***Translated by the Ministry of Finance***

**Consolidated version as of 01 January 2015**

*Law was published in TAR on 04/08/2014, identification code 2014-10873*

**REPUBLIC OF LITHUANIA**

**LAW ON CURRENCY EXCHANGE OPERATORS**

17 July 2014 – No XII-1033

Vilnius

**CHAPTER ONE**

**GENERAL PROVISIONS**

**Article 1. Purpose of the Law**

1. This Law defines persons who shall have the right to engage in the activities of the currency exchange operators in the Republic of Lithuania, their responsibilities, the procedure of cessation and supervision of activities of the currency exchange operators, as well as requirements for currency exchange offices to conduct currency exchange activities in a reliable and secure manner.

2. The provisions of the Law are harmonised with European Union legislation listed in the Annex to this Law.

**Article 2. Scope of the Law**

1. This Law shall not apply to payment service providers where the currency exchange is related to the provision of payment services and to financial brokerage firms where the currency exchange is linked to the provision of investment services.

2. This Law shall not be applicable to the currency exchange activities carried out by credit, payment and electronic money institutions to the extent that legislation governing the activities of these institutions do not provide otherwise.

**Article 3. Basic Definitions of this Law**

1. **Subsidiary undertaking** meansan undertaking in which the other person has a proportion in the authorized capital and (or) voting rights entitling to control the activities of the undertaking.

2. **Parent undertaking** means an undertaking that has a proportion in the authorized capital and (or) voting rights of another undertaking entitling to control the activities of the undertaking.

3**. Currency exchange office** means a place complying with the requirements set out in this Law, where currency exchange operations are carried out.

4**. Head of currency exchange operator** means the head of the administration of the currency exchange operator, its deputy head, member of the board, if available, and a person responsible for the activities of the currency exchange operator (head of a structural subdivision), if a currency exchange operator in addition to currency exchange services at the same time is engaged in other activities.

5. **Supervisory authority of a currency exchange operator** (hereinafter - the supervisory authority) means the Bank of Lithuania performing the functions of supervision of activities of currency exchange operators in the manner laid down by this and other laws.

6. **Currency exchange operator** means a legal entity established in the Republic of Lithuania, a division of a legal entity established in a foreign country or any other organization that manages the currency exchange office (currency exchange offices), or a financial company established in a State of the European Economic Area, which provides currency exchange services without establishing a branch in Lithuania, and included in the list of currency exchange operators in accordance with the procedure established by this Law.

7. **List of currency exchange operators** means the list managed by the supervisory authority made publicly available in which currency exchange operators are included.

8. **Currency exchange** means the purchase and (or) sale of foreign currency in cash.

9. **Currency exchange activities** mean activities aimed at generating income from the provision of currency exchange services.

10. **Foreign state** means the state with the exception of the Republic of Lithuania.

11. Other concepts used in this Law shall be interpreted as they are defined in the Law on Financial Institutions of the Republic of Lithuania (hereinafter - the Law on Financial Institutions).

**CHAPTER II**

**MANAGEMENT AND ACTIVITIES OF A CURRENCY EXCHANGE OPERATOR**

**Article 4. Currency Exchange Operator’s Participant with a Qualifying Holding in the Authorised Capital and/or Voting Rights**

1. Only a person whose identity or legal registration has been substantiated by relevant documents can be a participant of a currency exchange operator with a qualifying holding in the authorised capital and/or voting rights.

2. A natural person found guilty for committing a crime or a criminal offence related to money laundering or terrorist financing, a serious, very serious crime or a crime, or a criminal offence with respect to property, property rights and property interests, the economy and business practice, the financial system or equivalent criminal deeds under the criminal legislation of other countries, if his conviction has not expired, cannot be a participant of a currency exchange operator with a qualifying holding in the authorised capital and/or voting rights.

3. Where a legal person has the qualifying holding in the authorised capital and/or voting rights of a currency exchange operator, the requirements provided in paragraph 2 of this Article shall apply to the members of the legal person's bodies other than the members' meeting.

4. The provisions of the Law on Banks of the Republic of Lithuania shall apply mutatis mutandis to the acquisition, loss of a qualifying holding in the authorized capital and (or) voting rights of the currency exchange operator and suspension of the right to vote.

**Article 5. Head of a Currency Exchange Operator**

1. A person found guilty for committing a crime or a criminal offence related to money laundering or terrorist financing, a serious, very serious crime or offence, or a criminal offence with respect to property, property rights and property interests, the economy and business practice, the financial system or equivalent criminal deeds under the criminal legislation of other countries if his conviction has not expired, cannot be a manager of a currency exchange operator.

2. A currency exchange operator shall report to the supervisory authority on the projected replacement of the head of the currency exchange operator and at the same time submit information specified by the supervisory authority necessary for assessing whether a new head of the currency exchange operator meets the requirements set out in paragraph 1 of this Article. The new head of the currency exchange operator can only take up office if the supervisory authority does not object to the nominee for the manager of the currency exchange operator. The supervisory authority shall have the right to object to the nominee for the manager of the currency exchange operator provided he does not meet the requirements set out in paragraph 1 of this Article.

3. The provisions of paragraph 2 of Article 11 of this Law shall apply to the presentation of information referred to in paragraph 2 of this Article and the decision-making on its basis.

**Article 6. Activities of a Currency Exchange Operator**

1. A person shall acquire the right to engage in the activities of a currency exchange operator only after the supervisory authority includes him in the list of currency exchange operators, except in cases provided in Article 9 of this Law.

2. A currency exchange operator in addition to currency exchange activities shall have the right to provide other activities.

3. A currency exchange operator must keep and make public the list of currency exchange operators managed thereof.

4. Other laws regulating the provision of financial services and activities of financial institutions provided the currency exchange operator is a financial institution of the appropriate legal form based on which the currency exchange operator acts, shall apply to the currency exchange operator unless the law provides otherwise.

**Article 7. Currency Exchange Office**

1. The currency exchange office shall be arranged in such a manner that to ensure a safe environment for employees and customers of the currency exchange office, appropriate monetary protection and compliance with the laws on occupational safety and health, and cash handling.

2. Detailed information on the fees applicable by the currency exchange operator for the provision of services and information on the prices of currencies bought and sold on that day must be provided in a clearly visible place of every currency exchange office.

**Article 8. The Right of a Legal Person or Other Organization of a Foreign Country, Including Foreign Financial Undertakings to Provide Currency Exchange Services in the Republic of Lithuania**

A legal person or other organization of a foreign country, including a foreign financial undertaking may, in accordance with the procedure established by this law, provide currency exchange services in the Republic of Lithuania by establishing for this purpose subsidiaries, affiliates, acquiring the authorised capital and (or) voting rights of existing companies, and the financial undertaking of the State of the European Economic Area, meeting the conditions referred to in paragraph 1 of Article 9 of this Law, shall have the right to provide currency exchange services having established a branch in the Republic of Lithuania, or without establishing a branch in the Republic of Lithuania.

**Article 9. The Right of a Financial Undertaking of a State within the European Economic Area to Provide Currency Exchange Services in the Republic of Lithuania**

1. A subsidiary of a financial undertaking of one or more credit institutions licensed in the State of the European Economic Area shall, according to the procedure laid down in this Article, have the right to provide currency exchange services in the Republic of Lithuania having established a branch in the Republic of Lithuania, and without establishing a branch in the Republic of Lithuania, where it has the rights to provide currency exchange services under the laws of the European Economic Area and incorporation documents, and where it meets all of the following conditions:

1) a parent credit institution of the financial undertaking or credit institutions are authorized to engage in the activities of credit institutions in a State of the European Economic Area whose legislation regulates the activities of the subsidiary of the financial undertaking;

2) a subsidiary of the financial undertaking has the right to engage in the provision of currency exchange services in the State of the European Economic Area;

3) a parent credit institution of the financial undertaking or credit institution have 90 or more percent of the authorized capital and (or) voting rights in the subsidiary of the financial undertaking;

4) a parent credit institution of the financial undertaking or credit institutions fulfil the requirements set out by the supervisory authority of the State within the European Economic Area for the prudent management of the subsidiary of the financial undertaking and, upon approval of the supervisory authority of the State within the European Economic Area, declare that the parent credit institution of the financial undertaking or credit institutions shall be jointly liable for the obligations assumed by the subsidiary of the financial undertaking;

5) a subsidiary of the financial undertaking is supervised by carrying out a joint (consolidated) supervision of its parent credit institution or credit institutions.

2. A subsidiary of the financial undertaking referred to in paragraph 1 of this Article may establish a branch in the Republic of Lithuania, where:

1) the supervisory authority of the State within the European Economic Area, which legislation is applicable to the parent credit institution of the financial undertaking, receives a notice from the supervisory authority containing information on the action plan of the branch, in which, among other things, the expected currency exchange and other financial services are indicated; on the organizational structure of the branch; on the intended registered office (address) of the branch in the Republic of Lithuania; on the heads of the branch; as well as information on whether a subsidiary of the financial undertaking complies with the requirements set out in paragraph 1 of this Article, and information on equity capital of the subsidiary of the financial undertaking and consolidated equity of the parent credit institution, and equity capital of all financial group;

2) it receives a notification from the supervisory authority on the readiness to carry out supervision and, where appropriate, information on the legal requirements to be followed by a branch in providing currency exchange services in the Republic of Lithuania.

3. The supervisory authority shall, upon receipt of information from the supervisory authority of the State within the European Economic Area referred to in subparagraph 1 of paragraph 2 of this Article, inform the subsidiary of the financial undertaking no later than within three working days that the information has been received, and no later than within thirty calendar days shall prepare and send a notification to the subsidiary of the financial undertaking about the readiness to carry out the supervision of the branch of the subsidiary of the financial undertaking and, where appropriate, information on the legal requirements to be followed by a branch in providing currency exchange services in the Republic of Lithuania. A subsidiary financial undertaking can establish a branch and provide foreign exchange services in the Republic of Lithuania from the date of receipt of the notification thereof.

4. Where a subsidiary financial undertaking fails to receive from the supervisory authority information referred to in paragraph 3 of this Article, a subsidiary financial undertaking can establish a branch and provide currency exchange services in the Republic of Lithuania after two months of the date on which the supervisory authority has received from the supervisory authority of the State of the European Economic Area information referred to in subparagraph 1 paragraph 2 of this Article. The subsidiary financial undertaking shall immediately inform the supervisory authority on the establishment of a branch and provision of currency exchange services in the Republic of Lithuania.

5. Where a subsidiary financial undertaking referred to in paragraph 1 of this Article has at least one branch in the Republic of Lithuania, the procedure set out in this Article shall not apply to the establishment of its other branches.

6. A subsidiary financial undertaking referred to in paragraph 1 of this Article may commence to provide currency exchange services in the Republic of Lithuania without establishing a branch on the date on which the supervisory authority has received from the supervisory authority of the State of the European Economic Area, the legislation of which shall be applicable to the parent credit institution of the financial undertaking, a notification containing the intention to provide currency exchange services.

7. The supervisory authority shall, upon receipt of a notification from the supervisory authority of the State of the European Economic Area referred to in paragraph 6 of this Article, send a notification to the subsidiary financial undertaking referred to in paragraph 3 of this Article, or upon receipt of the information referred to in paragraph 4 of this Article, include the financial undertaking and, provided the financial undertaking has established a branch in the Republic of Lithuania, its branch in the list of currency exchange operators.

8. Upon changes in the information transmitted to the supervisory authority in accordance with subparagraph 1 of paragraph 2 of this Article on the activity plan of the branch, the branch's organizational structure, the registered office (address) of the branch in the Republic of Lithuania or branch managers, the subsidiary financial undertaking shall notify the supervisory authority in advance and no later than one month before such change.

9. Where the supervisory authority of the State of the European Economic Area informs the supervisory authority that a subsidiary financial undertaking no longer meets at least one of the conditions set out in paragraph 1 of this Article, a subsidiary financial undertaking from that moment shall lose the right to provide currency exchange services. A subsidiary financial undertaking, not meeting the requirements set out in paragraph 1 of this Article, can provide currency exchange services when the supervisory authority includes it in the list of currency exchange operators in the procedure laid down in Article 11 of this Law.

10. The provisions of this Article shall apply mutatis mutandis to the subsidiary financial undertaking of the subsidiary financial undertaking of the credit institution licensed in the State of the European Economic Area.

**CHAPTER THREE**

**SUPEVISION OF ACTIVITIES OF CURRENCY EXCHANGE OPERATORS**

**Article 10. Supervision of Activities of Currency Exchange Operators**

1. The supervisory authority shall carry out the supervision of activities of currency exchange operators included in the list of currency exchange operators in accordance with the procedure laid down by this Law, except in the case referred to in paragraph 3 of this Article.

2. Supervision shall be carried out in compliance with this Law, the Law on the Bank of Lithuania of the Republic of Lithuania, the Law on Financial Institutions of the Republic of Lithuania, and where a currency exchange operator is a financial undertaking – in compliance with the Law on Public Administration of the Republic of Lithuania (hereinafter – the Law on Public Administration) and legal acts adopted by the supervisory authority.

3. Supervision of activities of a financial undertaking of the State of the European Economic Area referred to in paragraph 1 of Article 9 of this Law providing currency exchange services in the Republic of Lithuania without establishing a branch, or of a branch of a financial undertaking established in the Republic of Lithuania by the financial undertaking of the State of the European Economic Area, shall be carried out in accordance with the provisions of Article 15 of this Law.

**Article 11. Inclusion in a List of Currency Exchange Operators**

1. A person, other than the person referred to in paragraph 1 of Article 9 of this Law, by applying for inclusion in the list of currency exchange operators must submit to the supervisory authority:

1) an application in the form established by the supervisory authority to include in the list of currency exchange operators by providing in it, inter alia, information about the person (name, address of the registered office, code, if available);

2) where the application is filed by a financial undertaking of a foreign state, a statement from the register wherein this foreign undertaking is registered, providing information about the person;

3) information about the person's participants with a qualifying holding in the authorised capital and (or) voting rights, specified in Article 4 of this Law, confirming that a person's participant with a qualifying holding in the authorised capital and/or voting rights meets the requirements laid down in Article 4 of this Law;

4) information about the person's managers specified in paragraph 4 of Article 3 of this Law, and documents confirming that the manager (managers) meets the requirements laid down in paragraph 1 of Article 5 of this Law;

5) a description of the internal control system, which will be introduced in order to perform the responsibilities, related to money laundering and terrorist financing prevention under the Law on the Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania.

2. The supervisory authority must examine the person's application for inclusion in the list of currency exchange operators, information and documents, and take a decision on the person's inclusion or non-inclusion in the list of currency exchange operators no later than within thirty (30) calendar days of the receipt of the application and of all documents and information specified in paragraph 1 of this Article. The supervisory authority within three (3) working days shall notify the person of the receipt of the application for inclusion in the list of currency exchange operators and of the documents, where the person by filing such an application expresses such willingness in writing. Where doubts arise during the examination of the application for inclusion in the list of currency exchange operators, the supervisory authority shall have the right to request in writing the person to submit further information or documents, and to correct or eliminate the deficiencies identified. In such a case, the supervisory authority shall take a decision on the inclusion or non-inclusion of the person in the list of currency exchange operators no later than within thirty (30) calendar days of the receipt of further information or documents. This time limit can be extended based on a motivated decision of the supervisory authority, but for no more than thirty (30) calendar days. The supervisory authority shall notify the person in writing on its decision within three (3) working days of the date of taking such a decision. If the supervisory authority decides not to include the person in the list of currency exchange operators, it shall notify the person in writing of the reasons for such a decision.

3. A person shall be included in the list of currency exchange operators within three (3) working days of taking the decision by the supervisory authority on the inclusion of the person in the list of currency exchange operators.

4. The supervisory authority shall take a decision not to include a person in the list of currency exchange operators where the person, the documents or information submitted by him do not meet the requirements laid down in this Law and in the legal acts of the supervisory authority, where not all documents or information specified in the legal acts or further requested have been submitted, or the information or documents are false.

5. The supervisory authority shall include credit, payment and electronic money institutions in the list of currency exchange operators not applying the procedure for inclusion in the list of currency exchange operators set out in this Article, within three (3) working days from the date of issue of the license to provide services indicated in the legislation regulating their activities and in the Register of Legal Entities.

6. A currency exchange operator included in the list of currency exchange operators during the entire period of its activity must comply with the requirements set out in this Law and the Law on Financial Institutions provided the currency exchange operator is a financial undertaking. According to the procedure laid down in the legislation adopted by the supervisory authority, a currency exchange operator must notify the supervisory authority of any changes in the information provided in the application for inclusion in the list of currency exchange operators.

7. The supervisory authority shall publish information about a person's inclusion in the list of currency exchange operators, change in the person’s data or information, and constantly update this information on the website of the supervisory authority.

8. The list of currency exchange operators shall be handled in accordance with the procedure laid down in legislation adopted by the supervisory authority.

**Article 12. Removal from the List of Currency Exchange Operators**

1. A currency exchange operator shall be removed from the list of currency exchange operators under a reasoned decision of the supervisory authority where:

1) a currency exchange operator informs in writing that it ceased currency exchange operations;

2) a currency exchange operator is the subject of bankruptcy proceedings, a currency exchange operator ceased to exist as a result of reorganization or a decision to liquidate the currency exchange operator is taken;

3) a sanction referred to in subparagraphs 3 or 4 of paragraph 1 of Article 16 of this Law has been imposed on a currency exchange operator.

2. A currency exchange operator shall immediately, but not later than within ten (10) working days from the date of occurrence of the circumstances specified in subparagraphs 1 and 2 of paragraph 1 of this Article, inform the supervisory authority hereof.

**Article 13. Rights of a Supervisory Authority**

The supervisory institution shall have the right:

1) to adopt acts or recommendations concerning the activities and supervision of currency exchange operators;

2) in order to ensure proper compliance with the provisions of this Law, to request the currency exchange operator to submit all information and documents relating to the establishment of the currency exchange operator, heads of the currency exchange operator, managed currency exchange offices;

3) to carry out an inspection and check of the person who submitted an application for inclusion in the list of currency exchange operators, currency exchange offices established by that person, currency exchange operator, and currency exchange offices managed by that person;

4) to obtain information from the state and local government agencies, and other persons held by them on the head of the person who submitted the application to add him to the list of currency exchange operators, financial status and activities of the person, and any established infringements of laws and other regulations, on the inspections carried out and their results, and other information which is necessary for the supervisory authority for the implementation of the provisions of this Law;

5) to have other rights laid down by this Law.

**Article 14. Inspection and Checking of the Person Submitting the Application to Include Him in the List of Currency Exchange Operators, of a Currency Exchange Operator and of Currency Exchange Offices**

1. A person being checked who submitted an application to include him in the list of currency exchange operators must:

1) provide information and documents requested by persons carrying out the check necessary for the performance of their functions;

2) enable the persons carrying out the check to use data of information systems of currency exchange operators necessary for the performance of the check;

3) provide the persons carrying out the check with a workstation.

2. The persons conducting an inspection and check shall have the right:

1) to have unimpeded access to the premises of a currency exchange office during the office hours of the person being checked and currency exchange office managed by that person;

2) to request and obtain the information and documents (originals or certified copies thereof) required to carry out the check and inspection, oral or written clarifications of the heads and other employees of the person being checked;

3) to request to make copies of submitted documents;

4) to have other rights laid down by legal acts.

3. Inspection and checking of the person who submitted an application to include him in the list of currency exchange operators, of the currency exchange operator or currency exchange office, cannot exceed thirty (30) calendar days. Where the currency exchange operator included in the list of currency exchange operators or the currency exchange office managed thereof is checked and inspected, this time limit may be extended by a reasoned decision of the supervisory authority for a maximum period of thirty (30) calendar days.

4. The results of the completed check and inspection shall be provided in writing to a person who submitted an application to include him in the list of currency exchange operators, or to the relevant currency exchange operator. The head of the person being checked must familiarise himself with the results of the check and inspection by affixing his signature thereto.

5. Legal acts of the supervisory institution shall set forth a detailed procedure for inspecting and checking, and recording results thereof.

**Article 15. Supervision of Activities of the Branch Established in the Republic of Lithuania by the Subsidiary Financial Undertaking of a Credit Institution Licensed in the State of the European Economic Area Providing Currency Exchange Services in the Republic of Lithuania without Establishing a Branch**

1. The supervisory authority of the State of the European Economic Area, the legislation of which is applied to a parent credit institution of the financial undertaking, shall carry out the supervision of activities of the subsidiary financial undertaking of the credit institution licensed in the State of the European Economic Area referred to in paragraph 1 of Article 9 of this Law providing foreign exchange services in the Republic of Lithuania without establishing a branch, and of its branch established in the Republic of Lithuania. However, this shall not limit the right of the supervisory authority to carry out the supervision of activities taking into account the provisions of this Article.

2. Where the supervisory authority finds that a subsidiary financial undertaking of the credit institution licensed in the State of the European Economic Area, which provides foreign exchange services in the Republic of Lithuania without establishing a branch, or a branch established by that financial undertaking in the Republic of Lithuania does not comply with this Law or legal acts of the supervisory authority, the supervisory authority shall order in writing such a financial undertaking or its established branch to eliminate infringements of legislation within the time limit set by the supervisory authority.

3. Where the instructions given under paragraph 2 of this Article are ignored, the supervisory authority shall inform the supervisory authority of the State of the European Economic Area, which legislation is applicable to the parent credit institution of the financial undertaking requesting to take all possible actions to eliminate violations.

4. Where a subsidiary financial undertaking or its branch, regardless of the actions of the supervisory authority of the State of the European Economic Area, persists in failing to meet the requirements of legislation of the Republic of Lithuania referred to in paragraph 2 of this Article, the supervisory authority, having informed in advance the supervisory authority of the State of the European Economic Area, shall have the right to impose sanctions set out in this Law.

5. In urgent cases, where it is necessary to take urgent measures, the supervisory authority shall have the right to impose sanctions without taking into account the provisions of paragraphs 2, 3 and 4 of this Article.

**CHAPTER FOUR**

**SANCTIONS**

**Article 16. Sanctions and Grounds for their Imposition**

1. The supervisory authority shall have the right to impose the following sanctions on currency exchange operators:

1) to warn on the infringement of this Law and other legal acts or on nonfeasance of instructions of the supervisory authority;

2) to impose the penalties specified by this Law;

3) to temporarily prohibit the provision of currency exchange services;

4) to prohibit the provision of currency exchange services;

5) to temporarily suspend from office the head (heads) of the currency exchange operator, or to remove from office the head (heads) of the currency exchange operator and to require that he (they) be removed from office and (or) a contract (contracts) concluded therewith be terminated or he (they) be divested of his (their) powers.

2. The supervisory authority shall have the right to impose sanctions on at least one of the following grounds:

1) it becomes known that incorrect information has been provided at the time of inclusion in the list of currency exchange operators;

2) a person was included in the list of currency exchange operators in a fraudulent manner or otherwise violated the requirements of the legislation;

3) a currency exchange operator fails to submit information laid down in this Law or legal acts of the supervisory authority, or requested information within the time limit sets, or provides false information;

4) a currency exchange operator fails to comply with the instructions of the supervisory authority given under this Law in accordance with the procedure set;

5) a currency exchange operator fails to meet the requirements laid down in this Law and legal acts of the supervisory authority.

3. When taking a decision on the imposition of a sanction and selecting a specific sanction, the supervisory institution shall take account of the content, scope, recurrence of discovered infringements and shortcomings in activities, the financial position of an operator, his preparedness and possibilities to bring the infringements to an end and to eliminate the shortcomings, also consequences of the identified infringements and shortcomings in the activities, as well as of the sanction to be imposed on the currency exchange operator, and circumstances mitigating and aggravating the liability referred to in paragraphs 4 and 5 of this Article.

4. Circumstances mitigating the liability shall be considered circumstances where a currency exchange operator having committed the infringement voluntarily prevented the harmful consequences of the infringement, cooperated with the supervisory authority during the investigation and compensated for losses and (or) removed the damage caused.

5. Circumstances aggravating the liability shall be considered circumstances where a currency exchange operator having committed the infringement impeded the investigation, concealed an infringement, continued violation ignoring the penalty imposed by the decision or warning of the supervisory authority.

6. Where violation identified by the supervisory authority is minor, it does not cause significant damage to the interest protected by this Law, the supervisory authority shall have the right not to apply the sanctions set out in this Article; however, may oblige to rectify the violation or deficiencies in the activities of the currency exchange operator within a reasonable time limit set by the supervisory authority.

7. The court examining the complaint on the decision of the supervisory authority to impose a sanction and taking into account the circumstances mitigating the liability and other circumstances (due to which a sanction imposed on the person who violated the law would be too big, and disproportionate to the violation committed and therefore unfair), and following the principles of justice and reasonableness shall have the right not to apply the sanctions set out in this Article.

8. The supervisory authority by imposing a sanction may oblige a currency exchange operator to rectify the violation or deficiencies in the activities of the currency exchange operator within a reasonable time limit set by the supervisory authority.

9. A decision of the supervisory authority on the imposition of a sanction must be substantiated.

**Article 17. Procedure of Imposition of Sanctions**

1. The supervisory institution shall, upon receipt of information on the potential violation of this Law and (or) its implementing legislation, notify in writing a currency exchange operator on the initiation of the investigation no later than within five (5) working days from the date of initiation of the investigation.

2. The supervisory institution, not later than ten days prior to consideration of this issue, shall give notice to a currency exchange operator subject to the sanction of the venue and time of the consideration of the issue and supply him with information on the discovered facts forming the basis for the imposition of the sanction or grant the head (heads) of a currency exchange operator subject to the sanction access to the said facts. The head (heads) of the currency exchange operator who has received the notification shall have the right to provide written clarifications prior to the consideration of the issue. The head (heads) of a currency exchange operator subject to the sanction shall have the right to participate in the hearing considering the issue of the imposition of the sanction or other right established in the Law on Public Administration. A failure of the head (heads) to appear or to provide clarifications shall not preclude the consideration of the imposition of the sanction. In cases of urgency where emergency measures are required, the supervisory institution shall have the right to resolve the issue on the imposition of the sanction disregarding the provisions of this paragraph.

3. A decision on the imposition of sanctions shall be taken immediately but at the latest within three months of the date of the commission of an infringement or the date for identification of grounds for imposition of a sanction. Sanctions may be imposed after the lapse of not more than two years from the day of the commission of an infringement, and in the event of a continuous infringement – from the day of the commission of the last acts of the continuous infringement or from the day of the termination of the continuous infringement.

4. A decision of the supervisory authority to impose sanctions shall take effect the day after its adoption, unless the decision provides otherwise.

5. Sanctions, which were imposed provisionally, shall be valid until the date specified in the decision of the supervisory authority on the imposition of sanctions, which can be referred to as the specific date, time limit, or linked to the occurrence of certain conditions (the disappearance of circumstances), unless the supervisory authority takes a decision to withdraw sanctions imposed prior to the time limit set.

6. A decision on the imposition of a sanction shall be posted (delivered) to a currency exchange operator subject to the sanction within three working days. Information on the sanction imposed shall be announced in accordance with the procedure set forth by the legal acts adopted by the supervisory institution, however, the supervisory institution may take a decision not to announce such information publicly where announcing thereof publicly may have a negative effect on the reliability of a currency exchange operator.

**Article 18. Penalties**

1. The supervisory institution shall have the right to impose the following penalties on a currency exchange operator:

1) for a failure to supply the information or documents specified or required by this Law or legal acts of the supervisory institution within the fixed time limit or for the supply of incorrect information – up to 5 per cent of annual gross income of currency exchange services;

2) for a failure to carry out the instructions given by the supervisory institution in accordance with this Law or for an improper carrying out thereof – up to 10 per cent of annual gross income of currency exchange services or up to EUR 289 for each day of improper carrying out thereof;

*Amendments to the paragraph of the Article:*

*No XII-1117, 23/09/2014, published in TAR on 02/10/2014, identification code 2014-13411*

3) for the provision of currency exchange services where such the right is restricted under this Law – up to 20 per cent of annual gross income of currency exchange services;

4) for other infringements of the legal acts regulating the activities of the currency exchange operators − up to 10 per cent of annual gross income of currency exchange services.

2. The specific amount of the penalty imposed shall be determined according to the nature of the infringement, its duration, and sanctions previously imposed.

3. Penalties shall be paid into the State budget not later than within one month of receiving by a currency exchange operator a decision of the supervisory institution on the imposition of a penalty. Where the penalty is not paid within the fixed time limits or, where the decision of the supervisory institution has been appealed against to court, within ten calendar days from the entry into force of the decision, it shall be recovered, by a decision of the supervisory institution, without suit (without an instruction of a currency exchange operator subject to the penalty to debit funds) from the funds held in credit institutions by the currency exchange operator subject to the penalty, or the decision of the supervisory institution shall be enforced according to the procedure set forth by the Code of Civil Procedure of the Republic of Lithuania.

**Article 19. Removal from Office of the Head (Heads) of the Currency Exchange Operator**

1. As of the day of the delivery to a currency exchange operator of a decision by the supervisory institution to suspend from office the head (heads) of the currency exchange operator, the person removed from office shall not have the right to exercise his functions and all decisions taken by him (them) after entering into force of the said decision of the supervisory institution shall be void.

2. Where the supervisory institution takes a decision to remove from office of the head (heads) of the currency exchange operator, and to require that he (they) be removed from office and (or) a contract (contracts) concluded therewith be terminated or he (they) be divested of their powers, a body of the currency exchange operator which has such a right must, within the time limit laid down in the decision of the supervisory institution, remove the person (persons) from office and (or) terminate the contract (contracts) concluded therewith or divest him (them) of his (their) powers.

3. A decision taken by the supervisory institution to remove the head (heads) of the currency exchange operator shall be communicated to the currency exchange operator and to the manager of the Register of Legal Entities, and published on the Internet site of the supervisory authority.

**Article 20. Appeal against Decisions, Acts (Omissions) of the Supervisory Authority**

1. The persons whose rights or interests protected under the law can be violated shall have the right to file an appeal to court against decisions, acts (omissions) of the supervisory institution according to the procedure set forth by laws.

2. Filing of an appeal with court shall not have suspensory effect on the execution of a decision appealed against until its resolution, except for the decision to impose penalties set out in this Law.

**CHAPTER FIVE**

**REORGANISATION OF A CURRENCY EXCHANGE OPERATOR**

**Article 21. Reorganisation of a Currency Exchange Operator**

Where, during reorganisation of a currency exchange operator, the rights and obligations of a currency exchange operator related to the currency exchange activities are transferred to a person who has no rights to engage in this activity, this person shall be entitled to engage in this activity only when it is included in the list of currency exchange operators in the procedure established by this Law.

**CHAPTER SIC**

**FINAL PROVISIONS**

**Article 22. Entry into Force and Implementation of the Law**

1. This law, with the exception of paragraph 2 of this Article, shall come into force on 1 November 2014.

2. The supervisory authority shall adopt implementing legislation of this Law by 31 October 2014.

3. The supervisory authority shall include credit, payment and electronic money institutions, which on the date of coming into force of this Law have a license issued by the supervisory authority to provide services specified in the legislation governing their activities, in the list of currency exchange operators without applying a procedure for the inclusion in the list of currency exchange operators established in Article 11 of this Law.

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

PRESIDENT OF THE REPUBLIC DALIA GRYBAUSKAITĖ

Annex to the

Law on Currency Exchange Operators of the Republic of Lithuania

**EUROPEAN UNION LEGAL ACTS IMPLEMENTED BY THIS LAW**

1. Directive 2005/60/EB of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (OJ 2005 L 309, p. 15).

**Amendments:**

1.

Seimas of the Republic of Lithuania, Law

No XII-1117, 23/09/2014, published in TAR on 02/10/2014, identification code 2014-13411

Law Amending Article 18 of the Law on Currency Exchange Operators of the Republic of Lithuania No XII-1033