lithuania related to the functions of a resolution authority for financial sector entities, the Bank of Lithuania may temporarily cover the shortfalls with other funds of the Bank of Lithuania, however, it must increase by the respective amount the contributions planned for the coming year to finance activities of the resolution authority for financial sector entities (without exceeding the maximum annual contribution rates set out in Annex 2 to this Law) with the aim of recovering the used funds of the Bank of Lithuania.

5. The financial market participants referred to in Annexes 1 and 2 to this Law must transfer contributions for the current year to the accounts specified by the Bank of Lithuania not later than by 31 May of that year. Where the amount of financial market supervision contributions calculated for a financial market participant is less than EUR 50, the financial market participant shall be exempted from payment of the contribution. Financial market participants must pay the

following default interest for the missed deadline for contribution payment: 0.05 per cent of the outstanding amount for each day. Payment of default interest shall not afford exemption from the obligation to pay the whole delayed amount.

6. Unpaid contributions and default interest shall be, by a decision adopted by the Bank of Lithuania, be subject to uncontested recovery (without the person's order to debit his account) from the financial market participant's cash accounts with the Bank of Lithuania, credit or payment institutions. Unpaid contributions and default interest may, by a decision adopted by the Bank of Lithuania, be recovered from other assets of the financial market participant. In this case, the enforcement shall be carried out by bailiffs in accordance with the procedure laid down by the Code of Civil Procedure of the Republic of Lithuania.

Article 22. Profit (loss) of the Bank of Lithuania

The profit (loss) of the Bank of Lithuania for the financial year shall be calculated by deducting expenditure from income.

Article 23. Coverage of the loss and distribution of the profit of the Bank of Lithuania

1. After the set of financial statements of the last completed financial year is approved in accordance with the procedure laid down by this Law, profit (loss) for that year and undistributed profit carried over from the previous financial years shall be attributed to distributable profit (loss). Thereafter, distributable profit shall be distributed or distributable loss shall be covered in accordance with the procedure laid down by this Article.

2. Distributable loss shall be covered from the capital buffer of the Bank of Lithuania. When capital buffer is not sufficient to cover distributable loss, the remaining uncovered loss shall be carried forward to be covered by the distributable profit of the subsequent financial years.

3. Distributable profit shall be distributed in the following sequence:

- 1) to cover the uncovered loss from the previous financial year;
 - 2) from the excess remaining after distribution under point 1 of this paragraph, an amount or part thereof shall be distributed to authorised capital up to the amount specified in Article 20 of this Law;
 - 3) from the excess remaining after distribution under point 2 of this paragraph, an amount or part thereof shall be distributed to capital buffer up to the amount, specified by an independent decision of the Board of the Bank of Lithuania taking into account risks and potential impact thereof, which shall be no less than five amounts of the authorised capital of the Bank of Lithuania;
 - 4) from the excess remaining after distribution under point 3 of this paragraph, an amount or part thereof shall be distributed to the state budget as the profit contribution of the Bank of Lithuania. This contribution must not exceed the amount corresponding to 70 per cent of the calculated average of the profit (loss) of the Bank of Lithuania of the last three financial years.
4. The excess amount of distributable profit remaining after distribution under paragraph 3 of this Article shall be carried forward as undistributed profit and shall be distributed in accordance with the procedure laid down in this Article in subsequent financial years.

Article 24. Relation of the Bank of Lithuania to the state budget

The profit contribution of the Bank of Lithuania shall be paid to the state budget once a year not later than by 1 May of the following year.

CHAPTER 4 MONETARY POLICY

Article 25. Opening of accounts and instruments of monetary policy

1. The Bank of Lithuania, acting as an integral part of the European System of Central Banks, shall implement the defined monetary policy.

2. In order to conduct operations, the Bank of Lithuania may open accounts for credit institutions, public entities and other market participants and accept assets, including book entry securities, as collateral.

3. In accordance with general principles for open market and credit operations specified by the European Central Bank, including the publication of conditions under which it stands ready to enter into such transactions, the Bank of Lithuania may:

- 1) operate in financial markets by buying and selling outright (spot and forward) or under repurchase agreement and by lending or borrowing claims and marketable instruments, whether in European Union or in non-European Union currencies, as well as precious metals;
- 2) conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral.

Article 26. *Repealed as of 1 January 2015*

Article 27. *Repealed as of 1 January 2015*

Article 28. *Repealed as of 1 January 2015*

Article 29. *Repealed as of 1 January 2015*

Article 30. *Repealed as of 1 January 2015*

Article 31. Setting and publication of exchange rates between the euro and foreign currencies

1. The Bank of Lithuania shall publish in the Republic of Lithuania the reference exchange rates between the euro and foreign currencies as published by the European Central Bank.

2. The Bank of Lithuania may also set and publish in the Republic of Lithuania other reference exchange rates between the euro and foreign currencies that were not indicated in paragraph 1 of this Article.

Article 32. *Repealed as of 1 January 2015*

CHAPTER 5 FOREIGN RESERVES AND OPERATIONS

Article 33. Foreign reserves

The Bank of Lithuania shall manage, use and dispose of foreign reserves following the principles and in accordance with the procedure meeting the requirements of European Union law.

Article 34. Structure of foreign reserves

Foreign reserves may be composed of:

- 1) gold;
- 2) foreign currency in banknotes and coins;
- 3) assets in foreign currency held abroad;
- 4) Special Drawing Rights (SDRs) and reserves in the International Monetary Fund;
- 5) other universally recognised international reserves.

Article 35. Operations of the Bank of Lithuania

1. In performance of its functions, the Bank of Lithuania shall have the right to conduct the following operations:

- 1) open accounts on its own behalf and put deposits;
- 2) open and manage accounts and accept deposits;
- 3) take and grant loans;

- 4) purchase and sell gold and assets in foreign currency;
- 5) conduct other operations.
2. Foreign reserves of foreign central banks held in accounts opened by the Bank of Lithuania may not be subject to recovery (in a judicial or extrajudicial manner).

Article 36. Settlement agreements

The Bank of Lithuania may enter into settlement agreements with foreign public and/or private institutions.

CHAPTER 6 FISCAL AGENT'S FUNCTIONS

Article 37. *Repealed as of 1 January 2015*

Article 38. Managing of accounts of public entities and carrying out financial operations for public entities

The Bank of Lithuania shall have the right to open and manage accounts of public entities and carry out financial operations for public entities in accordance with the procedure and under the conditions laid down by the Bank of Lithuania.

Article 39. Operations with Government securities

On the basis of an agreement with the Ministry of Finance, the Bank of Lithuania may organise the issue and redemption of Government securities and the payment of interest thereon.

Article 40. Administration of public debt

On the basis of an agreement with the Ministry of Finance, the Bank of Lithuania may administer public debt.

Article 41. Consulting the Government

The Bank of Lithuania may consult and give proposals to the Government on matters related to financial markets, including its regulation, and state treasury policy.

CHAPTER 7 FINANCIAL MARKET SUPERVISION

Article 42. Aim, functions, rights and obligations of the Bank of Lithuania in the exercise of financial market supervision

1. Financial market participants under supervision shall be the following: banks, foreign bank branches established in the Republic of Lithuania, central credit unions, credit unions, insurance undertakings, reinsurance undertakings, branches of foreign insurance and reinsurance undertakings established in the Republic of Lithuania, insurance brokerage undertakings and branches of foreign insurance and reinsurance intermediaries established in the Republic of Lithuania, electronic money institutions, intermediaries of electronic money institutions and branches of foreign electronic money institutions established in the Republic of Lithuania, financial brokerage firms, tied intermediaries of a financial brokerage firm, financial advisor firms, regulated market operators, transaction information service providers, benchmark administrators, data providers under supervision, management companies, investment companies, depositories, foreign financial brokerage firms and branches of management companies established in the Republic of Lithuania, occupational pension associations (hereinafter: 'pension associations'), holding investment companies, investment holding companies, mixed holding

companies and issuers, payment institutions and intermediaries of payment institutions, consumer credit providers, consumer credit intermediaries, credit providers, peer-to-peer platform operators and credit intermediaries, crowdfunding platform operators, crowdfunding service providers, payment and securities settlement system operators, national development institutions, currency exchange operators, mixed financial holding companies established in the Republic of Lithuania, financial holding companies established in the Republic of Lithuania.

2. In supervising compliance by financial market participants with the requirements set out in legal acts regulating the financial market, the Bank of Lithuania shall:

1) exercise the supervision of banks, branches of foreign banks established in the Republic of Lithuania, central credit unions, credit unions and fulfil other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Banks, the Law of the Republic of Lithuania on Central Credit Unions and the Law of the Republic of Lithuania on Credit Unions;

2) exercise the supervision of insurance undertakings, reinsurance undertakings, branches of foreign insurance and reinsurance undertakings established in the Republic of Lithuania, insurance brokerage undertakings and branches of foreign insurance and reinsurance intermediaries established in the Republic of Lithuania and fulfil other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Insurance;

3) exercise the supervision of electronic money institutions, intermediaries of electronic money institutions and branches of foreign electronic money institutions established in the Republic of Lithuania and fulfil the functions assigned to the Bank of Lithuania under other laws regulating the activities of these entities;

4) exercise the supervision of financial brokerage firms, tied intermediaries of a financial brokerage firm, financial advisor firms, regulated market operators, transaction information service providers, benchmark administrators, data providers under supervision, management companies, investment companies, central securities depositories, branches of foreign central securities depositories established in the Republic of Lithuania, depositories, branches of foreign financial brokerage firms and management companies established in the Republic of Lithuania, pension associations, holding investment companies, investment holding companies, mixed holding companies and issuers and other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Markets in Financial Instruments, the Law of the Republic of Lithuania on Securities, the Law of the Republic of Lithuania on Collective Investment Undertakings, the Law of the Republic of Lithuania on Collective Investment Undertakings for Informed Investors, the Law of the Republic of Lithuania on Managers of Alternative Collective Investment Undertakings, the Law of the Republic of Lithuania on the Supplementary Voluntary Accumulation of Pensions, the Law of the Republic of Lithuania on the Accumulation of Pensions, the Law of the Republic of Lithuania on the Accumulation of Occupational Pensions, the Law of the Republic of Lithuania on Holding Investment Companies;

5) exercise the supervision of payment institutions and intermediaries of payment institutions and fulfil other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Payment Institutions;

6) perform the functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Financial Institutions, the Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing, the Law of the Republic of Lithuania on Payments, the Law of the Republic of Lithuania on Consumer Protection and other laws;

7) exercise the supervision of consumer credit providers, consumer credit intermediaries and peer-to-peer lending platform operators and fulfil other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Consumer Credit;

8) exercise the supervision of operators of payment and securities settlement systems and fulfil other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Settlement Finality in Payment and Securities Settlement Systems;

9) exercise the supervision of currency exchange operators and other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Currency Exchange Operators;

10) perform the functions assigned to the competent authority under Regulation (EC) No 1060/2009, Regulation (EU) No 1286/2014, Regulation (EU) 2017/1131, and Regulation (EU)

2017/2394 in relation to the remit of the Bank of Lithuania;

11) exercise the supervision of crowdfunding platform operators and perform other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Crowdfunding as well as exercise the supervision of crowdfunding service providers and other functions assigned to the competent authority under Regulation (EU) 2020/1503;

12) exercise the supervision of credit providers, peer-to-peer lending platform operators and credit intermediaries and fulfil other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on Credits Related to Immovable Property;

13) exercise the supervision of national development institutions and fulfil other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on National Development Institutions;

14) exercise the supervision of pension annuity payment activities carried out by pension annuity payers and other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on the Accumulation of Pensions;

15) exercise the supervision of mixed financial holding companies established in the Republic of Lithuania, financial holding companies established in the Republic of Lithuania and other functions assigned to the Bank of Lithuania under the Law of the Republic of Lithuania on the Supplementary Supervision of Entities in a Financial Conglomerate.

3. The Bank of Lithuania shall exercise financial market supervision insofar as this is not assigned to the European Central Bank in accordance with the provisions of Regulation (EU) No 1024/2013.

4. In the exercise of financial market supervision, the Bank of Lithuania shall have the right:

1) to adopt legal acts and recommendations regarding the activities and supervision of financial market participants under supervision;

2) to receive free of charge any documents, their copies, other data and information necessary for the performance of the supervisory function from state institutions and registers, financial market participants under supervision, other natural and legal persons and, if necessary to obtain additional information, to summon such persons and to receive explanations from them in accordance with the procedure laid down by this Law;

3) to inspect financial market participants under supervision and, where there are grounds to suspect the infringements of requirements established by legal acts regulating the financial market or in other cases specified by laws regulating the financial market, also other persons;

4) to carry out test purchases of financial services or products in accordance with the procedure laid down by legal acts of the Bank of Lithuania. Information received during such purchases shall be used for planning and undertaking actions to prevent possible infringements of legal acts regulating the financial market; however, it may not serve as the ground for sanctioning;

5) to notify in writing financial market participants under supervision and other persons of any infringements and weaknesses of their activities that are not subject to binding instructions or sanctions specified by laws and legal acts of the European Union and to suggest taking measures to eliminate the infringements, weaknesses, their causes and conditions;

6) to give mandatory instructions to financial market participants under supervision and other persons in the cases and according to the procedure laid down by this Law and other laws regulating the financial market and legal acts of the European Union,;

7) to impose sanctions on financial market participants under supervision and other persons in the cases and according to the procedure laid down by the laws regulating the financial market and legal acts of the European Union;

8) to apply to court for defending public interests protected by legal acts regulating the financial market;

9) to request from auditors of financial market participants under supervision the information on the audit of such entities necessary for the performance of supervisory functions. The fulfilment of such a request shall not be considered to constitute a breach of the prohibition to disclose confidential information and, accordingly, shall not have any negative consequences on auditors;

10) to make public the information necessary for the protection of consumers or public interests;

11) to have other rights established in this Law and legal acts referred to in paragraphs 2 and 3 of this Article, as well as other legal acts the supervision over compliance wherewith is assigned to the remit of the supervisory authority.

5. The Bank of Lithuania shall exercise the rights referred to in paragraph 3 of this Article:

- 1) directly;
- 2) in cooperation with other supervisory authorities, state and municipal institutions;
- 3) with the assistance of other persons to carry out certain actions;
- 4) with the assistance of law enforcement institutions.

6. Financial market supervision exercised by the Bank of Lithuania shall be based on the forward-looking and risk-based approach. The forward-looking approach means that the aim is to identify any potential risks as soon as possible and to take measures to eliminate them. The risk-based approach means that actions, in the first instance, are aimed at eliminating the cases of the greatest risk by linking the risk to the probability of occurrence of damage and to the size and extent of such damage.

7. Where the Bank of Lithuania has the ground to suspect unauthorised, i.e. without having the right granted in accordance with the procedure laid down by legal acts regulating the financial market or otherwise violating the requirements of legal acts, offering to acquire or subscribe to financial instruments and/or to provide insurance or financial services in the Republic of Lithuania at a distance (by means of communications), the Bank of Lithuania shall have the right:

- 1) to give mandatory instructions to the information hosting service provider to remove without delay the information stored by the information hosting service provider which is used for the purpose of unauthorised offering to acquire or subscribe to financial instruments, to provide insurance and/or financial services;
- 2) to give mandatory instructions to the provider of network services to remove without delay the possibility to access the information which is used for the purpose of unauthorised offering to acquire or subscribe to financial instruments, to provide insurance and/or financial services.

8. In order to carry out the actions referred to in paragraph 7 of this Article, the Bank of Lithuania must file an application with Vilnius Regional Administrative Court for issuing an authorisation to carry out the actions. The application must indicate the forename and surname or name (if available) of the person who has committed the suspected infringement, the nature of the suspected infringements of legal acts regulating the financial market and the envisaged actions. The application must be examined and a ruling must be passed not later than within three working days from the submission of the application. Where the Bank of Lithuania disagrees with the ruling of Vilnius Regional Administrative Court whereby the application has been rejected, the Bank of Lithuania shall have the right to appeal against the ruling to the Supreme Administrative Court of Lithuania within seven days. The Supreme Administrative Court of Lithuania must examine the appeal against the ruling of Vilnius Regional Administrative Court not later than within seven days. Representatives of the Bank of Lithuania shall have the right to participate in the hearing of the appeal. When examining the applications and appeals regarding the judicial authorisation, courts must ensure the confidentiality of the submitted information and envisaged actions.

9. The Bank of Lithuania shall make public the information on the persons who engage in unauthorised offering to acquire or subscribe to financial instruments and/or to provide insurance or financial services in the Republic of Lithuania and shall inform that activities of such persons are carried out without authorisation.

10. The procedure for ensuring elimination of the possibilities to access the information which is used for the purpose of unauthorised offering to acquire or subscribe to financial instruments and/or to provide insurance or financial services shall be specified by the Bank of Lithuania.

11. The information which must be submitted to the Bank of Lithuania in accordance with the provisions of this Article and of Article 42¹ shall also include the information which constitutes a bank secret, a commercial secret or is confidential for any other reasons.

12. The Bank of Lithuania shall provide consultations on matters of the remit of the supervision exercised by the Bank of Lithuania and shall undertake any other preventive actions specified in

the Law of the Republic of Lithuania on Public Administration and other legal acts to prevent the potential infringements of legal acts regulating the financial market.

13. Having established the facts which indicate potential criminal activities, the Bank of Lithuania shall inform the relevant law enforcement institutions thereof.

Article 42¹. Inspections carried out by the Bank of Lithuania

1. The Bank of Lithuania shall organise and carry out inspections to examine compliance with the requirements set out by legal acts regulating the financial market. The Bank of Lithuania shall also have the right to carry out inspections when circumstances related to potential infringements of legal acts regulating the financial market transpire or in other cases specified by the legal acts regulating the financial market.

2. The Bank of Lithuania shall adopt a decision to examine or refuse to examine complaints or notifications (hereinafter: a 'complaint') about potential infringements of legal acts regulating the financial market.

3. The Bank of Lithuania shall not start an inspection on the basis of a received complaint about a potential infringement of legal acts regulating the financial market where:

- 1) the infringements indicated in the complaint are of minor significance;
- 2) the examination of the facts stated in the complaint does not fall within the remit of the Bank of Lithuania;
- 3) the facts stated in the complaint are being or were already examined and a decision of the Bank of Lithuania was adopted or a court decision came into effect regarding them;
- 4) the person who lodged the complaint has failed to provide, within the time limit set by the Bank of Lithuania, the actual data and supporting documents required for starting the inspection;
- 5) the limitation periods set in Article 43³(16) of this Law have expired;
- 6) there are no actual data that would allow reasonably suspecting an infringement of a legal act regulating the financial market;
- 7) the examination of facts stated in the complaint is inconsistent with the objectives of the risk-based supervision of the financial market exercised by the Bank of Lithuania;
- 8) the infringement of the legal act is apparent, therefore its examination in accordance with the provisions of Article 43² or 43³ of this Law is commenced without the inspection.

4. The types of inspections and the procedure for carrying them out shall be laid down by legal acts of the Bank of Lithuania.

5. When carrying out an inspection, authorised staff members of the Bank of Lithuania shall have the right:

- 1) to obtain oral or written explanations from financial market participants under supervision, their managers and employees, as well as from persons suspected of committing infringements of legal acts regulating the financial market, to summon these persons or their representatives to arrive at the business premises of the staff member carrying out the inspection and provide explanations;
- 2) to interview the persons not referred to in point 1 of this paragraph who agree to be interviewed in order to obtain the information related to the subject matter of the inspection;
- 3) to have free access to the premises of financial market participants under supervision and other persons specified by laws regulating the financial market during business hours, to examine accounting records and other documents, other sources of information necessary for the inspection, to obtain their copies and extracts, to make their copies and copies of the information contained in computers and in any media;
- 4) to have free access to the premises of other legal persons not referred to in point 3 of this paragraph who are suspected of committing infringements of legal acts regulating the financial market or linked with potential infringements, also of legal persons whose employees are linked with potential infringements during business hours and to inspect them, to see the legal person's documents necessary for the inspection, other sources of information necessary for the inspection, to obtain their copies and extracts, to make their copies and copies of the information contained in computers and in any media;

- 5) in the case of the inspection conducted in accordance with the provisions of points 3 or 4 of this paragraph, to access notes of the legal person's managers and employees, to make their copies and copies of the information contained in computers and in any media;
 - 6) to temporarily seize the documents of legal persons being inspected which may be used as the evidence of the infringement;
 - 7) when suspecting an infringement of a legal act, to seal the premises used by the legal person where documents are kept (irrespective of the medium in which they are stored) for the period and to the extent necessary for carrying out the inspection, however, for not more than three working days;
 - 8) to use technical means to register facts during the inspection;
 - 9) when suspecting an infringement of a legal act, to obtain information about subscribers of electronic communications services or registered users of electronic communications services, the related traffic data and content of information transmitted via electronic communications networks from the electronic communications network and/or service providers;
 - 10) to obtain from credit institutions and other financial institutions data, certificates and copies of documents of financial operations related with the object being inspected;
 - 11) to obtain data and documents or their extracts related with the person being inspected from other entities, state and municipal institutions;
 - 12) to have other rights stipulated by legal acts regulating the financial market.
6. Where, having started an inspection, the Bank of Lithuania has the ground to suspect infringements of legal acts regulating the financial market or weaknesses in financial market participants' activities and where there is a threat to the stability of the financial system or other public interests, the Bank of Lithuania shall have the right to oblige to terminate the suspected unlawful activities before the inspection is completed and a decision of the Bank of Lithuania on the suspected infringement is adopted.
7. Actions referred to in points 4, 5, 7 and 9 of paragraph 5 and in paragraph 6 of this Article may be carried out only with prior judicial authorisation.
8. Where the Bank of Lithuania adopts a decision on the actions for the implementation of which judicial authorisation is required, an application for the authorisation to carry out such actions shall be filed with Vilnius Regional Administrative Court. The application must indicate the name of the legal person, the nature of the suspected infringements of legal acts regulating the financial market and the envisaged actions of inspection. The application must be accompanied by the evidence supporting the suspected infringements, weaknesses in financial market participants' activities or a threat to the stability of the financial system or other public interests. The application for judicial authorisation shall be examined by Vilnius Regional Administrative Court in accordance with the written procedure. The application must be examined and a ruling must be passed not later than within 72 hours from the submission of the application. Where the Bank of Lithuania disagrees with the decision of a justice of Vilnius Regional Administrative Court whereby the application has been rejected, the Bank of Lithuania shall have the right to appeal against the ruling to the Supreme Administrative Court of Lithuania within seven days. The Supreme Administrative Court of Lithuania must examine the appeal against the ruling of Vilnius Regional Administrative Court not later than within seven days. Representatives of the Bank of Lithuania shall have the right to participate in the hearing of the appeal when it is heard in accordance with the oral procedure. When examining the applications and appeals regarding the judicial authorisation, courts must ensure the confidentiality of the submitted information and envisaged actions.
9. The requirements of the staff members of the Bank of Lithuania in carrying out the actions referred to in paragraph 5 of this Article, excluding point 2 of paragraph 5, shall be mandatory. The failure to comply with such requirements shall result in the imposition of sanctions specified by laws regulating the financial market.
10. For the purpose of exercising the rights specified in paragraph 5 of this Article, excluding point 2 of paragraph 5, the Bank of Lithuania may involve police officers.

Article 43. Protection of information received for the purposes of financial market supervision

1. In order to protect the information received by the Bank of Lithuania for the purposes of financial market supervision, the provisions of this Article and of Article 19 of this Law shall apply.

2. The information received for the purposes of financial market supervision may not be published, transferred to anybody or made available in any other way, unless this Law establishes otherwise.

3. The requirement specified in paragraph 2 of this Article must be followed by the Bank of Lithuania, its current or former staff members, auditors acting on behalf of the Bank of Lithuania or other persons, as well as any other persons to whom the information received for the purposes of financial market supervision has been transferred in accordance with the procedure laid down by laws.

4. Paragraph 2 of this Article shall not apply to the information which is already published or accessible or from which data on particular persons cannot be identified directly or indirectly.

5. The Bank of Lithuania shall have the right to use the information received for the purposes of financial market supervision, including the information received from foreign supervisory authorities, only in performing the functions conferred on it and for the following purposes:

- 1) verifying compliance with requirements of legal acts regulating the financial market;
- 2) imposing sanctions;
- 3) in administrative proceedings regarding decisions of the supervisory authority;
- 4) in other proceedings regarding legal relationships governed by legal acts regulating the financial market.

6. The Bank of Lithuania shall have the right to publish the results of stress testing carried out in accordance with the procedure laid down in its legal acts or in Article 32 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (as last amended) and to communicate them to the European Banking Authority.

7. The information received for the purposes of financial market supervision may be transferred:

- 1) on the grounds specified in the Code of Criminal Procedure of the Republic of Lithuania, when the information is necessary for conducting a pre-trial investigation or for hearing of a criminal case before a court, as well as in the cases and according to the procedure laid down in the Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing;
- 2) to a court when the information is necessary in hearing the cases regarding bankruptcy or forced liquidation of a financial market participant under supervision;
- 3) to ad hoc investigation commissions of the Seimas of the Republic of Lithuania functioning according to the Law of the Republic of Lithuania on Ad Hoc Investigation Commissions of the Seimas, where such information is necessary for the performance of their functions;
- 4) to the state enterprise Deposit and Investment Insurance, institutions of another Member State of the European Union and a State of the European Economic Area (hereinafter collectively in this Article: a 'Member State of the European Union') administering deposit insurance systems, systems of insurance of liabilities to investors or policyholder protection funds, where such information is necessary for the performance of their functions;
- 5) to the European Commission, supervisory authorities of foreign credit institutions and other financial services provision activities, insurance activities and financial markets, where it is necessary for the performance of the supervisory function, as well as to the European Central Bank, where the financial market supervision function is performed by the European Central Bank in accordance with the provisions of Regulation (EU) No 1024/2013;
- 6) to the European Banking Authority, the European Securities and Markets Authority, the European Systemic Risk Board, the European Central Bank, the European System of Central Banks, central banks of Member States and other institutions performing similar functions, where it is necessary for the performance of their functions laid down in legal acts, including the conduct of monetary policy and ensuring of liquidity, the oversight of payment, clearing and

settlement systems and ensuring of the stability of the financial system, and without delay to the European System of Central Banks in critical situations;

7) to institutions of the Member States of the European Union tasked with the implementation of macro-prudential policy, where such information is necessary for the performance of their functions;

8) to the European Banking Authority as laid down in Regulation (EU) No 1093/2010;

9) to the European Securities and Markets Authority as laid down in Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (as last amended);

10) to the European Insurance and Occupational Pensions Authority as laid down in the Law of the Republic of Lithuania on Insurance and Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (as last amended);

11) to the European Systemic Risk Board, where this information is significant for the performance of its functions under Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (as last amended) and without delay in critical situations;

12) to persons of Lithuania and another Member State of the European Union responsible for the control of liquidation, bankruptcy or other similar proceedings of financial market participants under supervision, and state institutions responsible for the supervision of such persons;

13) to central credit unions, also to contractual or institutional protection schemes referred to in Article 113(7) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as last amended), where it is necessary for the performance of their functions;

14) to entities performing restructuring, reorganisation, bankruptcy, liquidation procedures of financial market participants under supervision, where such information is necessary for the performance of their functions;

15) in critical situations, as laid down in Article 59(10) and Article 70¹(5) of the Law of the Republic of Lithuania on Banks, to the Ministry of Finance of the Republic of Lithuania and central government authorities of other Member States of the European Union participating in the drafting of legal acts related to the supervision of pension associations, credit institutions, financial institutions, companies providing investment and insurance services, where it is necessary for the performance of their functions;

16) to auditors of undertakings of a financial market participant under supervision or of a financial group to which the financial market participant under supervision belongs, also to institutions of Lithuania and of another Member State of the European Union responsible for the supervision of such persons, where such information is necessary for the performance of their functions;

17) to independent actuaries of insurance or reinsurance undertakings, pension associations of Lithuania and other Member States of the European Union and institutions responsible for the supervision of these actuaries;

18) other state institutions, where such information is necessary for the performance of their functions and where this is required for financial market supervision, prevention of infringements or restructuring of financial market participants under supervision;

19) to the International Monetary Fund and to the World Bank, where it is necessary for the performance of their specific functions related to the assessments carried out for the preparation of the financial sector assessment programme;

20) to the Bank for International Settlements, where it is necessary for the performance of its specific functions related to quantitative impact studies;

21) to the Financial Stability Board, where it is necessary for the performance of its supervisory functions.

8. The information received for the purposes of financial market supervision may be transferred to the institutions specified in points 3-7, 12, 14, 16-21 of paragraph 7 of this Article, where the information protection requirements applicable to them are at least the same as those set out in this Law.

9. The information may be transferred under point 5 of paragraph 7 of this Article to the supervisory authority of a foreign country other than a Member State of the European Union where there is an agreement concluded with such supervisory authority providing for the exchange of information received for the purposes of supervision and where the information protection requirements applicable to the supervisory authority of the foreign country according to its laws are at least the same as those set out in this Law.

10. The transfer of information under points 19-21 of paragraph 7 of this Article shall be subject to a request in which the requesting body identifies the specific tasks for which the requested information is necessary in accordance with the statutory mandate. The request must indicate exactly the information requested and the manner in which it is to be disclosed or transferred. The information shall be transferred only to the persons designated by the requesting body to perform functions directly related to the requesting body's mandate. The information which makes it possible to identify, directly or indirectly, specific personal data may be provided only on the premises of the Bank of Lithuania.

11. The information received for the purposes of supervision from the supervisory authority of financial services provision activities, insurance activities and financial markets of a foreign country which is a Member State of the European Union, or the information received during an inspection carried out in another Member State of the European Union may be transferred under points 3, 5, 12, 13, 15, 16-21 of paragraph 7 of this Article or paragraph 9 of this Article where a consent of the institution from which the information has been received or of the supervisory authority of the Member State of the European Union is obtained and only for the purpose for which the consent was given.

12. Where the information received for the purposes of supervision consists of personal data, the Bank of Lithuania and other persons to whom such information is transferred shall process them in accordance with the procedure laid down by legal acts regulating personal data protection.

13. The provisions of this Article shall also apply *mutatis mutandis* to the information received for the purposes of information or statistics in accordance with Article 70(1) and (2) of the Law on Banks.

Article 43¹. Examination of applications for the issuance of licences, authorisations, consents or for the carrying out of other actions and decisions of the Bank of Lithuania

1. The conditions and procedure for the submission and examination of applications for the issuance of licences, authorisations, consents, approvals or for the carrying out of other actions specified by legal acts regulating the financial market and legal acts of the European Union (hereinafter collectively in this Article: 'authorisations') as well as the conditions and procedure for the issuance of such authorisations and detailed requirements for the documents to be submitted shall be laid down by Regulation (EU) No 1024/2013, laws regulating the financial market, legal acts of the European Union and their implementing legal acts.

2. An application for authorisation shall be examined and a decision shall be adopted within 30 days from the submission of the application and all the required documents or within other time limits set by the laws regulating the financial market and legal acts of the European Union. Where the submitted documents contain any shortcomings in form or content or not all the documents or information necessary for adopting a decision have been submitted, the Bank of Lithuania shall have the right to request to eliminate the shortcomings and/or submit the missing documents or information. In addition, the Bank of Lithuania shall have the right to request additional documents and information necessary for adopting the decision. Where the Bank of Lithuania submits a reasoned request for additional documents or information or where they are submitted

by the applicant himself, the time limit for examining the application and adopting the decision shall be calculated from the receipt of additional documents and information, unless otherwise provided for in the laws regulating the financial market and legal acts of the European Union.

3. The Bank of Lithuania shall have the right to refuse an authorisation where there are sufficient grounds to believe that the issuance of the authorisation will infringe the interests of customers of financial market participants under supervision or pose a threat to the stability and soundness of the financial system or other public interests, also on other grounds for refusing an authorisation laid down in the laws regulating the financial market and legal acts of the European Union.

4. The Bank of Lithuania shall notify applicants of a decision adopted regarding an authorisation within five working days from the adoption of the decision, unless otherwise provided for in the legal acts regulating the financial market. A refusal of the Bank of Lithuania to issue an authorisation must be reasoned.

Article 43². Mandatory instructions given by the Bank of Lithuania

1. The Bank of Lithuania shall give mandatory instructions specified in the laws regulating the financial market and legal acts of the European Union where at least one of the grounds for the application of mandatory instructions specified in the laws regulating the financial market or legal acts of the European Union exists.

2. Prior to deciding whether to give mandatory instructions, the Bank of Lithuania shall set a time limit of at least 14 days from the service of the notification for the provision of explanations and shall give a notice thereof to the person to whom a mandatory instruction is to be given by providing essential information about provisions of legal acts and the established facts which constitute the grounds for the application of mandatory instructions. The Bank of Lithuania shall have the right to ignore the explanations provided upon the expiry of the set time limit where such explanations could have been provided earlier and their late provision is likely to delay the examination of the matter. Where new evidence is submitted at any time during the procedure concerning the giving of mandatory instructions, the person shall be allowed to access such evidence without delay and to provide his explanations within at least five working days from accessing the submitted evidence. The failure to provide the explanations to the Bank of Lithuania within the set time limit shall not prevent the Bank of Lithuania from deciding on the matter of giving of the mandatory instruction.

3. The Bank of Lithuania shall give a written notice to the person to whom a mandatory instruction is to be given about the venue, date and time of the consideration of the matter of giving of mandatory instructions not later than ten working days before the consideration of the matter of giving of the mandatory instruction calculating the period from the service of the notification. The person to whom the mandatory instruction is to be given or the person's representatives shall have the right to participate in the consideration of the matter by the Bank of Lithuania; however the absence of the person to whom the mandatory instruction is to be given or of the person's representative shall not prevent from considering the matter of giving of the mandatory instructions where the person or the person's representative has been duly notified of the consideration and has failed to provide evidence of being unable to arrive for valid reasons. A due notification shall mean a notification sent by registered mail to the address of the registered office available in the Register of Legal Entities or to a natural person's officially declared place of residence or workplace, unless the person has indicated another address for delivery of correspondence, or a notification sent to the electronic mail delivery address available in the Register of Legal Entities or in the Residents' Register. The date of serving notifications sent by registered mail referred to in paragraphs 2 and 3 of this Article shall be the date on which a notification is served on the addressee, on any of the adult family members who reside together with the addressee or on the person responsible for acceptance of correspondence at the workplace or, in the case of a notification sent to the electronic mail delivery address, the working day following the dispatch of the notification. Refusal to accept the notification or to acknowledge its receipt against signature shall be considered to be equal to the service of the notification.

4. In urgent cases, where it is necessary to respond expeditiously in order to protect the stability of the financial system or other public interests, the Bank of Lithuania shall have the right to decide whether to give mandatory instructions regardless of the provisions of paragraphs 2 and 3 of this Article. The person to whom a mandatory instruction has been given regardless of the provisions of paragraphs 2 and 3 of this Article shall have the right, within 14 days from the receipt of the decision on the mandatory instruction, to provide written explanations regarding the absence of the grounds for giving the mandatory instruction. The Bank of Lithuania shall consider the explanations within 30 days from the receipt thereof and shall adopt a decision on withdrawal or non-withdrawal of the given mandatory instruction.
5. A decision of the Bank of Lithuania to give mandatory instructions must be reasoned and be based solely on such evidence to which the person to whom the mandatory instruction has been given has been granted access in accordance with the procedure laid down in paragraph 2 of this Article. The decision of the Bank of Lithuania must state the legal basis for its adoption, factual data constituting the grounds for giving the mandatory instructions, explanations of the person to whom the mandatory instruction has been given and their assessment, a procedure for appealing against the decision.
6. Upon a reasoned request of the person to whom a mandatory instruction has been given, the Bank of Lithuania shall have the right to defer the time limit set for the fulfilment of the mandatory instruction, where the person is unable to fulfil the given mandatory instruction in a timely manner for objective reasons and the Bank of Lithuania has been provided with the respective supporting evidence.
7. Where a mandatory instruction is applied temporarily, it shall be applied until the expiry of the time limit set in a decision of the Bank of Lithuania on giving the mandatory instruction, which may be indicated either as a specific date, a period of time or linked with the emergence of certain conditions (disappearance of circumstances), unless the Bank of Lithuania adopts a decision on its early withdrawal. The Bank of Lithuania shall withdraw the temporary mandatory instruction without delay, not later than within five working days from the date on which the Bank of Lithuania determines that the ground for applying the mandatory instruction has ceased to exist.
8. The giving of mandatory instructions shall not preclude the Bank of Lithuania from concurrently imposing the sanctions laid down in the laws regulating the financial market and legal acts of the European Union.

Article 43³. Imposition of sanctions

1. The Bank of Lithuania shall impose sanctions specified by laws regulating the financial market where at least one of the grounds for the imposition of sanctions specified by the laws exists.
2. Prior to deciding whether to impose sanctions, the Bank of Lithuania shall set a time limit of at least 14 days from the service of a notification for the provision of explanations and shall give a notice thereof to the person on whom the sanction is to be imposed by providing essential information about provisions of legal acts and the established facts which constitute the grounds for the imposition of a sanction/sanctions. The Bank of Lithuania shall have the right to refuse accepting the explanations provided upon the expiry of the time limit set by the Bank of Lithuania for the provision of explanations where such explanations could have been provided earlier and their late submission will delay the examination of the matter. Where new evidence is submitted at any time during the procedure concerning the sanction, the person shall be allowed to access such evidence without delay and to provide his explanations within at least five working days from accessing the submitted evidence. The failure to provide the explanations to the Bank of Lithuania within the set time limit shall not prevent the Bank of Lithuania from deciding on the matter of imposition of the sanction.
3. The Bank of Lithuania shall give a written notice to the person on whom a sanction is to be imposed about the venue, date and time of the consideration of the matter of imposition of the sanction not later than ten working days before the consideration of the matter of imposition of the sanction calculating the period from the service of the notification. A person who is suspected of the infringement of a legal act, the person's representatives shall have the right to participate in

the consideration of this matter by the Bank of Lithuania; however the absence of the person who is suspected of the infringement of the legal act or of the person's representative shall not prevent from considering the matter of imposition of the sanction where the person or the person's representative has been duly notified of the consideration and has failed to provide evidence of being unable to arrive for valid reasons. A due notification should mean a notification sent by registered mail to the address of the registered office available in the Register of Legal Entities or to a natural person's officially declared place of residence or workplace, unless the person has indicated another address for delivery of correspondence, or a notification sent to the electronic mail delivery address available in the Register of Legal Entities or in the Residents' Register. The date of serving notifications sent by registered mail referred to in paragraphs 2 and 3 of this Article shall be the date on which it is served on the addressee, on any of the adult family members who reside together with the addressee or on the person responsible for acceptance of correspondence at the workplace, and in the case of the notification sent to the electronic mail delivery address – the working day following the date on which the notification was sent. Refusal to accept the notification or to acknowledge its receipt against signature shall be considered to be equal to the service of the notification.

4. In urgent cases, where it is necessary to respond expeditiously in order to protect the stability of the financial system or other public interests, the Bank of Lithuania shall have the right to decide whether to impose sanctions regardless of the provisions of paragraphs 2 and 3 of this Article. The person on whom a sanction has been imposed regardless of the provisions of paragraphs 2 and 3 of this Article shall have the right, within 14 days from the receipt of the decision to impose the sanction, to provide written explanations regarding the absence of the grounds for imposing the sanction. The Bank of Lithuania shall consider the explanations within 30 days from the receipt thereof and shall adopt a decision on withdrawal or non-withdrawal of the sanction imposed.

5. A person who is suspected of an infringement of a legal act shall have the right to access the materials held by the Bank of Lithuania on the basis of which a sanction is to be imposed (except for the information constituting a state secret, an official secret, a commercial secret or any other secret protected by laws), provide explanations, submit evidence, have access to a lawyer or any other authorised representative. During the period of imposition of the sanction, a free of charge access to an interpreter's services shall be guaranteed for those natural persons who do not speak the Lithuanian language. Where witnesses are heard when considering the matter of imposition of a sanction, the person suspected of an infringement of a legal act shall have the right to question them and also to propose his own witnesses. Where the information and/or data constituting a state secret, an official secret, a commercial secret or any other secret protected by laws is the only evidence on which the imposition of the sanction is based and it is not known to the person suspected of the infringement of the legal act, and the classified information and/or data cannot be declassified, the consideration of the matter of imposition of the sanction must be terminated upon receipt of the request from the person suspected of the infringement of the legal act to terminate the consideration of the matter of imposition of the sanction.

6. Having finished the consideration of the matter of imposition of a sanction, the Bank of Lithuania may, within five working days, decide:

- 1) to impose sanctions;
- 2) to give mandatory instructions;
- 3) to carry out an additional inspection or to continue an inspection;
- 4) not to impose any sanctions where no infringement has been identified, where the consideration of the matter of imposition of the sanction is terminated on the ground referred to in paragraph 5 of this Article or where there is no ground for imposition of the sanction, as well as in the cases specified in Article 43⁴ of this Law;
- 5) to undertake any other actions specified by the laws regulating the financial market.

7. When deciding on imposition of a sanction, selecting a particular sanction and its size, the Bank of Lithuania shall take account of the following:

- 1) the seriousness and duration of the identified infringement;

- 2) the amount of income, other material benefits received, losses avoided or damage inflicted by the person due to the infringement, where such amount is determinable;
- 3) the fault of a legal person, the form and type of the fault of a natural person, as well as the financial capacity of the person on whom the sanction is imposed;
- 4) any previous infringements committed by the person on whom the sanction is imposed and sanctions imposed on that person, as well as cooperation of the person with the Bank of Lithuania in the investigation of the infringement of a legal act;
- 5) any mitigating and aggravating circumstances specified by this Law and other legal laws regulating the financial market;
- 6) any consequences of the identified infringements of legal acts and of the sanction/sanctions to be imposed for the stability and soundness of the financial market;
- 7) any measures taken by the person on whom the sanction is imposed in order to prevent the reoccurrence of the infringement in the future;
- 8) any other circumstances specified by laws regulating the financial market or other relevant circumstances.

8. The circumstances where the person suspected of an infringement of a legal act voluntarily precludes harmful consequences of the infringement of the legal act, compensates for losses or rectifies the inflicted damage, cooperates with the Bank of Lithuania and assists actively in clarifying the circumstances of the infringement shall be considered to be mitigating circumstances. The circumstances other than those specified in this paragraph may also be considered by the Bank of Lithuania as mitigating circumstances.

9. The circumstances where the person suspected of an infringement of a legal act has infringed the legal act intentionally, hinders an inspection, conceals the committed infringement, persists in the infringement of the legal act ignoring the fact that the Bank of Lithuania has drawn attention to the infringements or weaknesses in the activities of the financial market participant under supervision, or commits the same infringement repeatedly shall be considered to be aggravating circumstances. An infringement of a legal act shall be considered to be committed repeatedly where the person who is suspected of the infringement of the legal act commits the same infringement of the legal act within the last twelve months from the coming into effect of a decision on the imposition of a sanction. Where a repeated infringement has been committed, the time limit specified in this paragraph shall begin to run anew. Where the aggravating circumstances referred to in this paragraph constitute the circumstances qualifying the infringement itself, they shall not be taken into account.

10. Where the sanction imposed is a fine, the particular amount of the imposed fine shall be determined in three steps taking account of the basic amount of the fine and the circumstances specified in paragraphs 7, 8 and 9 of this Article. Step one – taking account of the seriousness and duration of the identified infringement, the basic amount of the fine shall be determined, which may not exceed 50 per cent of the maximum amount of the fine imposed for such an infringement. Step two – in justified cases, the basic amount of the fine shall be reduced or increased taking account of the mitigating and aggravating circumstances and other circumstances positively or negatively affecting the person's situation. Where only mitigating circumstances or other circumstances positively affecting the person's situation are identified, the basic amount of the fine shall be reduced, and where only aggravating circumstances or other circumstances negatively affecting the person's situation are identified, the basic amount of the fine shall be increased. Where both mitigating circumstances or other circumstances positively affecting the person's situation and aggravating circumstances or other circumstances negatively affecting the person's situation are identified, the basic amount of the fine shall be reduced or increased taking account of the number and relevance of the circumstances. Step three – in justified cases, the amount of the fine determined in step one and step two shall be reduced or increased taking account of the need to ensure the proportionality, dissuasive effect of the sanction and any other relevant circumstances which have not been considered in step one and step two. The supervisory authority acting in accordance with provisions of this Article shall adopt a legal act stipulating rules for the calculation of a fine.

11. A decision of the Bank of Lithuania on the imposition of a sanction/sanctions must be reasoned and be based solely on such evidence to which the sanctioned person has been granted access in accordance with the procedure laid down in paragraph 5 of this Article. The decision of the Bank of Lithuania must state the legal basis for its adoption, the circumstances of infringement of the law, the sanctioned person's explanations and their assessment, a procedure for appealing against the decision.

12. A decision of the Bank of Lithuania to impose a sanction/sanctions to a person shall enter into force from its adoption, unless specified otherwise by laws or in the decision, and shall apply to such person not earlier than from the service of the decision on the person. The decision of the Bank of Lithuania on the imposition of the sanction/sanctions shall, within three working days from its adoption, be sent to the person regarding whose actions the matter of imposition of the sanction has been considered or shall be served on the person against signature.

13. Where a sanction is imposed temporarily, it shall be applied until the expiry of the time limit set in a decision of the Bank of Lithuania on its application, which may be indicated either as a specific date, a period of time or linked with the emergence of certain conditions (disappearance of circumstances), unless the Bank of Lithuania adopts a decision on its early withdrawal. The Bank of Lithuania shall withdraw the temporary sanction without delay, not later than within five working days from the date on which the Bank of Lithuania determines that the ground for its application has ceased to exist.

14. The Bank of Lithuania may impose one or more sanctions on the same person. The imposition of a sanction shall not relieve a person from the performance of the obligation for which they have been sanctioned. The imposition of a sanction on legal persons shall not relieve their managers and employees from civil, administrative or criminal liability provided for by laws and shall not preclude the Bank of Lithuania from considering the suspension and revocation/withdrawal of licences, authorisations, consents, approvals and non-objections issued by the Bank of Lithuania as laid down in the laws regulating the financial market and legal acts of the European Union.

15. Information on the sanctions imposed, including information on the subject matter of a committed infringement of a legal act and the identity of the person who committed it (forename and surname, a legal person's name and registration number) shall be published on the website of the Bank of Lithuania without delay after sending the decision of the Bank of Lithuania to or serving it on the sanctioned person in accordance with the procedure laid down in paragraph 12 of this Article. Where the decision on the imposition of the sanction is appealed against, the information on the appeals lodged with respect to the sanctions imposed and their examination results shall also be published on the website of the Bank of Lithuania. Where the publication of the information on the sanctions imposed (excluding the sanction of the publication of information on an infringement and the person who committed it) is likely to negatively affect the stability of the financial market, the ongoing pre-trial investigation or inflict disproportionate damage to natural or legal persons, the publication of such information shall be postponed until disappearance of such circumstances, such information shall be published without disclosing the identity of the person who committed the infringement or shall not be published at all. The Bank of Lithuania shall ensure that the published information is accessible for a period of not less than five years after its publication.

16. Unless other laws regulating the financial market stipulate otherwise, a decision on the imposition of sanctions may be adopted by the Bank of Lithuania where not more than three years have elapsed from the commission of an infringement (in the case of a continuing infringement – from the end of the infringement). Where the Bank of Lithuania starts an inspection into a potential infringement of a legal act regulating the financial market and notifies in writing the person suspected of committing the infringement, the period of limitation specified in this paragraph shall cease to run from the service of the notification, however, in this case a decision of the Bank of Lithuania on the imposition of the sanction may not be adopted where more than five years have elapsed from the commitment of the infringement (in the case of a continuing infringement – from the end of the infringement).

17. Materials about infringements which have elements of criminal acts shall be referred to a pre-trial investigation institution or to a prosecutor who shall decide whether to open a pre-trial investigation in accordance with the procedure laid down by the Code of Criminal Procedure of the Republic of Lithuania. Upon receipt from the pre-trial investigation institution or from the prosecutor of a notification about the opened pre-trial investigation, the consideration of the matter of imposition of a sanction shall be suspended. Where the pre-trial investigation institution or the prosecutor refuses to open the pre-trial investigation or where the pre-trial investigation is terminated, the collected materials shall be returned to the supervisory authority and the consideration of the matter of imposition of the sanction shall continue. Where the consideration of the matter of imposition of the sanction is suspended, the time limit for adopting the decision referred to in paragraph 16 of this Article shall stop running. Where the consideration of imposition of the sanction is continued, the time limit for adopting the decision referred to in paragraph 16 of this Article shall be extended. Upon receipt from the pre-trial investigation institution or from the prosecutor of a notification about the issued indictment, the consideration of the matter of imposition of the sanction shall be terminated.

Article 43⁴. Right of the Bank of Lithuania not to impose sanctions

When considering whether to impose sanctions specified by laws, taking account of circumstances referred to in Article 43³(7) and (8) of this Law and in the event of absence of any aggravating circumstances specified in Article 43³(9) of this Law or in other laws, acting in observance of criteria of justice and reasonableness, where an infringement is of minor significance or where there are grounds to believe that the aim of supervision can also be achieved by other means and not only by imposing sanctions, the Bank of Lithuania may decide not to impose sanctions.

Article 43⁵. Appeal against decisions, acts/omissions of the Bank of Lithuania

1. Persons whose rights or interests protected by laws have been infringed shall have the right to lodge an appeal before a court against the decisions, acts/omissions of the Bank of Lithuania referred to in this Chapter in accordance with the procedure laid down in the Law of the Republic of Lithuania on Administrative Proceedings.
2. Lodging of an appeal before a court shall not suspend the validity of the decision appealed against, except for a decision to impose statutory fines, or enforcement of the decision or an action until the appeal is heard.

Article 43⁶. Recovery of fines

1. A fine imposed by the Bank of Lithuania shall be paid to the state budget no later than within 40 days from the receipt of a decision of the Bank of Lithuania to impose the fine. In the event of an appeal against such a decision, the fine shall be paid no later than within 40 days from the coming into effect of a court ruling.
2. Upon a reasoned request of a person, the Bank of Lithuania shall have the right to arrange the payment of a fine or its part within the period of up to 2 (two) years where the person is unable to pay the fine for objective reasons.
3. A decision of the Bank of Lithuania to impose a fine shall be an enforcement order enforceable in accordance with the procedure laid down by the Code of Civil Procedure of the Republic of Lithuania. The decision of the Bank of Lithuania may be submitted for enforcement not later than within three years from the adoption thereof or, in the event of appeal against the decision of the Bank of Lithuania, from the coming into effect of a court ruling. Where the payment of the fine has been arranged in the manner specified in paragraph 2 of this Article, the decision of the Bank of Lithuania may be submitted for enforcement within three years from expiry of the period of its arrangement.

Article 43⁷. Report on infringements

The measures to encourage reporting infringements of the provisions of the legal acts regulating the financial market, including Regulation (EU) No 575/2013, Regulation (EU) No 600/2014, Regulation (EU) No 909/2014, Regulation (EU) No 596/2014, Regulation (EU) No 1286/2014, Regulation (EU) No 2017/1129, Regulation (EU) No 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 or their implementing legal acts shall be laid down in the Law of the Republic of Lithuania on the Protection of Whistleblowers and by the Bank of Lithuania. These measures must meet the following requirements:

- 1) special procedures are provided for receiving and examining reports on the afore-mentioned infringements;
- 2) the confidentiality of the person who reports the committed infringements is ensured, unless the disclosure of such information is required in the cases and according to the procedure laid down by laws;
- 3) personal data are processed in accordance with the procedure laid down by the legal acts regulating the protection of personal data;
- 4) adequate protection of the financial market participant's employees who report infringements against retaliation, discrimination or other unlawful or unfair conduct is ensured.

Article 44. *Repealed as of 3 December 2015*

Article 45. Compensation for the damage caused by unlawful actions of the Bank of Lithuania or staff members of the Bank of Lithuania and reimbursement of expenses incurred by staff members of the Bank of Lithuania in relation to proceedings instituted or actions brought against them

1. The damage caused by unlawful actions of the Bank of Lithuania or staff members of the Bank of Lithuania in relation to the exercise of financial market supervision shall be compensated only if the person that has suffered the damage proves that the damage was caused through intent or gross negligence of the Bank of Lithuania or the staff members of the Bank of Lithuania.

2. The Bank of Lithuania shall pay to its current or former staff members a reimbursement equal to the expenses they incurred due to the criminal proceedings or administrative proceedings instituted against them or due to other actions undertaken by law enforcement institutions in relation to such acts or due to civil actions brought against them in relation to their acts done in the course of performance of official duties related to financial market supervision. The reimbursement procedure shall be specified by the Board of the Bank of Lithuania.

3. A staff member or former staff member of the Bank of Lithuania must repay the reimbursement paid by the Bank of Lithuania specified in paragraph 2 of this Article in the following cases:

- 1) when he, upon completion of a criminal or administrative proceeding against him, is found guilty of a criminal act or an administrative offence or is found guilty by the court of causing damage;
- 2) when the expenses incurred by him and the legal charges he is awarded by a court are paid by the party ordered to pay the charges. If the sum of legal charges awarded by the court and paid to him is lower than the reimbursement, the amount to be repaid shall be equal to the sum paid by the party ordered to pay the charges.

Article 46. Cooperation with financial market supervisory authorities of other states

The Bank of Lithuania shall have the right to conclude agreements on cooperation in the area of financial market supervision with financial market supervisory authorities of other states, the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Securities and Markets Authority and other institutions of the Republic of Lithuania and foreign states.

CHAPTER 7¹

OUT-OF-COURT SETTLEMENT OF DISPUTES BETWEEN CONSUMERS AND FINANCIAL MARKET PARTICIPANTS

Article 47. Out-of-court settlement of disputes between consumers and financial market participants

1. The Bank of Lithuania shall settle the disputes between the consumers referred to in paragraph 2 of this Article (hereinafter: ‘consumers’) and the financial market participants referred to in Article 42 of this Law and other legal persons arising from the provision of financial and/or ancillary investment services, from or in relation to an insurance service contract, where such contract is subject to the law of the Republic of Lithuania, as well as consumer disputes with other economic entities arising with respect to compliance with the requirements set out in the Law of the Republic of Lithuania on Payments, where the settlement of such disputes is assigned to the Bank of Lithuania under laws regulating the financial market. The Bank of Lithuania shall also settle disputes between consumers participating in the collective investment undertakings and pension funds established in Lithuania and managers of these entities or funds arising from the relationship of participation in the respective entity or fund, disputes between recipients of pension annuities and payers of pension annuities arising from the relationship of payment of pension annuities, as well as disputes arising from the relationship of securities distribution between investors and issuers who carry out the primary offering of securities themselves. Hereinafter in this Article, the services referred to in this paragraph shall be referred to as ‘financial services’ and their providers as ‘financial market participants’.

2. For the purposes of this Article, a consumer shall be a natural person:

- 1) concluding a financial services contract with a financial market participant, except for professional clients and informed investors, to meet personal, family or household needs;
- 2) an insured, a beneficiary, an aggrieved third party or any other person, in case financial services are aimed to meet their personal, family or household needs, while a financial market participant was aware or had to be aware about the purpose of financial services when concluding the contract;
- 3) whose rights and obligations in respect of a financial market participant are related to a financial services contract, even if he is not party to the financial services contract, provided that in the relationship with the financial market participant such a person pursues no aims related to business or professional activities.

3. A consumer who considers that a financial market participant has violated his rights or legitimate interests in a contractual or related relationship shall have the right to refer to a court or to the Bank of Lithuania, which is the institution of consumption-related dispute settlement out of court. The referral to the Bank of Lithuania shall not deprive the consumer of the right to refer to the court.

4. A consumer who considers that a financial market participant has violated his rights or legitimate interests in a contractual or related relationship and intends to refer to the Bank of Lithuania for the settlement of the dispute must, prior to referring to the Bank of Lithuania, contact the financial market participant in writing indicating the dispute’s circumstances and his claim. The financial market participant must examine the written referral of the consumer and, not later than within 15 (fifteen) working days from the receipt of the referral, provide a detailed, reasoned and documented written response on paper or in another durable medium where the consumer and the financial market participant have agreed to do so. In exceptional cases, where for reasons that are beyond the control of the financial market participant the response cannot be provided within 15 (fifteen) working days, the financial market participant must send a provisional response clearly stating the reasons for the delayed response to the referral and the

time limit within which the customer will receive the final response. In any case, the time limit for the submission of the final response may not exceed 35 (thirty-five) working days from the receipt of the complaint. The financial market participant shall examine referrals of consumers free of charge.

5. A decision of the Bank of Lithuania regarding the substance of a dispute shall be of the nature of recommendation and shall not be appealed against to a court. The Bank of Lithuania shall publish on its website the information about those financial market participants who do not comply with decisions of the Bank of Lithuania.

6. The procedure for out-of-court settlement of disputes between consumers and financial market participants shall be governed by the Law of the Republic of Lithuania on Consumer Protection and the Rules of the Procedure for Out-of-Court Settlement in the Bank of Lithuania of Disputes between Consumers and Financial Market Participants, approved by the Bank of Lithuania.

Note from the Register of Legal Acts. Disputes between consumers and financial market participants the settlement of which commenced before 31 December 2015 shall be completed in accordance with provisions of legal acts in force before 31 December 2015.

CHAPTER 7²

MACRO-PRUDENTIAL POLICY

Article 47¹. Functions and rights of the Bank of Lithuania when conducting macro-prudential policy

1. The Bank of Lithuania shall conduct macro-prudential policy on its own initiative or with regard to the recommendations or warnings regarding systemic risk of the European Systemic Risk Board. In case the Bank of Lithuania does not take the recommendations of the European Systemic Risk Board into account, it shall submit the reasons therefor to the European Systemic Risk Board.

2. Measures of macro-prudential policy and their application procedure shall be stipulated by legal acts of the Bank of Lithuania.

3. In conducting macro-prudential policy, the Bank of Lithuania shall:

- 1) identify, monitor and evaluate a threat arising to the stability of the financial system of the country;
- 2) determine and publish the strategy of macro-prudential policy;
- 3) apply necessary macro-prudential policy measures stipulated in legal acts;
- 4) determine methods for the selection of systemically important financial institutions at the national level;
- 5) without delay and to the extent necessary in order to ensure financial stability, publish the adopted decisions, including the reasons therefor, unless it poses a threat to financial stability and/or is related to confidential information.

4. In conducting macro-prudential policy, the Bank of Lithuania shall have the right:

- 1) to issue legal acts and recommendations for financial market participants;
- 2) to obtain, upon request, information and data required for conducting macro-prudential policy from state institutions, financial market participants and other undertakings, bodies, organisations, including data on specific institutions, financial market participants and other undertakings, bodies, organisations and information indirectly related to the macro-prudential policy conducted by the Bank of Lithuania (information on the real estate market and other factors influencing activities of financial institutions);
- 3) to apply macro-prudential policy measures to financial market participants in the cases and according to the procedure laid down in legal acts of the Bank of Lithuania;
- 4) to issue public and non-public notifications on systemic risk intended for specific persons.

Article 47². Protection of information received when conducting macro-prudential policy

Information received by the Bank of Lithuania in conducting macro-prudential policy shall be considered confidential, except for information which has already been published or made accessible or on the basis whereof data on specific persons cannot be directly or indirectly identified. The confidential information obtained may be used solely for the performance of the functions specified in this Law and related to conducting of macro-prudential policy and supervising financial market participants and may not be published, divulged or made otherwise accessible, except in the cases specified by laws.

Article 47³. Compensation for the damage caused by unlawful actions of the Bank of Lithuania and staff members of the Bank of Lithuania and reimbursement of expenses incurred by staff members of the Bank of Lithuania in relation to proceedings instituted or actions brought against them

Provisions of Article 45 of this Law shall apply *mutatis mutandis* to compensation for the damage caused by unlawful actions of the Bank of Lithuania or staff members of the Bank of Lithuania in relation to conducting of macro-prudential policy and reimbursement of expenses related to proceedings instituted or actions brought against staff members of the Bank of Lithuania in relation to conducting of macro-prudential policy.

Article 47⁴. Cooperation with other institutions in the area of macro-prudential policy

1. In conducting macro-prudential policy and before adopting decisions regarding application of measures of macro-prudential policy, the Bank of Lithuania shall have the right to consult with the Ministry of Finance of the Republic of Lithuania without prejudice to the respective powers of the Ministry of Finance and its own independence.

2. The Bank of Lithuania shall cooperate, exchange information and have the right to enter into agreements with the European Central Bank, the European Systemic Risk Board, institutions conducting macro-prudential policy in other states, and financial market supervisory authorities, other institutions of the Republic of Lithuania, foreign states, the European Union and/or international institutions. The Bank of Lithuania shall inform the European Systemic Risk Board about the actions taken to address the matters of systemic risk at the national level.

CHAPTER 7³

SUPERVISION OF ACTIVITIES OF CASH HANDLERS

Article 47⁵. Rights and obligations of the Bank of Lithuania in supervising cash handling activities

1. The Bank of Lithuania shall supervise cash handling activities of cash handlers and shall impose sanctions on cash handlers in accordance with provisions of this Law, Regulation (EC) No 1338/2001, Regulation (EU) No 1210/2010, Decision ECB/2010/14 and legal acts of the Bank of Lithuania on supervision of activities of cash handlers. This supervision shall not cover other activities carried out by cash handlers which are not regulated by this Law.

2. In supervising cash handling activities of cash handlers the Bank of Lithuania shall have the right to give mandatory instructions to cash handlers and shall *mutatis mutandis* be subject to provisions of points 1-10 of Article 42(4) of this Law.

Article 47⁶. Inspections of cash handlers organised by the Bank of Lithuania

1. The Bank of Lithuania shall organise and carry out inspections to assess compliance with the requirements set out by legal acts referred to in Article 6(3) of this Law.

2. The types and frequency of inspections, the procedure for carrying out the inspections and documenting them shall be specified by legal acts of the Bank of Lithuania.

3. In carrying out an inspection, provisions of points 1, 2, 3, 6, 8 and 11 of Article 42¹(5) of this Law shall apply *mutatis mutandis* to the rights of authorised staff members of the Bank of Lithuania. In addition, authorised representatives of the Bank of Lithuania shall have the right to

temporarily seize euro banknotes or coins handled by the cash handler being inspected for a period not exceeding 30 calendar days in order to check them in the premises of the Bank of Lithuania.

4. Requests of staff members of the Bank of Lithuania in implementing the rights specified in paragraph 3 of this Article shall be binding on a cash handler. In the event of non-compliance with these requirements, a cash handler shall be subject to sanctions specified in Article 47⁷ of this Law.

5. For the purpose of implementing the rights specified in paragraph 3 of this Article, except for the right specified in Article 42¹(5)(2) of this Law, the Bank of Lithuania may involve police officers.

6. Provisions of Article 43 of this Law shall apply to the protection of information received by the Bank of Lithuania for the purposes of supervision of cash handling activities of cash handlers.

Article 47⁷. Giving mandatory instructions and imposing sanctions of the Bank of Lithuania

1. Having identified any infringements, the Bank of Lithuania shall give to a cash handler one or more mandatory instructions:

1) to temporarily prohibit, on behalf of the European Central Bank, from recirculation of certain euro banknote or coin series and denominations;

2) to correct the infringements within the time limit set by the Bank of Lithuania.

2. Cash handlers must fulfil with mandatory instructions of the Bank of Lithuania within the time limits set thereby and without delay, not later than on the next day after the fulfilment, notify the Bank of Lithuania thereof in writing.

3. The giving of mandatory instructions shall not deprive the Bank of Lithuania of the right to concurrently impose sanctions specified in paragraph 4 of this Article.

4. The Bank of Lithuania shall impose one or more sanctions on the same person who committed infringements:

1) warn about the infringements;

2) impose the fines specified in this Article.

5. Sanctions may be imposed when at least one of the following grounds exists:

1) the information specified in Decision ECB/2010/14 or required by the Bank of Lithuania is not provided within the set time limits or the information provided is incorrect, incomplete or inaccurate;

2) the mandatory instructions given by the Bank of Lithuania are not fulfilled in accordance with the specified procedure or are fulfilled improperly;

3) the inspections carried out by the Bank of Lithuania are hindered;

4) the requirements of Regulation (EU) No 1210/2010 or Decision ECB/2010/14 regarding the authenticity and fitness checks of euro banknotes and coins are not fulfilled.

6. The Bank of Lithuania shall impose on a legal person a fine in the amount of up to 10 per cent of the total annual turnover of the legal person.

7. The total annual turnover of a legal person on the basis whereof the amount of a fine is determined shall be specified according to the data of the last available approved/signed annual financial statements. Where the legal person belongs to a parent undertaking, the total annual turnover on the basis whereof the amount of a fine is determined shall be taken from the last available approved/signed annual consolidated financial statements of the principal parent undertaking.

8. Where the infringements listed in paragraph 5 of this Article result in unlawfully gained income, other pecuniary advantage, losses avoided or damage incurred, and the amount of such income, other pecuniary advantage, losses avoided or damage incurred, if determinable, exceeds the amount of the fine referred to in paragraphs 6 or 9 of this Article, the Bank of Lithuania shall impose a fine up to the double amount of the illegally received income, other pecuniary advantage, losses avoided or damage incurred.

9. Where it is difficult or impossible to determine the total annual turnover of a legal person or where the total annual turnover of a legal person is less than EUR 1 million, instead of the fine

referred to in paragraph 6 of this Article, the Bank of Lithuania shall impose on legal persons a fine of up to EUR 100 000.

10. In the cases referred to in point 2 of paragraph 5 of this Article, the Bank of Lithuania shall impose a fine in the amount of up to 1 per cent of the total annual turnover for each day of non-fulfilment or improper fulfilment of a mandatory instruction or, where it is difficult or impossible to determine the total annual turnover, a fine of up to EUR 1 500.

11. Provisions of Article 43³(2)-(13), (15) and (16) and Articles 43⁴, 43⁵, 43⁶ of this Law shall apply *mutatis mutandis* to a decision of the Bank of Lithuania on the imposition of sanctions, their types, amounts and time limits of their imposition, notification of the sanctions imposed, the right not to impose sanctions, the limitation period for prosecution of a legal person and recovery of fines.

12. The rules of calculation of a fine shall be specified by legal acts of the Bank of Lithuania.

CHAPTER 8

FINANCIAL ACCOUNTING AND REPORTING OF THE BANK OF LITHUANIA

Article 48. Financial year of the Bank of Lithuania

The financial year of the Bank of Lithuania shall begin on 1 January and end on 31 December.

Article 49. Financial accounting and a set of annual financial statements

1. The Bank of Lithuania shall manage its financial accounting and prepare a set of annual financial statements (a balance-sheet, profit (loss) statement, and explanatory notes) in accordance with the recommendations of the European Central Bank set for the central banks participating in the European System of Central Banks.

2. The Bank of Lithuania shall, within four months after the end of a financial year, submit its set of annual financial statements together an auditor's report to the Seimas and shall publish it.

Article 50. Audit of sets of annual financial statements of the Bank of Lithuania

The audit of sets of annual financial statements of the Bank of Lithuania shall be carried out by independent external auditors selected by the Bank of Lithuania and approved by the Council of the European Union upon a recommendation of the European Central Bank.

Article 51. Annual report of the Bank of Lithuania

The Bank of Lithuania shall publish its annual report and issue it as a separate publication. The annual report shall provide information on the key objectives regarding monetary policy and their implementation, monetary policy operations, activities while supervising the financial market, conducting macro-prudential policy and performing other functions specified by laws, as well as information on the national macroeconomic situation, such as analysis of developments in the national economy and financial markets, and on the financial position of the Bank and the results of its activities.

Article 52. Reports by the Chair of the Board of the Bank of Lithuania on the implementation of the primary objective

The Chair of the Board of the Bank of Lithuania shall, twice a year, present to the Seimas reports on the implementation of the primary objective, the situation on the financial market and the performance of its functions.

Article 52¹. Information provided by the Bank of Lithuania to the Seimas of the Republic of Lithuania on matters of macro-prudential policy

1. Upon a reasoned request of the Seimas Committee on Budget and Finance, the Bank of Lithuania shall submit confidential information on warnings and/or recommendations issued

when conducting macro-prudential policy. This information shall be submitted to the extent and in the way which would ensure the protection of confidential information.

2. The Chair of the Board of the Bank of Lithuania shall, once a year or, in case of a financial crisis, on a more frequent basis, be invited to the hearings of the Seimas Committee on Budget and Finance regarding the macro-prudential policy conducted by the Bank of Lithuania.

3. Where appropriate, the Bank of Lithuania shall submit to the Chair of the Seimas Committee on Budget and Finance proposals regarding improvement of laws and other legal acts regulating macro-prudential policy, also comments and proposals on preventive measures in order to reduce the risk to the financial system on a macro level.

CHAPTER 9 FINAL PROVISIONS

Article 53. Recovery of funds and securities from borrowers failing to fulfil their obligations

1. The Bank of Lithuania shall have the right to debit, without an instruction of a financial institution, funds from accounts of the said financial institution if it fails to fulfil in due time its obligations to the Bank of Lithuania as specified in legal acts or agreements of the Bank of Lithuania.

2. In the event that a bankruptcy proceeding is opened against a financial institution or a decision is adopted concerning the prohibition to dispose of funds, the Bank of Lithuania shall have the right to use, without a decision of a court or any other authorised institution, the funds from the accounts of the financial institution held with the Bank of Lithuania in order to fulfil its financial obligations to the Bank of Lithuania.

3. In the event that a borrower fails to fulfil its obligations on the date specified in an agreement, and the fulfilment of the said obligations has been secured by a financial deposit/collateral, the Bank of Lithuania shall have the right to take over the provided financial deposit/collateral and dispose of it in accordance with the procedure laid down by legal acts. The Bank of Lithuania may exercise such a right even if a bankruptcy proceeding has been opened against the borrower or a prohibition on the disposal of the financial deposit/collateral has been imposed.

Article 54. Obtaining and provision of information

1. State and municipal institutions and economic entities must provide to the Bank of Lithuania all information required for the performance of its functions.

2. The Bank of Lithuania may provide information to the European Central Bank, central banks of the Member States of the European Union, international monetary and financial institutions, state and municipal institutions, provided such information is necessary for performing their functions and this Law or other laws of the Republic of Lithuania do not prohibit the provision of such information. This prohibition shall not apply in cases when statistical information is to be provided to the European Central Bank, in such case confidentiality regime as provided in Article 8 of Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank shall apply.

3. Loans received without a state guarantee by legal persons registered in the Register of Legal Entities of the Republic of Lithuania from natural or legal persons, the place of residence or the registered office whereof is located outside the Republic of Lithuania, shall be registered at the Bank of Lithuania in accordance with the procedure specified by the Bank of Lithuania.

Article 54¹. Sanctions for non-compliance with statistical obligations

The Bank of Lithuania shall have the right to impose fines and penalties on economic entities for infringements with regard to provision of the statistical information, as specified by the Bank of Lithuania, necessary for the performance of the functions of the Bank of Lithuania that are not related to the activities of the European System of Central Banks and also the functions that are related to the activities of the European System of Central Banks, if the procedure of sanctions of the European Central Bank is not applied to such infringements. The size of fines and penalties,

procedure for their imposition and time limits for the storage of related material shall be determined by the Bank of Lithuania.

Article 55. Publication of information

The Bank of Lithuania shall, at least once a month, publish statistical and other information.

Article 56. Aspects of the formation of capital buffer

Upon the entry into force of this Law, the general reserve accumulated by the Bank of Lithuania shall be transferred to capital buffer.

Article 57. *Repealed as of 1 May 2004*

Article 58. Distribution of the profit of the Bank of Lithuania earned in the year 2000

1. The profit of the Bank of Lithuania earned in the year 2000 shall be distributed in the following manner:

- 1) 10 per cent – to form the authorised capital of the Bank of Lithuania;
- 2) 50 per cent – to form the capital buffer of the Bank of Lithuania.

2. The remaining part of the profit shall be paid to the state budget of the Republic of Lithuania by 1 May 2001.

I promulgate this Law passed by the Seimas of the Republic of Lithuania.

PRESIDENT OF THE REPUBLIC

ALGIRDAS BRAZAUSKAS

Annex 1
to the Law of the Republic of
Lithuania on the Bank of Lithuania
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**FINANCIAL MARKET PARTICIPANTS PAYING CONTRIBUTIONS
TO COVER EXPENDITURE OF FINANCIAL MARKET SUPERVISION,
CONTRIBUTION BASE AND MAXIMUM CONTRIBUTION RATES**

No	Market participants	Contribution base	Maximum contribution rate
1.	Credit institutions; branches of foreign banks licensed in countries outside the European Economic Area, established in the Republic of Lithuania	Average annual assets	0.017%
2.	Branches of foreign banks licensed in the European Economic Area, established in the Republic of Lithuania	Average annual assets	0.0057%

No	Market participants	Contribution base	Maximum contribution rate
3.	Consumer credit providers, with the exception of credit institutions and their branches established in the Republic of Lithuania	Average annual outstanding amount of disbursed consumer credits	0.0125%
4.	Electronic money institutions; branches of electronic money institutions licensed in countries outside the European Economic Area, established in the Republic of Lithuania	Annual income related to the issuance of electronic money and/or the provision of payment services	0.65%
5.	Branches of electronic money institutions licensed in the European Economic Area, established in the Republic of Lithuania	Annual income related to the issuance of electronic money and/or the provision of payment services	0.65%
6.	Payment institutions	Annual income related to the provision of payment services	0.65%
7.	Branches of payment institutions licensed in the European Economic Area, established in the Republic of Lithuania	Annual income related to the provision of payment services	0.65%
8.	Insurance and reinsurance undertakings; branches of insurance and reinsurance undertakings licensed outside the European Economic Area, established in the Republic of Lithuania	Insurance and reinsurance premiums under contracts concluded in the Republic of Lithuania	0.26%
9.	Branches of insurance and reinsurance undertakings licensed in the European Economic Area, established in the Republic of Lithuania	Insurance and reinsurance premiums under contracts concluded in the Republic of Lithuania	0.13%
10.	Financial brokerage firms	Annual income	0.3%
11.	Branches of financial brokerage firms licensed outside the European Economic Area, established in the Republic of Lithuania	Annual income	0.15%
12.	Management companies, investment companies whose management has not been delegated to management companies and branches of these entities established in the Republic of Lithuania	Net asset value of managed harmonised collective investment undertakings for non-professional investors, special collective investment undertakings and supplementary voluntary pension accumulation funds	0.05%
		Net asset value of managed collective investment	0.02%

No	Market participants	Contribution base	Maximum contribution rate
		undertakings for informed investors	
13.	Regulated market operators	–	EUR 21 721
14.	Central Securities Depository	–	EUR 30 000
15.	Issuers whose equity securities are admitted to trading on a regulated market in the Republic of Lithuania and/or another State of the European Economic Area and whose supervision is exercised by the Bank of Lithuania	–	EUR 868
16.	Issuers whose non-equity securities are admitted to trading on a regulated market in the Republic of Lithuania and/or another State of the European Economic Area and whose supervision is exercised by the Bank of Lithuania	–	EUR 434
17.	Insurance brokerage undertakings	–	EUR 434
18.	Financial advisor firms	–	EUR 434
19.	Currency exchange operators	–	EUR 434
20.	Crowdfunding platform operators or crowdfunding service providers	–	EUR 3 000
21.	Credit providers, with the exception of credit institutions and their branches in the Republic of Lithuania	Average annual outstanding amount of disbursed credits	0.0125%
22.	P2P lending platform operators	–	EUR 3 000
23.	Independent credit intermediaries	–	EUR 217
24.	Independent consumer credit intermediaries	–	EUR 217
25.	Branch of the Central Securities Depository	–	EUR 15 000
26.	Tied intermediaries of a financial brokerage firm	–	EUR 217
27.	Benchmark administrator	–	EUR 217
28.	Transaction information service providers	–	EUR 217
29.	Supervised data suppliers	–	EUR 217
30.	National development institutions	–	EUR 2 000
31.	Mixed financial holding companies established in the Republic of Lithuania, financial holding companies established in the Republic of Lithuania	–	EUR 5 000

to the Law of the Republic of Lithuania
on the Bank of Lithuania

**FINANCIAL MARKET PARTICIPANTS PAYING CONTRIBUTIONS TO COVER
EXPENDITURE OF A RESOLUTION AUTHORITY FOR FINANCIAL SECTOR
ENTITIES, CONTRIBUTION BASE AND MAXIMUM CONTRIBUTION RATES**

No	Market participants	Contribution base	Maximum contribution rate
1.	Banks licensed in the Republic of Lithuania, the central credit union, branches of foreign banks licensed in countries outside the European Economic Area, established in the Republic of Lithuania	Average annual assets	0.0043%
2.	Branches of foreign banks licensed in the European Economic Area, established in the Republic of Lithuania	Average annual assets	0.0014%
3.	Financial brokerage firms licensed in the Republic of Lithuania and subject to the requirement of Article 14(2) of the Law on Markets in Financial Instruments	Annual income	0.075%
4.	Branches of financial brokerage firms licensed in other countries, established in the Republic of Lithuania	Annual income	0.038%
5.	Financial undertakings established in the Republic of Lithuania (except for financial brokerage firms) which are subsidiaries of the entities referred to in points 1 and 3 of this Annex and which are subject to consolidated supervision by parent undertakings under Regulation (EU) No 806/2014:		
5.1.	Electronic money institutions	Average outstanding electronic money and annual turnover of electronic services	0.0025%
5.2.	Payment institutions	Annual turnover of payment services	0.0013%
5.3.	Management companies, investment companies with variable capital, closed-end investment companies and branches of these entities established in the Republic of Lithuania	Assets managed by collective investment undertakings and supplementary voluntary pension funds	0.013%
5.4.	Financial advisor firms	–	EUR 109
5.5.	Currency exchange operators	–	EUR 109

Annex 3
to the Law of the Republic of Lithuania
on the Bank of Lithuania

LEGAL ACTS OF THE EUROPEAN UNION IMPLEMENTED BY THIS LAW

1. Treaty establishing the European Community of 25 March 1957, as last amended by the Lisbon Treaty of 17 December 2007.

2. Protocol No 18 of 7 February 1992 on the Statute of the European System of Central Banks and of the European Central Bank annexed to the Treaty establishing the European Community, as last amended by the Lisbon Treaty of 17 December 2007.

3. Council Regulation (EC) No 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 and 104b (1) of the Treaty.

4. Council Regulation (EC) No 3604/93 of 13 December 1993 specifying definitions for the application of the prohibition of privileged access referred to in Article 104a of the Treaty.

5. Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting, as last amended by Council Regulation (EC) No 44/2009 of 18 December 2008.

6. Council Regulation (EC) No 1339/2001 of 28 June 2001 extending the effects of Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting to those Member States which have not adopted the euro as their single currency, as last amended by Council Regulation (EC) No 45/2009 of 18 December 2008.

7. Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements, as last amended by Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014.

8. Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as last amended by Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017.

9. Decision ECB/2010/14 of the European Central Bank of 16 September 2010 on the authenticity and fitness checking and recirculation of euro banknotes, as last amended by Decision (EU) 2019/2195 of the European Central Bank of 5 December 2019.

10. Regulation (EU) No 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.

11. Recommendation of the European Systemic Risk Board of 22 December 2011 on the macro-prudential mandate of national authorities (ESRB/2011/3).

12. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as last amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019.

13. Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as last amended by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019.

14. Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), as last amended by Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019.

15. Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as last amended by Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021.

16. Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds.

17. Regulation (EU) 2017/2394 of the European Parliament and of the Council of 12 December 2017 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004, as last amended by Directive (EU) 2019/771 of the European Parliament and of the Council of 20 May 2019.

18. Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.

19. Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937.