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REPUBLIC OF LITHUANIA
LAW
ON ELECTRONIC MONEY AND ELECTRONIC MONEY INSTITUTIONS

22 December 2011 No XI-1868

(As last amended on 27 June 2018 – No XIII-1303)

Vilnius

CHAPTER I
GENERAL PROVISIONS

Article 1. Purpose of the Law

1. This Law shall specify the persons entitled to issue electronic money in the Republic of Lithuania, the conditions of issuance and redemption of electronic money, the procedure for licensing, operation, termination and supervision of activities of electronic money institutions and branches of electronic money institutions of foreign states in order to ensure a stable, sound, efficient and safe system of electronic money institutions.

2. The provisions of this Law have been harmonised with the legal acts of the European Union referred to in the Annex to this Law.

Article 2. Definitions

1. **Electronic money** means the monetary value put into circulation when electronic money issuers receive monetary funds from natural or legal persons, expressed as a claim to its issuer and having the following characteristics:

- 1) is stored electronically, including magnetically;
- 2) is intended for making payment transactions;
- 3) is accepted by persons other than issuers of such electronic money.

2. **Electronic money institution** means a public limited liability company or a private limited liability company that has been issued an electronic money institution licence or an electronic money institution licence for restricted activities entitling to issue electronic money in the Republic

of Lithuania and/or other Member States (hereinafter in this Law an electronic money institution licence and an electronic money institution licence for restricted activities shall be collectively referred to as a licence).

3. **Branch of an electronic money institution** (hereinafter: a '**branch**') means a structural division of an electronic money institution which has no legal personality, but which has its own registered office and carries out some or all of the functions of an electronic money institution. All the places of business set up in the same Member State by an electronic money institution with a head office in another Member State shall be regarded as a single branch.

4. **Own funds of an electronic money institution** – as defined in point (118) of Article 4(1) of Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ 2013 L 176, p. 1) (hereinafter: 'Regulation (EU) No 575/2013').

5. **Agent of an electronic money institution** (hereinafter: an '**agent**') means a natural or legal person, another organisation or its subdivision providing payment services on behalf of an electronic money institution.

6. **Electronic money issuer** means a person referred to in Article 4 of this Law.

7. **Electronic money holder** means a natural or legal person, another organisation or its subdivision acquiring and holding electronic money.

8. **Close links** – as defined in point (38) of Article 4(1) of Regulation (EU) No 575/2013.

9. **Another Member State** means a Member State other than the Republic of Lithuania.

10. **Electronic money institution of another Member State** means a legal person established in another Member State to which an authorisation, a licence or any other document entitling to issue electronic money in all Member States has been granted.

11. **Qualifying holding of the authorised capital and/or of the voting rights** – as defined in point (36) of Article 4(1) of Regulation (EU) No 575/2013.

12. **Average outstanding electronic money** means an average of the total amount of financial liabilities of an electronic money institution related to electronic money in issue at the end of each calendar day over the preceding six calendar months, calculated on the first day of each calendar month and applied during that calendar month.

13. **Electronic money institution of a foreign state** means a legal person established in a foreign state to which an authorisation, a licence or any other document entitling to issue electronic money in that foreign state has been granted.

14. **Branch of an electronic money institution of a foreign state** means a structural subdivision of an electronic money institution of a foreign state to which a licence of a branch of an electronic money institution of a foreign state has been issued.

15. Other terms used in this Law shall be understood as they are defined in the Law of the Republic of Lithuania on Financial Institutions, the Law of the Republic of Lithuania on Banks, the Law of the Republic of Lithuania on Payments, and the Law of the Republic of Lithuania on Payment Institutions.

Article 3. Exclusions from the scope of the Law

This Law shall not apply to the monetary value stored on payment instruments specified in Article 3(5)(11) of the Law on Payments and to the monetary value that is used to make payment transactions specified in Article 3(5)(12) of the Law on Payments.

CHAPTER II

ELECTRONIC MONEY ISSUERS, ELECTRONIC MONEY ISSUANCE AND REDEMPTION CONDITIONS. LIABILITY FOR NON-COMPLIANCE WITH CONDITIONS OF THIS CHAPTER, DISPUTE SETTLEMENT PROCEDURE

Article 4. Electronic money issuers

1. Electronic money issuers shall be:

- 1) credit institutions, credit institutions of another Member State, their branches, and branches of credit institutions of foreign states established in the Republic of Lithuania;
- 2) electronic money institutions, electronic money institutions of another Member State and branches of electronic money institution of foreign states established in the Republic of Lithuania;
- 3) post office giro institutions which are entitled under law to issue electronic money;
- 4) the European Central Bank and central banks of the Member States, which pursue the activities of electronic money issuance when not acting in their capacity as monetary authority or public authorities;
- 5) national, regional and local authorities of the Member States, when they issue electronic money in performing their functions.

2. The electronic money issuers indicated in points 3, 4 and 5 of paragraph 1 of this Article shall have the right to issue electronic money without a licence entitling to issue electronic money.

Article 5. Prohibition from issuing electronic money

Natural or legal persons who are not electronic money issuers shall be prohibited from issuing electronic money.

Article 6. Conditions of issuance and redemption of electronic money

1. Electronic money issuers shall issue electronic money at par value on the receipt of funds from natural or legal persons.

2. Electronic money issuers must, upon request by electronic money holders, redeem at par value the electronic money held by them.

3. The conditions of redemption of electronic money, the period thereof and any additional fees relating thereto must be provided for in a contract between the electronic money issuer and the electronic money holder. The conditions of redemption of electronic money shall be given in the Lithuanian language or any other language agreed upon by the parties, in easily understandable words and in a clear form comprehensible for the average user. The electronic money holder must be informed of those conditions before being bound by any contract or offer.

4. Redemption of electronic money may be subject to an additional fee only if provided for in the contract between the electronic money issuer and the electronic money holder and only in any of the following cases:

1) where redemption of electronic money is requested before the expiry of the contract;

2) where the electronic money holder terminates the contract before the expiry date provided for in the contract;

3) where redemption of electronic money is requested more than one year after the date of expiry of the contract.

5. An additional fee charged for redemption of electronic money must be commensurate with the actual costs incurred by the electronic money issuer.

6. The electronic money holder may, before expiry of a contract, request redemption of the monetary value of electronic money in whole or in part.

7. Where redemption of electronic money is requested by the electronic money holder on or up to one year after the date of the expiry of the contract, the total monetary value of the electronic money held by the electronic money holder shall be redeemed.

8. Where redemption is requested by the electronic money holder on or up to one year after the date of the expiry of the contract and where the electronic money institution carries out one or more of the activities listed in Article 12(1)(4) of this Law and the part of funds to be used as electronic money is not known in advance, all funds requested by the electronic money holder shall be redeemed.

9. The contract concluded between the persons who accept electronic money (other than consumers) and electronic money issuers may stipulate the conditions of redemption of electronic money other than specified in paragraphs 4 to 8 of this Article.

Article 7. Prohibition of interest

Electronic money issuers shall be prohibited from granting interest or any other benefit related to the length of time during which an electronic money holder holds the electronic money.

Article 8. Data protection

Electronic money issuers shall have the right to process personal data necessary for pursuing the electronic money issuance business. Personal data shall be processed in accordance with the procedure laid down by legal acts regulating personal data protection.

Article 9. Applying to dispute settlement institutions

Where an electronic money holder considers that an electronic money issuer has infringed its/his rights or legitimate interests protected by this Law, the electronic money holder shall have the right to apply to a court or, where the electronic money holder is a consumer, to the institution of the out-of-court settlement of disputes, namely, the Bank of Lithuania, in accordance with the procedure laid down by the Law of the Republic of Lithuania on the Bank of Lithuania and the Law of the Republic of Lithuania on Consumer Protection.

Article 10. Liability for non-compliance with conditions of this Chapter

In the cases of infringements of Articles 6 and 7 of this Law, provisions of Chapter X of the Law on Payments regulating the supervision of compliance with the Law on Payments and liability for its infringements shall apply *mutatis mutandis*.

CHAPTER III

ELECTRONIC MONEY INSTITUTIONS AND LICENSING OF THEIR ACTIVITIES

Article 11. Name, legal form and registered office of an electronic money institution. Legal acts regulating activities of an electronic money institution

1. Only the persons referred to in Article 4(1)(2) of this Law shall have the right to use the term 'electronic money institution', other grammatical forms of or phrases containing this term in their names, in advertising or for other purposes in the Republic of Lithuania.

2. The legal form of an electronic money institution may be only a public limited liability company or a private limited liability company.

3. An electronic money institution shall be required to have its registered office in the Republic of Lithuania.

4. In its activities, an electronic money institution shall comply with the Civil Code of the Republic of Lithuania, this Law, the Law on Payments, legal acts of the European Union and of the

competent authority, namely, the Bank of Lithuania (hereinafter: the ‘competent authority’), and its instruments of incorporation. The Law on Financial Institutions, the Law of the Republic of Lithuania on Companies and other laws shall apply to an electronic money institution to the extent this Law does not provide otherwise.

5. An electronic money institution providing payment services shall *mutatis mutandis* be subject to the requirements of Article 9(2)(4) and Articles 11, 17, 18, 19, 20, 21, 23 and 40 of the Law on Payment Institutions, and the competent authority shall *mutatis mutandis* have the rights and duties specified in Articles 11, 18, 19, 20, 23 and 40 of the Law on Payment Institutions.

6. An electronic money institution of another Member State providing payment services shall *mutatis mutandis* be subject to Article 12 of the Law on Payment Institutions, and the competent authority shall *mutatis mutandis* have the rights and duties specified in Article 12 of the Law on Payment Institutions.

7. The provisions of this Law regarding the granting of credits to consumers shall apply to the extent other laws regulating the granting of credits to consumers do not provide otherwise.

Article 12. Activities of an electronic money institution

1. In addition to electronic money issuance and provision of payment services referred to in Article 13(1) or Article 14(1) of this Law, an electronic money institution shall have the right:

1) to grant a credit related to the payment services indicated in point 4 or 5 of Article 5 of the Law on Payments in compliance with the conditions indicated in paragraph 4 of this Article;

2) to provide the ancillary services closely related to issuance of electronic money and/or provision of payment services, such as currency exchange, safekeeping of funds, storage and processing of data;

3) to operate payment systems in compliance with the requirements laid down in Article 9 of the Law on Payments;

4) to pursue other activities other than electronic money issuance, with the exception of the cases specified in Article 13(8) and Article 14(10) of this Law.

5) to exchange currency (in cash).

2. Any funds received by an electronic money institution from electronic money holders must be exchanged for electronic money without delay, as soon as it is technically possible. Such funds and funds received from payment service users for the provision of payment services shall not be regarded as a deposit or other repayable funds.

3. An electronic money institution providing payment services not related to the electronic money issuance may only have payment accounts for the provision of such services.

4. An electronic money institution may grant credit related to the payment services indicated

in point 4 or 5 of Article 5 of the Law on Payments, only if the following conditions are met:

1) the funds have been granted exclusively as an ancillary instrument in connection with the execution of a payment transaction;

2) the funds granted for the purpose of executing a payment transaction in connection with the provision of payment services in accordance with Article 18 of this Law must be repaid within a period not exceeding twelve months;

3) the electronic money institution may not grant credit from the funds received and held for electronic money or for the purpose of executing a payment transaction;

4) the equity capital of an electronic money institution at any time conforms to the requirements set forth in Article 24 of this Law and is adequate in accordance with the procedure laid down by legal acts of the competent authority.

5. An electronic money institution may not conduct the business of taking deposits or other repayable funds from non-professional participants of the market.

6. An electronic money institution may distribute and redeem, but may not issue electronic money through an agent acting on behalf of the electronic money institution or another natural or legal person.

7. Prior to taking decisions which restrict an electronic money institution's freedom to dispose of the funds in its account or which otherwise restrict the right of the electronic money institution to issue electronic money or provide payment services, a court of the Republic of Lithuania and other institutions or officials stipulated by laws must obtain a conclusion of the competent authority on the impact of these decisions on the stability and soundness of the electronic money institution and the whole system of payment institutions, which the competent authority shall provide within five working days from the receipt of a request to issue the conclusion.

Article 13. Electronic money institution licence

1. An electronic money institution licence shall entitle to issue electronic money and provide the payment services referred to in Article 5 of the Law on Payments which are indicated in the licence issued to the electronic money institution by the competent authority. The electronic money institution licence shall also be valid in other Member States.

2. A legal person being incorporated or an existing legal person (hereinafter in this Article: a 'legal person') applying for an electronic money institution licence shall submit to the competent authority an application and the following documents and data:

1) the articles of association;

2) a programme of operations stating *inter alia* the services to be provided as specified in paragraph 1 of this Article and the place of their provision;

3) a business plan, including a forecast budget for the first three financial years which demonstrates that the electronic money institution is able to operate soundly and employs the appropriate internal control mechanisms, procedures and resources;

4) the documents demonstrating that the size of the initial capital does not fall below the level specified in Article 22(2) of this Law;

5) a description of the measures taken/to be taken in line with the requirements of Article 25 of this Law for safeguarding the funds of electronic money holders and, where payment services not related to electronic money issuance are to be provided, also a description of the measures taken/to be taken in line with the requirements of Article 17 of the Law on Payment Institutions for safeguarding the funds of payment service users;

6) a description of the governance arrangements and internal control mechanisms applied/to be applied, including administrative, risk management and accounting procedures demonstrating that such governance arrangements and internal control mechanisms are appropriate, sound and proportionate to the risks assumed;

7) a description of the internal control mechanisms established/to be established in order to comply with obligations in relation to prevention of money laundering and terrorist financing under the Law of the Republic of Lithuania on Prevention of Money Laundering and Terrorist Financing and Regulation (EU) No 2015/847 of the European Parliament and of the Council of 20 May 2015 on information on the payer accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 (OJ 2015 L 141, p. 1) (hereinafter: 'Regulation (EU) No 2015/847');

8) a description of the procedure for monitoring, handling and following up of operational and security incidents and security-related customer complaints, including notification of major operational and security incidents established in accordance with requirements laid down in Article 57 of the Law on Payments;

9) a description of the procedure for filing, monitoring, tracking and restricting access to sensitive payment data;

10) a description of business continuity processes, with clearly stated operations of exceptional significance, effective business continuity plans, the procedure for regularly testing and reviewing the adequacy and effectiveness of such plans;

11) a description of principles and definitions applicable to the collection of statistical data on performance, transactions and fraud;

12) a description of security policies, including a detailed assessment of risks related to the pursued activity, security control and risk mitigation measures taken to properly protect electronic money holders and/or payment service users from identified risks, including fraud and unauthorised use of sensitive and personal data;

13) a description of organisational arrangements, including the intended use of branches, agents, natural or legal persons through which the electronic money institution will distribute and redeem electronic money, or third parties to whom the performance of operating functions will be outsourced, and a description of the obligation to conduct reviews of branches and agents at least once a year, and a description of participation in payment systems;

14) the data on the basis of which the identity of the persons who acquire/hold qualifying holdings in the authorised capital and/or of the voting rights of the legal person applying for an electronic money institution licence (hereinafter in this Article: a 'legal person applying for a licence'), the size of their holdings in the authorised capital and/or of the voting rights being acquired/held, also the suitability of these persons within the meaning of provisions of Article 25(8) of the Law on Banks can be established taking into account the need to ensure the sound and prudent management of an electronic money institution;

15) the identity of the heads (the forename, surname, personal number (where the person has no personal number – the date and place of birth) and documents demonstrating that they meet the requirements of good repute, qualifications and experience set forth in Article 16(3) of this Law;

16) the identity of the head/heads of a branch (the person's forename, surname, personal number (where the person has no personal number – the date and place of birth) where electronic money issuance and/or the provision of payment services is intended to be carried out in accordance with the procedure laid down by this Law through a branch established in another Member State;

17) the details of an audit firm or certified auditor (hereinafter: an 'auditor') who conducts audits independently (hereinafter in this Law an audit firm and an auditor who conducts audits independently shall collectively be referred to as an audit firm) conducting/intending to conduct an audit, provided that such an audit firm or certified auditor meets the requirements of the Law on Financial Institutions and the Law of the Republic of Lithuania on the Audit of Financial Statements;

18) the documents and data demonstrating compliance with the requirements of Article 20 of the Law on Payment Institutions and supporting the amount of professional indemnity insurance or comparable guarantee, where the applicant intends to provide the payment initiation and/or account information service;

19) the address of the registered office.

3. The information indicated in points 5, 6, 8 and 13 of paragraph 2 of this Article must be accompanied by a description of the internal control mechanisms and organisational arrangements specifying the steps to be taken to protect the interests of electronic money holders and to ensure the continuity and reliability of electronic money issuance.

4. An electronic money institution licence shall be issued only to a legal person applying for a

licence who, taking account of the need to ensure the sound and prudent management of an electronic money institution, has put in place the comprehensive electronic money issuance activity management procedure which is sound and proportionate to the nature, scope and complexity of the electronic money institution's activities, including a comprehensible organisational structure which allows ensuring the separation of functions and vertical and horizontal responsibility relationships with clearly defined, transparent and consistent responsibility limits as well as the systems of identification, management, monitoring of existing/potential risks, reporting to the management and internal control mechanisms, including sound governance arrangements and accounting system.

5. The competent authority shall have the right to perform an on-site inspection of a legal person applying for a licence to determine its preparedness to issue electronic money. The on-site inspection of preparedness to issue electronic money shall *mutatis mutandis* be subject to provisions of Article 35 of this Law.

6. The competent authority must examine the submitted documents, data and/or information, take a decision on issuing an electronic money institution licence and notify in writing the legal person applying for a licence no later than within three months of the day of receipt of the application in compliance with provisions of Article 31(1) of this Law.

7. The competent authority shall submit a justified refusal to issue an electronic money institution licence where:

1) the documents, data and/or information accompanying the application do not meet the requirements set by this Law and the legal acts of the competent authority regulating the procedure of application of such requirements, the legal person applying for a licence fails to submit the documents, data and/or information specified in paragraph 2 of this Article by the deadline fixed by the competent authority when the latter requires to submit missing and/or updated documents, data and/or information necessary for the taking of a decision or fails to submit all additionally required documents, data and/or information, or they are incorrect;

2) the legal person applying for a licence does not have its registered office in the Republic of Lithuania, is not going to conduct the business of electronic money issuance in the Republic of Lithuania, its legal form, heads, initial capital, professional indemnity insurance or comparable guarantee do not meet the requirements set by this Law and the legal acts of the competent authority regulating the procedure of application of such requirements.

3) there is a ground for believing that the persons acquiring/holding a qualifying holding in the authorised capital and/or of the voting rights of the legal person applying for a licence do not meet the criteria laid down in Article 25(8) of the Law on Banks;

4) close links existing between the legal person applying for a licence and a third party are likely to prevent the competent authority from effectively exercising supervision of the electronic

money institution;

5) close links existing between the legal person applying for a licence and a person from a foreign state whose legal acts regulating the activities of this person or difficulties in ensuring compliance with such legal acts are likely prevent the competent authority from effectively exercising the supervision of the electronic money institution;

6) the legal person applying for a licence does not meet the requirements set in paragraph 4 of this Article.

8. Where a legal person applying for a licence intends to issue electronic money and, at the same time, to pursue or is pursuing other business indicated in Article 12(1)(4) of this Law, the competent authority may refuse the issuance of an electronic money institution licence until the establishment of a separate legal person for the pursuit of the business of electronic money issuance, where the business other than electronic money issuance which the electronic money institution intends to pursue or is pursuing impairs or is likely to impair either the financial soundness of the legal person or the ability of the competent authority to monitor compliance with all requirements set by this Law.

9. Where an electronic money institution obtains another licence entitling to provide the same services as specified in the licence held by the electronic money institution, it must, not later than within 30 days from the obtaining of the last licence, apply to the competent authority for the withdrawal of one of the licences.

10. An electronic money institution holding an electronic money institution licence must, at all times, meet the requirements set in this Article for obtaining an electronic money institution licence. In accordance with the procedure and within the time limits laid down by the legal acts of the competent authority implementing this Law, the electronic money institution must notify the competent authority of any changes in the data and/or information submitted for the purpose of obtaining the electronic money institution licence.

11. A detailed procedure for the submission and examination of a licence application specified in this Article and detailed requirements for the contents and format of the submitted documents as referred to in paragraph 2 of this Article shall be established by the competent authority.

Article 14. Electronic money institution licence for restricted activities

1. An electronic money institution licence for restricted activities shall entitle to issue electronic money and provide the payment services referred to in points 1 to 6 of Article 5 of the Law on Payments that are specified in the licence issued to the electronic money institution by the competent authority. The electronic money institution licence for restricted activities shall be valid

only in the Republic of Lithuania and shall not entitle to issue electronic money and provide payment services in other Member States. The average outstanding electronic money of the electronic money institution to which the electronic money institution licence for restricted activities has been issued (where no activities are carried out – the average projected in a business plan) may not exceed EUR 900 000, with the exception of the case specified in paragraph 6 of this Article. The electronic money institution to which the electronic money institution licence for restricted activities has been issued shall not be subject to provisions of Articles 17, 22 and 24 of this Law.

2. An electronic money institution holding an electronic money institution licence for restricted activities and intending to provide payment services not related to electronic money must also comply with provisions of Article 7(1) of the Law on Payment Institutions.

3. In order to obtain an electronic money institution licence for restricted activities, a legal person being incorporated or an existing legal person (hereinafter in this Article: a ‘legal person’) must submit to the competent authority an application and the following documents and data:

1) the articles of association/draft articles of association;

2) a business plan which specifies the services to be provided as referred to in paragraph 1 of this Article and presents a forecast budget for the first financial year demonstrating that the electronic money institution is able to operate soundly and employs the appropriate internal control mechanisms, procedures and resources;

3) the documents proving that the average outstanding electronic money of the electronic money institution (where no activities are carried out – the average projected in a business plan) does not exceed/will not exceed EUR 900 000 and, where the electronic money institution intends to provide payment services not related to electronic money issuance, also the documents referred to in Article 7(2)(3) of the Law on Payment Institutions;

4) a description of the measures taken/to be taken under Article 25 of this Law for safeguarding the funds of electronic money holders or, where the electronic money institution intends to provide payment services not related to electronic money issuance, a description of measures taken/to be taken for safeguarding the funds of electronic money holders in line with requirements of Article 17 of the Law on Payment Institutions;

5) a description of the internal control mechanisms established/intended to be established in order to comply with obligations in relation to prevention of money laundering and terrorist financing under the Law on Prevention of Money Laundering and Terrorist Financing and Regulation (EU) No 2015/847;

6) a description of the organisational structure, including the intended use of branches, agents, natural or legal persons through which the electronic money institution intends to distribute and

redeem electronic money or third parties to whom operational functions will be outsourced, a description of the obligation to inspect branches, agents at least once a year and a description of participation in payment systems;

7) the identity of the heads (the person's forename, surname, personal number or, where the person has no personal number, the date and place of birth) and documents demonstrating their compliance with requirements of Article 16(4) of this Law;

8) the identity of the head/heads of the branch (the person's forename, surname, personal number or, where the person has no personal number, the date and place of birth);

8) the address of the registered office.

4. An electronic money institution licence for restricted activities shall be issued only to a legal person applying for a licence who, taking account of the need to ensure the sound and prudent management of an electronic money institution, has put in place the comprehensive electronic money issuance activity management procedure which is sound and proportionate to the nature, scope and complexity of the electronic money institution's activities, including a comprehensible organisational structure which allows ensuring the separation of functions and vertical and horizontal responsibility relationships with clearly defined, transparent and consistent responsibility limits as well as internal control mechanisms, including sound governance arrangements and accounting methods.

5. An electronic money institution to which an electronic money institution licence for restricted activities has been issued must supply information to the competent authority on compliance with the requirements of paragraph 1 of this Article in accordance with the procedure specified by the competent authority.

6. Where it transpires that an electronic money institution to which an electronic money institution licence for restricted activities has been issued no longer meets the requirements of paragraph 1 of this Article and/or of Article 7(1) of the Law on Payment Institutions, the electronic money institution must, within 30 days, submit an electronic money institution licence application to the competent authority in accordance with the procedure laid down in Article 13 of this Law. Where the electronic money institution licence application is not submitted within the specified time limit or the competent authority does not issue the electronic money institution licence within the time limits specified in Article 13 of this Law, the electronic money institution licence for restricted activities of the electronic money institution shall be withdrawn.

7. The competent authority shall have the right to carry out an on-site inspection to determine whether a legal person applying for a license is prepared for electronic money issuance. The on-site inspection of preparedness to issue electronic money shall *mutatis mutandis* be subject to provisions of Article 35 of this Law.

8. The competent authority must examine the submitted documents, data and/or information, take a decision on issuing an electronic money institution licence for restricted activities and notify the legal person applying for a licence thereof in writing not later than within two months from the receipt of an application taking account of provisions of Article 43¹ of the Law on the Bank of Lithuania.

9. The competent authority shall provide a reasoned refusal to issue an electronic money institution licence for restricted activities where:

1) the documents, data and/or information accompanying the application do not meet the requirements set by this Law and legal acts of the competent authority regulating the procedure of application of such requirements, the legal person applying for a licence fails to submit the documents, data and/or information specified in paragraph 3 of this Article by the deadline fixed by the competent authority when the latter requires to submit missing and/or updated documents, data and/or information necessary for the taking of a decision or fails to submit all additionally required documents, data and/or information, or they are incorrect;

2) the legal person applying for a licence does not have a registered office in the Republic of Lithuania, its legal form, heads do not meet the requirements set by this Law and legal acts of the competent authority regulating the procedure of their application;

3) the legal person applying for a licence does not meet the requirements set by paragraphs 1 or 4 of this Article.

11. Where a legal person applying for a licence intends to issue electronic money and, at the same time, to pursue or is pursuing other business indicated in Article 12(1)(4) of this Law, the competent authority shall have the right to refuse the issuance of an electronic money institution licence for restricted activities until the establishment of a separate legal person for the pursuit of the business of electronic money issuance, where the business other than electronic money issuance pursued by the electronic money institution impairs or is likely to impair its financial soundness or the ability of the competent authority to monitor compliance with all requirements set by this Law.

11. An electronic money institution holding an electronic money institution licence for restricted activities must, at all times, meet the requirements for issuing an electronic money institution licence for restricted activities set in this Article. In accordance with the procedure and within the time limits established by the legal acts of the competent authority implementing this Law, the electronic money institution must notify the competent authority of any changes in the data and/or information submitted for the purpose of obtaining the electronic money institution licence for restricted activities.

12. A detailed procedure for the submission and examination of a licence application specified in this Article and detailed requirements for the contents and format of the submitted

documents as referred to in paragraph 3 of this Article shall be established by the competent authority.

Article 15. Licence withdrawal, suspension and lifting of suspension

1. A licence shall be withdrawn in the cases specified in Article 10(1) and points 1, 3-8 of Article 10(2) of the Law on Financial Institutions. In the case referred to in Article 14(6) of this Law, a licence shall be withdrawn by a decision of the competent authority.

2. In addition to the grounds specified in paragraph 1 of this Article, a licence may also be withdrawn by decision of the competent authority where:

1) an electronic money institution no longer meets the licensing requirements set in Articles 13 or 14 of this Law or fails to notify the competent authority thereof;

2) the electronic money issuance business continued by the electronic money institution would represent a threat to the stability of payment systems;

3) the electronic money institution is terminated due to reorganisation or a decision is taken on its winding up;

4) in the case referred to in Article 13(9) of this Law, the electronic money institution does not apply for licence withdrawal within the specified time limit.

3. In the event of withdrawal of a licence on the grounds specified in point 3 or 4 of paragraph 2 of this Article or Article 14(6) of this Law or Article 10(2)(8) of the Law on Financial Institutions, a decision of the competent authority shall indicate the reasons for taking the decision and the electronic money institution shall be notified of the taken decision within three working days from the taking of the decision. In other cases, the licence shall be withdrawn in accordance with the procedure laid down by Articles 39 and 40 of this Law.

4. A licence shall be suspended on the grounds and in accordance with the procedure laid down by Articles 39 and 40 of this Law.

5. The competent authority, having taken a decision on licence suspension, shall notify the electronic money institution thereof within three working days from the taking of such a decision, indicate the infringement/infringements and set a time limit not exceeding two months within which the electronic money institution must eliminate the specified infringement/infringements.

6. After eliminating the infringement/infringements with respect to which a decision on licence suspension has been taken, an electronic money institution must notify the competent authority thereof and the latter shall, within ten working days from the receipt of the electronic money institution's notification of the eliminated infringement/infringements, verify the information on the eliminated infringement/infringements and, if all infringements have been eliminated, shall take a decision to lift the licence's suspension and shall notify the electronic

money institution thereof not later than within three working days from the taking of the decision.

7. Upon withdrawal or suspension of a licence, an electronic money institution shall not have the right to issue electronic money and provide payment services, except to the extent necessary to settle with electronic money holders and payment service users.

8. Upon withdrawal of a licence and not later than within two months, the bodies of an electronic money institution must take a decision on the winding-up or reorganisation of the electronic money institution or take a decision to change the type of business and make respective amendments to the articles of association, the name and other relevant amendments relating to the change in the type of business.

9. Information on licence withdrawal, suspension or lifting of suspension shall be published by the competent authority on its internet website and notified to the registrar of the Register of Legal Entities. The competent authority shall also notify licence withdrawal, suspension or lifting of suspension, including the reasons for license withdrawal or suspension, to the European Banking Authority in accordance with the procedure laid down by the delegated acts adopted by the European Commission within the meaning of Article 15(4) and (5) of Directive (EU) 2015/2366.

CHAPTER IV

MANAGEMENT OF AN ELECTRONIC MONEY INSTITUTION

Article 16. Bodies and heads of an electronic money institution and of its agents

1. An electronic money institution holding an electronic money institution licence must have the following organs: the general meeting, the board and the head. An electronic money institution holding an electronic money institution licence for restricted activities must have the following organs: the general meeting of shareholders and the head and, where the electronic money institution holding an electronic money institution licence for restricted activities is a public limited liability company, also the supervisory board or the board.

2. The heads of an electronic money institution shall be:

- 1) the head of administration;
- 2) members of the board (where the board is formed);
- 3) members of the supervisory board (where the supervisory board is formed);
- 4) the persons responsible for the management of the business of electronic money issuance (heads of structural subdivisions), where the electronic money institution issues electronic money and, at the same time, pursues other business specified in Article 12(1)(4) of this Law (where such persons have been appointed);

5) persons responsible for the provision of payment services, where the electronic money institution provides payment services not related to electronic money issuance.

3. The heads of an electronic money institution holding an electronic money institution licence must be of good repute and possess the qualifications and experience necessary to properly perform their duties. The assessment of the good repute thereof shall *mutatis mutandis* be subject to provisions of Article 34(12) and (13) of the Law on Banks. The qualifications and experience of the heads of the electronic money institution holding the electronic money institution licence shall be assessed by reference to a person's level and nature of education, professional development, nature and duration of professional or work experience, and other factors that may affect the person's qualifications and experience. Requirements for the repute, qualifications and experience of the heads of the electronic money institution holding the electronic money institution licence shall be assessed in accordance with the procedure established by the competent authority.

4. Heads of an electronic money institution holding an electronic money institution licence for restricted activities must be prepared and suitable for the position. The preparedness and suitability of the heads of the electronic money institution holding the electronic money institution licence for restricted activities shall be assessed in accordance with the procedure established by the competent authority. The preparedness of the heads of the electronic money institution the electronic money institution licence for restricted activities shall be assessed by reference to a person's level and nature of education, professional development, nature and duration of professional or work experience, and other factors that may affect the person's qualifications and experience. The head of the electronic money institution holding the electronic money institution licence for restricted activities may not be considered as suitable for the position if he fulfils at least one of the following conditions:

1) the person has been convicted of a serious or grave crime or a crime or a misdemeanour against property, property rights and property interests, the economy and business practice, the financial system, public security, civil service and public interests or of corresponding criminal acts under criminal laws of other states, where the person's conviction for the crimes referred to in this point has not expired or has not been expunged or where less than three years have elapsed from the date when the judgment whereby the natural person was found guilty of committing the misdemeanours specified in this point became effective;

2) the person has been subject to administrative liability or any other sanction provided for by laws for a gross violation of a requirement of a law or any other legal act regulating the provision of financial services or activities of financial institutions, an infringement of the Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing, where less than three years have elapsed after the entry into force of a decision imposing administrative liability or any

other sanction provided for by laws;

3) the person directly or indirectly holds or held a qualifying holding in the authorised capital and/or voting rights or a holding which enables to exercise a direct and/or indirect decisive influence over the legal person or is or was the head of a legal person whose right to engage in the provision of financial services was cancelled or has been subject to any other sanction for a gross violation of a requirement of a law or any other legal act regulating the provision of financial services or activities of financial institutions, where less than three years have elapsed after the entry into force of a decision imposing the sanction, or where that legal person is subject to an effective judgment for the criminal acts referred to in point 1 of this paragraph and less than three years have elapsed from the date when the judgment became effective.

5. The head of administration of an agent (the head and deputy thereof) and the persons responsible for the management of the pursuit of the payment service business (the heads of structural subdivisions) (hereinafter in this Law the agent's heads of administration (the head and deputy thereof) and the persons responsible for the management of the pursuit of the payment service business (heads of structural subdivisions) shall be collectively referred to as the heads of an agent), where the agent is not a payment service provider, must be prepared and suitable for the position. The preparedness and suitability of the heads of the agent, where the agent is not a payment service provider, shall be assessed in accordance with the procedure laid down by legal acts of the competent authority. The preparedness of the heads of the agent, where the agent is not a payment service provider, shall be assessed by reference to a person's level and nature of education, professional development, nature and duration of professional or work experience, and other factors that may affect the person's qualifications and experience. The heads of the agent, where the agent is not a payment service provider, shall *mutatis mutandis* be subject to the suitability requirements set by paragraph 4 of this Article.

6. An electronic money institution must notify the competent authority in accordance with the procedure established thereby of envisaged changes in heads of the electronic money institution, except in the cases referred to in paragraph 9 of this Article when the notification is not required, and also supply the information specified by the competent authority necessary for assessing whether the heads comply with requirements applicable to them under paragraphs 3 and 4 of this Article. The newly elected/appointed heads of the electronic money institution may assume office only if the competent authority does not object to their candidacies. The competent authority shall have the right to object to the candidacies of the heads of the electronic money institution where they do not meet the requirements set by paragraphs 3 and 4 of this Article.

7. Where an agent is not a payment service provider, an electronic money institution must ensure and, at the request of the competent authority, demonstrate that the heads of the agents acting

on behalf of the electronic money institution meet the requirements set by paragraph 5 of this Article.

8. Where, within 30 working days from notification of envisaged changes in heads and receipt of all required information, the competent authority does not express its objection, it shall be considered that the competent authority does not object to the candidacies of the heads to be elected/appointed.

9. It shall be considered that the competent authority does not object to the candidacy of the head of an electronic money institution to be elected/appointed where:

1) the person is elected or appointed to a new position with the same electronic money institution in which the person's candidacy has already been assessed and not objected to by the competent authority, or is repeatedly elected or appointed to the same position and at the time of the election or appointment to the new position meets the requirements set by paragraphs 3 and 4 of this Article;

2) the person is elected or appointed when, for the purpose of ensuring safe and sound operation of the electronic money institution, there is a need to elect or appoint its head without delay and due to that the electronic money institution is unable to notify the competent authority in advance of the envisaged change in the head of the electronic money institution.

12. An electronic money institution that has appointed or elected the head in the cases referred to in paragraph 9 of this Article must notify the competent authority thereof in accordance with the procedure and within the time limits established thereby.

13. Paragraphs 3, 6, 9 and 10 of this Article shall *mutatis mutandis* also apply to the heads of a branch of an electronic money institution of a foreign state.

Article 17. Qualifying holding in the authorised capital and/or voting rights of an electronic money institution

The acquisition and loss of a qualifying holding in the authorised capital and/or of the voting rights of an electronic money institution, the loss of voting rights held by an acquirer and the assessment of the proposed acquisition shall *mutatis mutandis* be subject to provisions of Articles 24 and 25 of the Law on Banks.

CHAPTER V**RIGHTS OF AN ELECTRONIC MONEY INSTITUTION, OF AN ELECTRONIC MONEY INSTITUTION OF ANOTHER MEMBER STATE AND OF AN ELECTRONIC MONEY INSTITUTION OF A FOREIGN STATE****Article 18. Activities of an electronic money institution in other Member States**

1. An electronic money institution shall have the right to issue electronic money in another Member State having established a branch, without establishing a branch or to distribute and redeem electronic money through a natural or legal person.

2. An electronic money institution intending to issue electronic money in another Member State without establishing a branch shall notify the competent authority thereof indicating its name, address, licence number, the Member State wherein it intends to issue electronic money and, where the electronic money institution intends to issue electronic money in another Member State having established a branch, the competent authority shall also be provided with the information referred to in points 3 and 6 of Article 13(2) of this Law about activities in another Member State, a description of the organisational structure of the branch, the identity of the head/heads of the branch and a description of the obligation to inspect the branch at least once a year. Where an electronic money institution intends to distribute and redeem electronic money through a natural or legal person, the competent authority shall also be provided with the information on the person's name/forename and surname, registered office/business address, organisational structure and contact details. An electronic money institution intending to outsource operational functions to a third party in another Member State shall notify the competent authority thereof in accordance with the procedure established by the competent authority. A detailed procedure of notification of the intention to issue electronic money, distribute and redeem electronic money through a natural or legal person in another Member State and of outsourcing of operational functions to a third party, the examination of such notification and detailed requirements for the contents and format of the submitted documents specified in this paragraph shall be specified by the competent authority.

3. The competent authority must forward to the competent authority of another Member State the information supplied by an electronic money institution and specified in paragraph 2 of this Article within one month from the receipt of all information. The electronic money institution must be forthwith notified of the forwarding of the information to the competent authority of another Member State.

4. Where an electronic money institution already has at least one branch in another Member State, the procedure laid down in this Article shall not apply to the establishment of other branches of the electronic money institution in that Member State.

5. Where the assessment of an electronic money institution carried out by the competent

authority taking account of the opinion and information provided by another Member State is negative, the competent authority must refuse including the electronic money institution's branch in the public list of electronic money institutions specified in Article 21 of this Law or remove it from this list where the electronic money institution's branch has already been included in such list.

6. The competent authority must take a decision on the inclusion of an electronic money institution's branch in the public list of electronic money institutions or a decision to authorise the electronic money institution to issue electronic money in another Member State without establishing a branch or to distribute and redeem electronic money in another Member State through a natural or legal person and notify the competent authority of another Member State and the electronic money institution thereof within three months from the receipt of the information referred to in paragraph 2 of this Article. Where the competent authority disagrees with the assessment provided by the competent authority of another Member State regarding the electronic money institution's intention to issue electronic money having established a branch in another Member State, without establishing a branch or to distribute and redeem electronic money through a natural or legal person in another Member State, its decision notified to the competent authority of another Member State must be accompanied by reasons for the disagreement.

7. A branch of an electronic money institution shall have the right to start issuing electronic money in another Member State after the inclusion of the branch in the public list of electronic money institutions specified in Article 21 of this Law. The competent authority shall notify the electronic money institution of the inclusion in such list within three working days from the inclusion in the list.

8. An electronic money institution may start issuing electronic money in another Member State without establishing a branch or a natural or legal person involved by the electronic money institution may start distributing and redeeming electronic money in another Member State from the day on which the competent authority notifies the electronic money institution of a decision allowing the electronic money institution to issue electronic money in another Member State without establishing a branch or to distribute and redeem electronic money through a natural or legal person in another Member State.

9. An electronic money institution must notify the competent authority in accordance with the procedure established thereby of the date on which it starts issuing electronic money having established a branch in another Member State, and the competent authority must forward this information to the competent authority of another Member State.

10. An electronic money institution must forthwith notify the competent authority of changes in the data specified in paragraph 2 of this Article, as well as of new branches, the natural or legal persons through whom the electronic money institution intends to distribute and redeem electronic

money in another Member State. In such a case, the procedure laid down in this Article shall apply.

11. Having received from the competent authority of another Member State the information that an electronic money institution issuing electronic money in another Member State without establishing a branch, a branch established by an electronic money institution in another Member State, a natural or legal person involved by the electronic money institution through whom the electronic money institution distributes and redeems electronic money in another Member State fails to comply with provisions of legal acts of another Member State implementing Directive (EU) 2015/2366 and Directive 2009/110/EC, The competent authority shall assess such information and, in order to preclude further violation of requirements of these legal acts, shall forthwith take all necessary measures. The competent authority shall notify the competent authority of another Member State and competent authorities of other related Member States of the application of such measures.

12. The competent authority shall provide to the competent authority of another Member State the information required by the latter, in particular regarding the actual or alleged infringements committed by an electronic money institution issuing electronic money in another Member State without establishing a branch, a branch established by an electronic money institution in another Member State, a natural or legal person involved by the electronic money institution through whom the electronic money institution distributes and redeems electronic money in another Member State, and, on its initiative, shall all other relevant information, including information on whether the electronic money institution has its registered office and pursues the business of electronic money issuance in the Republic of Lithuania.

13. Acting in accordance with requirements specified in this Article, excluding paragraph 14 thereof, the competent authority shall cooperate and exchange information with the competent authority of another Member State in compliance with the procedure laid down by a delegated act adopted by the European Commission within the meaning of Article 28(5) of Directive (EU) 2015/2366.

14. In exercising supervision and imposing sanctions upon an electronic money institution issuing electronic money in another Member State having established a branch, without establishing a branch or distributing and redeeming electronic money in another Member State through a or legal person, the competent authority shall cooperate with the competent authority of another Member State in accordance with the procedure laid down by a delegated act adopted by the European Commission within the meaning of Article 29(6) of Directive (EU) 2015/2366.

Article 19. Activities of an electronic money institution of another Member State in the Republic of Lithuania

1. An electronic money institution of another Member State may issue electronic money in the Republic of Lithuania having established a branch, without establishing a branch or may distribute and redeem electronic money through a natural or legal person in accordance with the procedure laid down by this Article.

2. Having received from the competent authority of another Member State the information on the intention of an electronic money institution of another Member State to issue electronic money without establishing a branch, having established a branch or to distribute and redeem electronic money through a natural or legal person in the Republic of Lithuania, the competent authority, shall assess such information together with the information specified in Article 18(2) of this Law submitted by the electronic money institution within one month from the receipt of such information and provide to the competent authority of another Member State its opinion and available information related to the intention of the electronic money institution of another Member State to issue electronic money or to distribute and redeem electronic money through a natural or legal person in the Republic of Lithuania.

3. An electronic money institution of another Member State may start issuing electronic money in the Republic of Lithuania without establishing a branch or a natural or legal person involved by it may start distributing and redeeming electronic money in the Republic of Lithuania when the competent authority of another Member State notifies the competent authority of a decision to authorise the electronic money institution to issue electronic money in the Republic of Lithuania without establishing a branch or to distribute and redeem through a natural or legal person in the Republic of Lithuania.

4. A branch of an electronic money institution of another Member State shall have the right to start issuing electronic money in the Republic of Lithuania after the inclusion of the branch of the electronic money institution of another Member State in the public list of electronic money institutions of another Member State.

5. Where an electronic money institution of another Member State already has at least one branch in the Republic of Lithuania, the procedure laid down in this Article shall not apply to the establishment of its other branches.

6. Where the competent authority has reasonable grounds for suspecting that the establishment of a branch by an electronic money institution of another Member State or the involvement of a natural or legal person through whom the electronic money institution distributes and redeems electronic money in the Republic of Lithuania has lead, leads or will lead to money laundering and/or terrorist financing or to aggravated risk of money laundering and/or terrorist financing, it shall inform the competent authority of another Member State about that.

7. The competent authority shall cooperate and exchange information with the competent

authority of another Member State in compliance with the requirements set by this Article, except for paragraph 8 hereof, in accordance with the procedure laid down by a delegated act adopted by the European Commission within the meaning of Article 28(5) of Directive (EU) 2015/2366.

8. The competent authority shall cooperate and exchange information with the competent authority of another Member State supervising an electronic money institution of another Member State which issues electronic money in the Republic of Lithuania having established a branch, without establishing a branch or distributes and redeems electronic money through a natural or legal person in the Republic of Lithuania and imposing sanctions upon such an electronic money institution in accordance with the procedure laid down by a delegated act adopted by the European Commission within the meaning of Article 29(6) of Directive (EU) 2015/2366.

Article 20. Activities of branches of electronic money institutions of foreign states in the Republic of Lithuania

1. A branch of an electronic money institution of a foreign state may start issuing electronic money and providing payment services related to electronic money issuance in the Republic of Lithuania only having obtained a licence of a branch of an electronic money institution of a foreign state.

2. A licence of a branch of an electronic money institution of a foreign state shall be valid only in the Republic of Lithuania and shall not entitle to issue electronic money in other Member States, nor to provide payment services not related to electronic money issuance in the Republic of Lithuania and other Member States.

3. The procedure for issuing and replacing a licence of a branch of an electronic money institution of a foreign state shall be laid down by this Law and the legal acts of the competent authority implementing this Law.

4. The activities, supervision and termination of a branch of an electronic money institution of a foreign state shall be subject to the same requirements as the electronic money institutions with due regard to the specific features of the legal status and business of the branch and the exceptions specified in this Law and the legal acts of the competent authority regulating the procedure of their application.

5. Branches of an electronic money institution of a foreign state, their activities and termination shall not be subject to the requirements set for electronic money institutions by Article 11(2) and (6), Articles 13, 14, 17, 18, 19, 22, 23, 24 and 47 of this Law.

6. Where at least one branch of an electronic money institution of a foreign state has already been issued a licence in the Republic of Lithuania, its other branches established in the Republic of Lithuania shall not be subject to the procedure laid down in this Article. In such a case, the

electronic money institution of the foreign state must indicate one branch which would provide the competent authority with the information on all branches established in the Republic of Lithuania as specified in this Law and legal acts of the competent authority.

7. In order to obtain a licence, an electronic money institution of a foreign state shall submit to the competent authority an application and the following documents and data:

1) a certificate issued by a register of the foreign state where the electronic money institution is established, a licence or other documents supporting the identification data of the electronic money institution of the foreign state and the right to issue electronic money;

2) articles of association of the electronic money institution of the foreign state and a description of activities carried out in the foreign state;

3) data on members of the management and supervisory bodies of the electronic money institution of the foreign state, the persons holding qualifying holdings in the authorised capital and/or voting rights thereof and the persons having close links with the electronic money institution of the foreign state;

4) financial statements of the electronic money institution of the foreign state for the last three years together with an auditor's report;

5) a decision of a body of the electronic money institution of the foreign state to establish a branch in the Republic of Lithuania and appoint heads of the branch;

6) a written document confirming that the competent authority of a foreign state under whose jurisdiction the electronic money institution falls does not object to the establishment of a branch in the Republic of Lithuania and the information of this competent authority on the procedure for supervising the electronic money institution of the foreign state and its branches in that foreign state and on requirements for electronic money institutions, as well as the obligation to exercise supervision of the branch established in the Republic of Lithuania and to provide information to the competent authority;

7) the written information at the disposal of the competent authority of a foreign state under whose jurisdiction the electronic money institution of the foreign state falls relating to the financial position of the electronic money institution of the foreign state applying for the licence and information on the sanctions applied against it during the last three years;

8) the identity of the head/heads of a branch (the person's forename, surname, personal number or, where the person has no personal number, the date and place of birth) and documents demonstrating their compliance with requirements of good repute, qualifications and experience set by Article 16(3) of this Law;

9) the documents and data relating to activities of a branch and specified in points 1, 2, 3, 5, 6, 7 and 13 Article 13(2) of this Law;

10) the address of the registered office.

8. A licence shall be issued to a branch of an electronic money institution of a foreign state only where the branch, taking account of the need to ensure the sound and prudent management of the branch of the electronic money institution of the foreign state, has put in place a sound electronic money issuance activity management procedure, including a comprehensible organisational structure with clearly defined, transparent and consistent responsibility limits, and the systems of identification, management and monitoring of existing/potential risks, reporting to the management as well as internal control mechanisms, including sound governance arrangements and accounting system. This procedure, risk management and control systems shall be comprehensive and proportionate to the nature, scope and complexity of the business of electronic money issuance pursued by the branch of the electronic money institution of the foreign state.

9. The competent authority shall have the right to carry out an on-site inspection of preparedness of a branch of an electronic money institution of a foreign state applying for an electronic money issuance licence. The on-site inspection of the preparedness shall *mutatis mutandis* be subject to provisions of Article 35 of this Law.

10. The competent authority must examine the submitted documents, data and/or information, take a decision on the issuance of a licence to a branch of an electronic money institution of a foreign state and notify the applicant thereof in writing not later than within three months from the receipt of an application taking account of provisions of Article 43¹ of the Law on the Bank of Lithuania.

11. The competent authority shall submit a justified refusal to issue a licence to a branch of an electronic money institution of a foreign state where:

1) the documents, data and/or information accompanying the application do not meet the requirements set by this Law and the legal acts of the competent authority regulating the procedure of application of such requirements, the electronic money institution of the foreign state fails to submit the documents, data and/or information specified in paragraph 7 of this Article by the deadline fixed by the competent authority when the latter requires to submit missing and/or updated documents, data and/or information necessary for the taking of a decision or fails to submit all additionally required documents, data and/or information, or they are incorrect;

2) there is a ground for believing that the electronic money institution of the foreign state establishing the branch will not be able to ensure the sound and prudent activities of the branch established in the Republic of Lithuania;

3) the heads of the branch of the electronic money institution of the foreign state do not meet the requirements set by Article 16(3) of this Law;

4) the competent authority of the foreign state under whose jurisdiction the electronic money

institution falls objects to the establishment of the branch in the Republic of Lithuania or the procedure for supervising the electronic money institution of the foreign state in that foreign state and requirements for electronic money institutions do not adequately ensure the safe and sound operation of the branch or due to that the competent authority may be unable to exercise its functions;

5) the competent authority of a foreign state under whose jurisdiction the electronic money institution falls does not undertake to supervise the activities of the branch of the electronic money institution of the foreign state in the Republic of Lithuania and provide information to the competent authority under the terms acceptable to it;

6) the branch of the electronic money institution of the foreign state does not meet the requirements set by paragraph 8 of this Article.

12. A branch of an electronic money institution of a foreign state holding a licence issued by the competent authority must, at all times, meet the requirements for issuing the licence set by this Article. In accordance with the procedure and time limits specified by this Law and the legal acts of the competent authority implementing this Law, the branch of the electronic money institution of the foreign state must notify the competent authority of any changes in the data and/or information submitted for obtaining the licence of the branch of the electronic money institution of the foreign state.

13. In addition to the grounds specified in Article 15 of this Law, a licence issued to an electronic money institution of a foreign state shall also be withdrawn upon withdrawal of a licence issued to an electronic money institution of a foreign state which has established a branch or upon the taking of a decision on winding up of the electronic money institution of the foreign state which has established the branch or opening of bankruptcy proceedings against it.

Article 21. Public list of electronic money institutions

1. Electronic money institutions holding a licence issued by the competent authority and registered with the Register of Legal Entities, their branches operating in other Member States, agents and the branches of electronic money institutions of foreign states established in the Republic of Lithuania and their agents shall be entered in a public list of electronic money institutions.

2. The administrator of the public list of electronic money institutions, namely, the competent authority, shall enter electronic money institutions and branches of electronic money institutions of foreign states established in the Republic of Lithuania in the public list of electronic money institutions within two working days from the receipt of a licence and registration with the Register of Legal Entities, their agents – within two months from the receipt of all required documents and data, the branches of electronic money

institutions operating in other Member States – within three months from the receipt of all required documents and data referred to in Article 18 of this Law, and the agents operating in other Member States – within three months from the receipt of all required documents and data.

3. Electronic money institutions holding an electronic money institution licence shall be entered in the public list of electronic money institutions separately from the electronic money institutions holding an electronic money institution licence for restricted activities.

4. The competent authority shall announce about the entry in the list of an electronic money institution, the withdrawal, suspension or lifting of suspension of its licence, the entry of an electronic money institution's branch operating in another Member State and of an agent in the list, the entry of a branch of an electronic money institution of a foreign state in the public list of electronic money institutions list and withdrawal of the licence of the branch and about changes in their data or information and shall update this information in the public list of electronic money institutions published on the website of the competent authority.

5. The information specified in paragraph 4 of this Article shall be notified by the competent authority to the European Banking Authority in accordance with the procedure laid down by the delegated acts adopted by the European Commission within the meaning of Article 15(4) and (5) of Directive (EU) 2015/2366.

6. The public list of electronic money institutions shall be administered in accordance with the procedure laid down in legal acts of the competent authority and in delegated acts adopted by the European Commission within the meaning of Article 15(4) and (5) of Directive (EU) 2015/2366.

CHAPTER VI

REQUIREMENTS FOR THE EQUITY CAPITAL AND SAFEGUARDING OF AN ELECTRONIC MONEY INSTITUTION

Article 22. Initial capital of an electronic money institution

1. The initial capital of an electronic money institution shall consist of the sum of one or more items of the equity capital specified in points (a) to (e) of Article 26(1) of Regulation (EU) No 575/2013.

2. The initial capital of an electronic money institution shall be not less than EUR 350 000.

Article 23. Procedure of formation and use of the equity capital and reserves of an electronic money institution

1. The capital buffer (loss reserve) of an electronic money institution shall be formed of additional contributions of shareholders of the electronic money institution or deductions from its

distributable profit. The purpose of the capital buffer (loss reserve) of the electronic money institution shall be to guarantee financial stability of the electronic money institution. The capital buffer (loss reserve) of the electronic money institution may, by a decision of the annual general meeting of shareholders, be used to cover losses of the electronic money institution or to increase its authorised capital.

2. The capital reserve (share premium) of an electronic money institution shall be formed of the difference of income resulting from sale of the newly issued shares at issue price exceeding their nominal value. The capital reserve (share premium) of the electronic money institution may, by a decision of the annual general meeting of shareholders, be used to cover losses of the electronic money institution or to increase its authorised capital.

3. The legal reserve or reserve capital and other reserves shall be formed in accordance with the procedure laid down by the Law on Financial Institutions and the Law on Companies.

Article 24. Equity capital of an electronic money institution

1. The Common Equity Tier 1 Capital of an electronic money institution as referred to in Article 50 of Regulation (EU) No 575/2013 may not be less than 75 per cent of Tier 1 Capital.

2. Tier 2 Capital of an electronic money institution may not exceed one third of Tier 1 Capital.

3. The equity capital of an electronic money institution at all times may not be less than the larger of the following items:

1) the initial capital referred to in Article 22(2) of this Law;

2) the equity capital requirement calculated using the methods laid down by legal acts of the competent authority.

4. An electronic money institution may not make the multiple uses of elements eligible for the calculation of the equity capital where it belongs to the same group as another electronic money institution, credit institution, payment institution, financial brokerage firm, management company, insurance undertaking or reinsurance undertaking. This provision shall also apply where the electronic money institution pursues business other than electronic money issuance.

5. The procedure of calculation and application of the size of the equity capital of an electronic money institution shall be established by the competent authority.

6. On the basis of assessment of the risk management process, of the quality of collection of data on risk related losses and of internal control mechanisms, the competent authority may establish for an electronic money institution an individual size of the equity capital – up to 20 per cent lower or higher than the equity capital requirement calculated according to the methods laid down by legal acts of the competent authority.

Article 25. Requirements for safeguarding of funds received from electronic money holders for issued electronic money

1. An electronic money institution must safeguard the funds received from electronic money holders for issued electronic money in one of the following ways:

1) by not commingling these funds with the funds of any natural or legal person other than electronic money holders. Where the received funds are still held by an electronic money institution by the end of the next working day, they must be deposited in a separate account in a credit institution of the Republic of Lithuania (including a branch of a foreign credit institution established in the Republic of Lithuania), a credit institution of another Member State, the Bank of Lithuania or a central bank of another Member State or invested in secure, liquid low-risk assets in accordance with the procedure laid down by legal acts of the competent authority. The electronic money institution, while safeguarding the funds received from electronic money holders in the manner specified in this point, must take measures to ensure the protection of the ownership rights of the electronic money holders, in particular in the event of insolvency of the electronic money institution. The electronic money holders' funds transferred to the electronic money institution shall be the ownership of the electronic money holders, and no execution may be levied on such funds according to the debts of the electronic money institution;

2) by covering these funds by an insurance contract or obtaining a guarantee or a surety bond issued by an insurance undertaking or a credit institution of the Republic of Lithuania (including a branch of a foreign insurance undertaking or credit institution established in the Republic of Lithuania) or by an insurance undertaking or a credit institution of another Member State which does not belong to the same group as the electronic money institution, for an amount equivalent to that which would have been segregated in the case of application of the method indicated in point 1 of this paragraph, payable in the event that the electronic money institution is unable to meet its obligations.

2. Where a portion of the funds received by an electronic money institution from electronic money holders is to be used as electronic money or for future payment transactions with the remaining amount to be used for non-payment services, that portion of the funds to be used as electronic money or for future payment transactions shall also be subject to the requirements set by paragraph 1 of this Article. Where that portion is variable or unknown in advance, the electronic money institution may calculate this portion on the basis of a representative portion assumed by the electronic money institution to be used as electronic money or for future payment transactions provided such a representative portion can be reasonably estimated on the basis of historical data in compliance with requirements set by this Law.

3. Funds of electronic money holders received to an electronic money institution's account in the form of payment by any payment instrument must be safeguarded as from crediting them to the

electronic money institution's account or be otherwise made available to the electronic money institution in accordance with the execution time requirements laid down in the Law on Payments. In any event, such funds must be safeguarded not later than within five working days from the issuance of electronic money.

4. An electronic money institution must, one month in advance, give a notice to the competent authority of major changes in the safeguarding requirements set by this Article and applicable to the funds received by electronic money holders for issued electronic money.

5. Detailed requirements for the implementation of the safeguarding of electronic money holders' funds referred to in paragraph 1 of this Article shall be set by the competent authority.

CHAPTER VII

OTHER REQUIREMENTS FOR AN ELECTRONIC MONEY INSTITUTION

Article 26. Requirements for an electronic money institution outsourcing its operational functions of electronic money issuance to a third party

1. An electronic money institution intending to outsource to a third party the operational functions of electronic money issuance which are inseparable from and contribute to electronic money issuance must notify the competent authority thereof not later than one month in advance.

2. Important operational functions of electronic money issuance, including the functions relating to information technology systems, may not be outsourced to a third party where their outsourcing would significantly impair the quality of the electronic money institution's internal control and the ability of the competent authority to monitor the electronic money institution's compliance with all requirements set by this Law and/or other requirements set by the legal acts of the competent authority applicable to its business. For the purposes of this Law, important operational functions shall be the functions in the event of non-fulfilment or improper fulfilment of which the electronic money institution would no longer meet the requirements set for the issuance of its licence or other requirements of this Law and/or legal acts of the competent authority applicable to the electronic money institution's business or the stability and soundness of operation of the electronic money institution or the continuity of the business of electronic money issuance pursued by it would be compromised.

3. An electronic money institution outsourcing its important operational functions of electronic money issuance to a third party must meet the following requirements:

1) the outsourcing may not result in the delegation by senior management of the electronic money institution of its responsibility;

2) the relationship of the electronic money institution towards its electronic money holders

may not be modified, and their obligations under this Law and the Law on Payments must be fulfilled;

3) the obligation of the electronic money institution to comply with the requirements of Chapters III, IV and V of this Law may not be modified or reduced.

4. An electronic money institution must immediately notify the competent authority of all changes related to the outsourced operational functions of electronic money issuance and the third parties to whom they have been outsourced.

5. The procedure for outsourcing the operational functions of electronic money issuance of an electronic money institution shall be established by the competent authority.

Article 27. Additional duties of an electronic money institution

1. The business of electronic money issuance having established a branch and outsourcing of all or a part of important operational functions of electronic money issuance to third parties shall not relieve an electronic money institution from compliance with this Law.

2. An electronic money institution outsourcing all or a part of important operational functions of electronic money issuance to third parties must take all necessary steps to ensure that the requirements of this Law are met.

3. An electronic money institution must ensure that the branches acting on its behalf inform electronic money holders that electronic money is issued through a branch of the electronic money institution.

4. Article 55 of the Law on Banks shall apply *mutatis mutandis* to the protection of secrecy of an electronic money institution.

Article 28. Accounting, financial statements, other reports and audit of an electronic money institution

1. An electronic money institution must keep accounts in accordance with the Law of the Republic of Lithuania on Accounting.

2. An electronic money institution shall prepare sets of interim financial statements and annual financial statements. The financial year of an electronic money institution shall correspond to the calendar year.

3. The formats, procedure of preparation and submission of reports intended for supervision of an electronic money institution shall be laid down by legal acts of the competent authority.

4. An electronic money institution which is subject to mandatory audit of financial statements must submit to the competent authority the audited financial statements and a report on audit of financial statements disclosing separate accounting information on the correctness of segregation of

electronic money issuance, provision of payment services and other business pursued and observations regarding the internal control mechanisms put in place by the electronic money institution to ensure compliance with the requirements for safeguarding of funds of electronic money holders and payment service users as referred to in Article 25 of this Law, where the electronic money institution provides payment services not related to electronic money issuance.

5. Requirements for audit of a set of financial statements of an electronic money institution, the auditor and the audit firm, their duties and responsibility shall be laid down by the Law on Financial Institutions, the Law on Companies and the Law on the Audit of Financial Statements.

6. An electronic money institution which is a financial undertaking must ensure the performance of internal audit functions. The electronic money institution may outsource these functions to a third party. Provisions of Article 26 of this Law shall not apply to the outsourcing of internal audit functions. Detailed requirements for the performance of internal audit functions shall be set by the competent authority.

Article 29. Examination of complaints/requests and storage of information

1. Complaints/requests of electronic money holders concerning services provided by electronic money institutions (hereinafter: a 'complaint') must be examined by electronic money institutions in accordance with the procedure established by the competent authority. An electronic money institution must examine a written complaint of an electronic money holder and, not later than within 15 working days from the receipt of the complaint, provide on paper or, if agreed between the electronic money holder and the electronic money institution, on another durable medium a detailed, reasoned and documented response to the complaint. In exceptional situations, if the response cannot be provided within 15 working days for reasons beyond the control of the electronic money institution, it must send a holding reply, clearly indicating the reasons for a delay in replying to the complaint and specifying the deadline by which the electronic money holder will receive the final reply. In any event, the deadline for receiving the final reply may not exceed 35 working days from the receipt of the complaint. The electronic money institution shall examine electronic money holders' complaints free of charge.

2. Complaints regarding the services provided in the Republic of Lithuania shall be examined in the Lithuanian language or in another language, if so agreed between an electronic money institution and an electronic money holder.

3. Electronic money institutions must store the data on the implementation of provisions of Chapters III, IV, V, VI and VII of this Law for at least five years, unless the Law on Prevention of Money Laundering and Terrorist Financing and other legal acts establish longer data storage periods.

CHAPTER VIII
SUPERVISION OF ELECTRONIC MONEY INSTITUTIONS AND LIABILITY FOR
INFRINGEMENTS OF THIS LAW

Article 30. Competent authority

1. The competent authority shall exercise supervision of the electronic money institutions that hold a licence issued according to the procedure laid down by this Law, including their branches in other Member States, as well as supervision of the branches of the electronic money institutions of foreign states that hold a licence issued according to the procedure laid down by this Law. This supervision shall not cover the supervision of the activities specified in points 3 and 4 of Article 12(1) of this Law.

2. Supervision shall be exercised in accordance with the Law of the Republic of Lithuania on the Bank of Lithuania, this Law, the Law on Financial Institutions and other legal acts the compliance with which is attributed to the remit of the competent authority.

3. Supervision of the electronic money institutions of other Member States that issue electronic money without establishing a branch in the Republic of Lithuania, of the branches established in the Republic of Lithuania by the electronic money institutions of other Member States, their agents as well as natural or legal persons through whom electronic money institutions of other Member States distribute and redeem electronic money in the Republic of Lithuania shall be exercised in accordance with provisions of Article 36 of this Law.

Article 31. *Repealed as of 1 August 2018.*

Article 32. Protection of information received for supervision purposes

Provisions of Article 43 of the Law on the Bank of Lithuania shall apply *mutatis mutandis* to the protection of information received for the purpose of supervision of electronic money institutions and branches of electronic money institutions of foreign states.

Article 33. Duties and rights of the competent authority

1. In addition to the duties and rights specified in the Law on the Bank of Lithuania, this Law and other legal acts, the competent authority shall have the right:

1) where the decisions taken by bodies of an electronic money institution pose a threat to the stability and soundness of the business of the electronic money institution, to refer to a court, in accordance with the procedure laid down by laws, for declaring them null and void;

2) where the electronic money institution's business other than electronic money issuance impairs or is likely to impair either the financial soundness of the electronic money institution or the ability to monitor the electronic money institution's compliance with all requirements set by this Law, to require that a separate legal person is set up for the pursuit of the business of electronic money issuance;

3) to conclude agreements on the carrying out of an inspection of the electronic money institution with audit firms or other persons possessing appropriate qualifications in order to determine the value of the electronic money institution's assets, the financial position of the electronic money institution, to assess the risks taken or inspect other areas of the electronic money institution's activities. Where, after carrying out the inspection, it is established that the electronic money institution has provided to the competent authority incorrect information or other committed infringements of legal acts are identified, the costs of organisation of the inspection incurred by the competent authority shall be compensated for by the electronic money institution. The persons referred to in this point who act on the basis of the agreements concluded with the competent authority shall have the rights specified for the employees of the competent authority by points 1, 3, 11 and 12 of Article 42¹(5) of the Law on the Bank of Lithuania;

4) to request that the audit firm auditing the electronic money institution's financial statements is changed, where the audit firm or the auditor does not meet/comply with the requirements set by laws.

2. Where the competent authority identifies or has grounds for suspecting any infringements of the legal acts the supervision of compliance with which is assigned to the remit of the competent authority or any shortcomings in the activities of an electronic money institution or where there is a threat for the stability and soundness of activities of the electronic money institution or interests of the public and/or electronic money holders, the competent authority shall issue the following mandatory instructions to the electronic money institution in accordance with the procedure laid down by the Law on the Bank of Lithuania:

1) to eliminate the infringements of the legal acts or the shortcomings in the activities of the electronic money institution within the time limits set by the competent authority;

2) not to conclude certain transactions or to reduce their extent, including transactions on the outsourcing of operational functions to third parties;

3) to carry out an audit of interim financial statements of the electronic money institution within the time limit set by the competent authority;

4) to prepare and implement, within the time limits set by the competent authority, an acceptable plan of measures for restructuring activities of the electronic money institution and/or eliminating the identified infringements and/or shortcomings;

5) to convene the general meeting of shareholders of the electronic money institution or a

meeting of its supervisory board or board, where they are formed, and to discuss at such meetings the issues proposed by the competent authority;

6) to invite the heads of the electronic money institution to visit the competent authority and give explanations. The competent authority may publish a notice of such an instruction;

7) to restore the situation which had existed before the infringement of the legal acts;

8) to provide to the competent authority additional information or to provide the information necessary for the performance of supervisory functions more frequently than specified in legal acts;

9) to make public additional information;

10) to carry out other actions or to refrain from certain actions in order to eliminate the infringements or shortcomings in the activities of the electronic money institution or to ensure its stable and sound activities.

3. Where the competent authority identifies any infringements of legal acts or shortcomings in the activities of an electronic money institution or a threat for the stability and soundness of the electronic money institution's activities, the competent authority shall have the right to temporarily establish individual or additional prudential requirements for the electronic money institution.

4. Electronic money institutions must fulfil the mandatory instructions specified in paragraphs 2 and 3 of this Article within the time limits set by the competent authority and give a written notice thereof to the competent authority without undue delay, but not later than on the working day following the fulfilment of an instruction.

5. In accordance with the procedure established by the competent authority, its employees shall have the right to participate in the work of bodies of an electronic money institution – to attend meetings or sittings in the capacity of an observer or to monitor the electronic money institution's activities in other ways.

6. The competent authority may also exercise the rights referred to in this Article with respect to a branch of an electronic money institution of a foreign state holding a licence issued in accordance with the procedure laid down by this Law.

Article 34. *Repealed as of 1 August 2018.*

Article 35. Inspections organised by the competent authority

1. The competent authority shall organise and conduct inspections to monitor compliance with requirements of this Law and other legal acts the supervision over compliance with which is assigned to its competence.

2. Inspections of electronic money institutions, their branches, agents, the natural or legal persons through whom an electronic money institution distributes and redeems electronic money and

the third parties to whom operational functions are outsourced in another Member State, including branches, agents, the natural or legal persons through whom the electronic money institution distributes and redeems electronic money and the third parties to whom operational functions are outsourced in another Member State, shall be conducted by employees of the competent authority.

3. Requirements for the inspections organised by the competent authority shall be set in Article 42¹ of the Law on the Bank of Lithuania. In conducting an inspection, employees of the competent authority shall have the rights specified in the Law on the Bank of Lithuania and this Law.

4. Under an authorisation of the competent authority of another Member State, the competent authority shall, upon giving a prior notice to the competent authority of another Member State and acting in compliance with provisions of this Article, have the right to inspect in the Republic of Lithuania a branch of an electronic money institution of another Member State, its agent, a natural or legal person through whom the electronic money institution of another Member State distributes and redeems electronic money and a third party to whom operational functions are outsourced. The competent authority of another Member State must notify the competent authority of the intention to inspect in the Republic of Lithuania the branch of the electronic money institution of another Member State, its agent, the natural or legal person through whom the electronic money institution of another Member State distributes and redeems electronic money and the third party to whom operational functions are outsourced.

5. In performing its functions related to the application of provisions of the Law on Prevention of Money Laundering and Terrorist Financing and Regulation (EU) No 2015/847 and acting in compliance with this Law, the competent authority shall have the right, on its own initiative, to inspect in the Republic of Lithuania a branch of an electronic money institution of another Member State, its agent, a natural or legal person through whom the electronic money institution of another Member State distributes and redeems electronic money and a third party to whom operational functions are outsourced.

6. The competent authority must notify the competent authority of another Member State of the intention to conduct an inspection in another Member State of a branch of an electronic money institution, its agent, a natural or legal person through whom the electronic money institution distributes and redeems electronic money and a third party to whom operational functions are outsourced. The competent authority may delegate to the competent authority of another Member State the task of inspecting in another Member State the branch of the electronic money institution, its agent, the natural or legal person through whom the electronic money institution distributes and redeems electronic money and the third party to whom operational functions are outsourced.

7. In accordance with the procedure laid down by this Article and legal acts of the competent

authority, the competent authority shall also have the right to inspect branches of electronic money institutions of foreign states and their agents in the Republic of Lithuania.

Article 36. Supervision of electronic money institutions operating in the Republic of Lithuania

1. Supervision of electronic money institutions of other Member States pursuing the business of electronic money issuance in the Republic of Lithuania without establishing a branch or distributing and redeeming electronic money through a natural or legal person in the Republic of Lithuania and of branches of electronic money institutions of other Member States established in the Republic of Lithuania and their agents shall be exercised by the competent authority of another Member State; however, this shall not restrict the right of the competent authority to exercise their supervision in accordance with provisions of this Article.

2. Where the competent authority establishes that an electronic money institution of another Member State issuing electronic money in the Republic of Lithuania without establishing a branch or distributing and redeeming electronic money through a natural or legal person in the Republic of Lithuania or a branch established in the Republic of Lithuania by an electronic money institution of another Member State or its agent fails to comply with provisions of this Law, the Law on Payments and legal acts implementing them adopted by the competent authority, the competent authority shall immediately notify the competent authority of another Member State thereof and request to take all possible actions to eliminate the existing or potential infringements.

3. Where the competent authority of another Member State fails to take actions or its actions, in the opinion of the competent authority of the Republic of Lithuania, are insufficient to ensure compliance with requirements of this Law, the Law on Payments and the legal acts implementing them as adopted by the competent authority or where, disregarding the actions of the competent authority of another Member State, an electronic money institution of another Member State issuing electronic money in the Republic of Lithuania without establishing a branch or distributing and redeeming electronic money through a natural or legal person in the Republic of Lithuania or a branch established in the Republic of Lithuania by an electronic money institution of another Member State or its agent fails to discontinue non-compliance with requirements of this Law, the Law on Payments and the legal acts implementing them as adopted by the competent authority, the competent authority shall have the right, subject to prior notification of the competent authority of another Member State, to apply the sanctions laid down by this Law.

4. In an emergency situation, where immediate action is necessary to address a serious threat to the collective interests of electronic money holders and/or payment service users in the Republic of Lithuania, the competent authority shall, in parallel with the cross-border cooperation between

competent authorities, also have the right to apply the sanctions laid down by this Law pending the application of provisions of paragraphs 2 and 3 of this Article.

5. Sanctions applied under paragraph 4 of this Article must be appropriate and proportionate to their purpose to protect against a serious threat to the collective interests of electronic money holders and/or payment service users in the Republic of Lithuania; however, they must not result in a preference of electronic money holders and/or payment service users of another Member State in the Republic of Lithuania over electronic money holders and/or payment service users of another Member State in other Member States. Such measures must be temporary and must be terminated when the serious threats identified are addressed, including with the assistance of or in cooperation with the competent authorities of another Member State or with the assistance of or in cooperation with the European Banking Authority as provided for in Article 37(1) of this Law.

6. The competent authority shall, without undue delay, inform competent authorities of another Member State and of any other Member States concerned, the European Commission and the European Banking Authority of sanctions applied under paragraph 4 and of this Article.

7. In order to monitor compliance with provisions of the Law on Payments and the legal acts implementing it as adopted by the competent authority as well as for information and/or statistical purposes, the competent authority shall have the right to require that an electronic money institution of another Member State issuing electronic money in the Republic of Lithuania having established a branch or providing payment services through an agent in the Republic of Lithuania report to the competent authority periodically on the payment services business pursued by the branch or the agent in the Republic of Lithuania. Provisions of Article 65 of the Law on Banks shall apply *mutatis mutandis* to the protection of such information. The competent authority shall, taking into account the delegated act adopted by the European Commission as provided for in Article 29(6) of Directive (EU) 2015/2366, specify the composition, formats, procedure of preparation and submission of such reports.

8. Where conditions provided for in Article 29(5) of Directive (EU) 2015/2366 exist, the competent authority shall have the right to require that an electronic money institution of another Member State which provides payment services in the Republic of Lithuania through an agent under the right of establishment to appoint a contact point in the Republic of Lithuania to ensure adequate communication and information reporting on compliance with provisions of the Law on Payments and the legal acts implementing it as adopted by the competent authority and to facilitate supervision by the competent authority and the competent authorities of another Member State of the electronic money institutions of other Member States providing payment services through agents, including by providing competent authorities with documents and other information on their request.

Article 37. Cooperation with the European Central Bank, the European Commission, the European Banking Authority, national central banks and competent authorities of other Member States

1. In performing the functions assigned to it by this Law, the competent authority shall cooperate with the competent authorities of other Member States, the European Central Bank, the European Banking Authority and national central banks of other Member States, competent authorities of other electronic money issuers.

2. The competent authority shall, by 1 July every year, notify the European Commission of the number of licences issued to branches of electronic money institutions of foreign states and the number of electronic money institutions holding electronic money institution licences for restricted activities, their average outstanding electronic money based on data of 31 December of the preceding calendar year.

Article 38. Settlement of disagreements between competent authorities from different Member States

1. Where the competent authority considers that cross-border cooperation with competent authorities of another Member State in the matters referred to in Articles 18, 19, 35, 36, and 37 of this Law does not comply with the relevant conditions set out in those articles, it may refer the matter to the European Banking Authority and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010.

2. The competent authority shall defer its decision pending resolution under Article 19 of Regulation (EU) No 1093/2010.

Article 39. Sanctions

1. The competent authority shall apply the following sanctions against persons:

1) publicly disclose the fact of infringement of this Law and other legal acts the supervision over compliance with which is assigned to the remit of the competent authority and the person who has committed the infringement;

2) issue a warning regarding the infringement of this Law and other legal acts the supervision over compliance with which is assigned to the remit of the competent authority and instruct to terminate the infringement of a legal act within the specified time limit;

3) impose the penalties specified by this Law;

4) apply a temporary ban on electronic money issuance and/or provision of one or several payment services;

5) apply a temporary or permanent ban on activities of one or several branches of an

electronic money institution, of its agents or of natural or legal persons through whom the electronic money institution distributes and redeems electronic money. Where the competent authority takes a decision on a temporary ban of activities of a branch of an electronic money institution, of its agents or of a natural or legal person through whom the electronic money institution distributes and redeems electronic money, the branch shall not have the right to issue electronic money and/or provide payment services, the agent – to provide payment services, the natural or legal persons through whom the electronic money institution distributes and redeems electronic money – to distribute and redeem electronic money, and where a decision is taken on a permanent ban of activities of the branch of the electronic money institution, of its agent or of the natural or legal person through whom the electronic money institution distributes and redeems electronic money, the branch or the agent shall be removed from the public list of electronic money institutions, and the electronic money institution must, without undue delay, take a decision to terminate the activities of such a branch, agent, natural or legal person through whom the electronic money institution distributes and redeems electronic money;

6) temporarily suspend from office the head/heads of an electronic money institution, of its agent or of a branch of an electronic money institution of a foreign state or suspend from office the head/heads of an electronic money institution, of its agent or of a branch of an electronic money institution of a foreign state and require his/their removal from office and/or termination of the contract/contracts concluded with him/them and/or cancellation of his/their powers;

7) temporarily, for as long as the relevant ground exists, suspend/restrict the voting right of a shareholder of an electronic money institution;

8) appoint a temporary representative for the supervision of activities of an electronic money institution or a branch of an electronic money institution of a foreign state (hereinafter: a 'representative for the supervision of activities');

9) temporarily restrict the right to dispose of funds in the accounts opened with credit institutions, payment institutions and electronic money institutions and of other assets;

10) withdraw or suspend the issued licence.

2. The competent authority shall apply the following sanctions against an electronic money institution of another Member State issuing electronic money and/or providing payment services without establishing a branch or distributing and redeeming electronic money through a natural or legal person in the Republic of Lithuania, an electronic money institution of another Member State issuing electronic money and/or providing payment services through a branch established in the Republic of Lithuania or providing payment services in Republic of Lithuania through an agent:

1) issue a warning regarding the infringement of this Law and other legal acts the supervision over compliance with which is assigned to the remit of the competent authority;

2) restrict the right of the branch established by the electronic money institution of another Member State or its agent to dispose of funds in the accounts opened with credit institutions, payment institutions and electronic money institutions and of other assets;

3) temporarily or permanently prohibit the issuance of electronic money and/or provision or one or several payment services in the Republic of Lithuania;

4) impose the penalties specified by this Law.

3. The competent authority must take a decision to apply the sanctions provided for in points 2 and 3 of paragraph 2 of this Article against an electronic money institution of another Member State issuing electronic money and/or providing payment services in the Republic of Lithuania without establishing a branch or distributing and redeeming electronic money through a natural or legal person in the Republic of Lithuania, an electronic money institution of another Member State issuing electronic money and/or providing payment services through a branch established in the Republic of Lithuania or providing payment services in Republic of Lithuania through an agent at the request of the competent authority of that Member State.

4. Repealed as of 1 August 2018.

Article 40. Grounds and procedure for applying sanctions

1. The competent authority shall apply the sanctions specified by this Law where at least one of the following grounds exist:

1) the business of electronic money issuance is pursued without the right granted in accordance with the procedure laid down by this Law, or such right is restricted under this Law, or other actions or business prohibited under this Law are pursued;

2) an electronic money institution obtained a licence or another authorisation specified by this Law by supplying false information or by other unlawful means;

3) the information which is to be provided under this Law or other legal acts the supervision over compliance with which is assigned to the remit of the competent authority or which is required by the competent authority is not supplied within the specified time limits or the information supplied is incorrect, incomplete or inaccurate;

4) the mandatory instructions issued by the competent authority under Article 33(2) and (3) of this Law are not fulfilled or are improperly fulfilled;

5) the requirements set for the issue of a licence of an electronic money institution or of a branch of an electronic money institution of a foreign state are no longer met;

6) one or more persons appointed as the head/heads of an electronic money institution, its agent or a branch of an electronic money institution of a foreign state or holding the office of the head/heads of an electronic money institution, its agent or a branch of an electronic money

institution of a foreign state does/do not meet the repute, suitability, qualifications and experience requirements as specified by this Law;

7) inspections carried out by employees of the competent authority or other persons involved thereby are hindered;

8) other infringements of this Law or other legal acts the supervision over compliance with which is assigned to the remit of the competent authority are committed or there is a threat that due to activities or financial position of an electronic money institution or a branch of an electronic money institution of a foreign state the interests of the public, electronic money users and/or electronic money holders may be infringed or the functioning of the system of electronic money institutions of the Republic of Lithuania may be disrupted.

2. The procedure for imposing sanctions shall be laid down by the Law on the Bank of Lithuania.

Article 41. Penalties

1. The competent authority shall impose:

- 1) on legal persons – a penalty of up to 10 per cent of the total annual turnover;
- 2) on a legal person's managers and other natural persons – a penalty of up to EUR 50 000.

2. The total annual turnover of a legal person according to which the size of a penalty to be imposed is determined shall be determined on the basis of the most recently drawn up/signed annual financial statements. Where the legal person belongs to a parent undertaking within the meaning of Article 2(22) of the Law of the Republic of Lithuania on the Supplementary Supervision of Entities in a Financial Conglomerate, the total annual turnover according to which the size of the penalty to be imposed is determined shall be the income specified in the most recently drawn up/signed annual consolidated financial statements of the principal parent undertaking.

3. Where due to infringements listed in Article 40(1) of this Law unlawful income or other material benefits were received, losses were avoided or damage was caused and the size of such income, other material benefits, avoided losses or caused damage, if measurable, exceeded the amounts of penalties referred to in paragraph 1 or 4 of this Article, the competent authority shall impose a penalty of up to the double amount of the unlawfully received income, other material benefits, avoided losses or caused damage.

4. Where it is difficult or impossible to determine the total annual turnover of a legal person or the total annual turnover of a legal person is smaller than EUR 1 000 000, the competent authority shall impose on the legal person a penalty of up to EUR 100 000 instead of the penalty referred to in point 1 of paragraph 1 of this Article.

5. In the cases referred to in Article 40(1)(4) of this Law, the competent authority shall impose for each day of the non-fulfilment or improper fulfilment of a mandatory instruction a penalty of up to 1 per cent of the total annual turnover or, where it is difficult or impossible to determine the total annual turnover, up to EUR 1 500.

6. Penalties shall be calculated in accordance with the procedure laid down in Article 43³ of the Law on the Bank of Lithuania.

Article 42. Suspension from office of the head/heads of an electronic money institution or of a branch of an electronic money institution of a foreign state

1. As of the serving to an electronic money institution or to a branch of an electronic money institution of a foreign state of a decision of the competent authority to suspend from office the head/heads of the electronic money institution or of the branch of the electronic money institution of the foreign state, the person suspended from office shall not have the right to perform his functions and all decisions taken by such person/persons after serving the decision of the competent authority to the electronic money institution or to the branch of the electronic money institution of the foreign state shall be null and void.

2. Where the competent authority takes a decision to suspend from office the head/heads of an electronic money institution or of a branch of an electronic money institution of a foreign state and to require his/their removal from office and/or termination of the contract concluded with him/them or cancellation of his/their powers, the body of the electronic money institution which has such rights or the electronic money institution of the foreign state which has established the branch of the electronic money institution of the foreign state must, within the time limit specified in the decision of the competent authority, remove such person/persons from office and/or terminate the contract concluded with him/them or cancel his/their powers.

3. A decision taken on suspension from office of the head/heads of an electronic money institution or of a branch of an electronic money institution of a foreign state shall be notified to the electronic money institution or the electronic money institution of the foreign state which has established the branch of the electronic money institution of the foreign state and to the administrator of the Register of Legal Entities and shall also be published on the website of the competent authority.

4. Provisions of paragraphs 1, 2 and 3 of this Article shall apply *mutatis mutandis* to suspension from office of the agent's head.

Article 43. Representative for the supervision of activities

1. In urgent cases, when possessing data about a threat to the safe and sound activities of an electronic money institution or of a branch of an electronic money institution of a foreign state, the

competent authority shall have the right to appoint a representative for the supervision of activities for the purpose of protection of the funds received from electronic money holders and transferred to the electronic money institution or to the branch of the electronic money institution of the foreign state.

2. A legal or natural person may be appointed a representative for the supervision of activities. The natural person or the head of the legal person appointed as a representative for the supervision of activities shall *mutatis mutandis* be subject to the requirements of good repute, qualifications and experience specified in Article 16 of this Law. Where the natural person is appointed as a representative for the supervision of activities, an assistant of the representative for the supervision of activities may be appointed. Salaries of the representative for the supervision of activities and his assistant shall be determined by the competent authority taking account of the scope of their activities, qualifications and period of service. The salaries shall be paid from funds of an electronic money institution or a branch of an electronic money institution of a foreign state. An employee of the competent authority may not be appointed as a representative for the supervision of activities and his assistant.

3. The board and heads of an electronic money institution or heads of a branch of an electronic money institution of a foreign state must obtain the consent of a representative for the supervision of activities concerning each decision relating to the activities of the electronic money institution or the branch of the electronic money institution of the foreign state. All decisions of the board and heads of the electronic money institution or heads of the branch of the electronic money institution of the foreign state taken without the consent of the representative for the supervision of activities after the entry into force of a decision on appointment of the representative for the supervision of activities shall be null and void.

4. A representative for the supervision of activities shall disagree with the decisions taken by the board and heads of an electronic money institution or heads of a branch of an electronic money institution of a foreign state where they, in his opinion, are not in conformity with the legal acts regulating the safe and sound activities of electronic money institutions or constitute a threat to the stability and soundness of activities of the electronic money institution or of the branch of the electronic money institution of the foreign state for other reasons. In performing his functions, the representative for the supervision of activities shall *mutatis mutandis* be subject to provisions of points 1, 3, 11 and 12 Article 42¹(5) of the Law on the Bank of Lithuania. The representative for the supervision of activities must provide to the competent authority the information specified by it.

5. A decision to appoint a representative for the supervision of activities or to remove him from office shall be notified to an electronic money institution or an electronic money institution of a foreign state which has established a branch of the electronic money institution of the foreign state and the Register of Legal Entities and shall also be published on the website of the competent authority

not later than on the next working day after taking the decision.

6. A representative for the supervision of activities shall be removed from office when:

1) it is established that an electronic money institution or a branch of an electronic money institution of a foreign state is capable of operating in a stable and sound manner or, in the opinion of the competent authority, application of such a measure is no longer expedient for other reasons;

2) a licence issued to an electronic money institution or a branch of an electronic money institution of a foreign state is withdrawn.

Article 44. Temporary restriction on the right to dispose of funds and other assets

1. Where the competent authority imposes the sanctions referred to in Article 39(1)(9) and (2)(2) of this Law, the person subject to a sanction may not dispose of funds in his accounts opened with credit institutions, payment institutions and electronic money institutions and of other assets specified in a decision of the competent authority.

2. A decision of the competent authority to temporarily restrict the right to dispose of the funds held with the credit institutions, payment institutions and electronic money institutions established in the Republic of Lithuania and of other assets within the territory of the Republic of Lithuania shall be considered to be a property seizure act and shall be registered in the Register of Property Seizure Acts in the cases and in accordance with the procedure laid down by legal acts. Such a decision must include the data required to register the decision of the competent authority in the Register of Property Seizure Acts. In the cases specified by the legal acts regulating the Register of Property Seizure Acts, the decision of the competent authority may be registered in the Register of Property Seizure Acts on a temporary basis.

Article 45. *Repealed as of 1 August 2018.*

CHAPTER IX

TERMINATION AND BANKRUPTCY OF AN ELECTRONIC MONEY INSTITUTION

Article 46. Reorganisation and winding up of an electronic money institution

1. An electronic money institution may be reorganised or wound up by a decision of the general meeting of its shareholders only upon obtaining a prior authorisation of the competent authority. The procedure for submitting and examining applications for the issue of an authorisation for reorganisation or winding up of an electronic money institution and the list of documents and information to be provided together with the application shall be determined by the competent authority. A decision granting the authorisation for reorganisation or winding up of an electronic

money institution shall be taken within three months from the submission of the application for the issue of the authorisation to the competent authority according to the provisions of Article 43¹ of the Law on the Bank of Lithuania.

2. Where a decision on the reorganisation or winding up of an electronic money institution is taken by a court, the court must, prior to taking such a decision, obtain a conclusion of the competent authority regarding the impact of such a decision on the stability and soundness of the electronic money institution and the entire system of electronic money institutions.

3. An authorisation to reorganise an electronic money institution shall be refused where:

1) the submitted documents do not meet the requirements set by laws or legal acts of the competent authority, not all data specified in legal acts or additionally required data are provided or they are inaccurate;

2) after reorganisation of the electronic money institution, its rights and obligations related to electronic money issuance will be transferred to a legal person not authorised to issue electronic money in the Republic of Lithuania;

3) it can be concluded that property interests of electronic money holders will be infringed or a threat can arise to the stability and soundness of the electronic money institution and the entire system of electronic money institutions.

4. Where a new electronic money institution established after reorganisation of the electronic money institution, such a new electronic money institution shall be required to obtain a licence in accordance with the procedure laid down by this Law.

5. A court shall take a decision on the winding up of an electronic money institution where the actions referred to in Article 15(8) of this Law are not carried out within the set time limits. The right to refer to the court for the winding up of the electronic money institution shall be granted to the competent authority and the head of the electronic money institution.

6. An electronic money institution or a court must, upon taking a decision on the reorganisation or winding up of the electronic money institution, give a notice thereof to the competent authority.

7. An authorisation to wind up an electronic money institution shall be refused where:

1) the submitted documents do not meet the requirements set by laws and legal acts of the competent authority, not all data specified in legal acts or additionally required data are provided or they are inaccurate;

2) it can be concluded that property interests of electronic money holders will be infringed or a threat can arise to the stability and soundness of the entire system of electronic money institutions.

8. Paragraphs 1 and 7 of this Article shall not apply where a decision on the winding up of an electronic money institution is taken under Article 15(8) of this Law.

Article 47. Features of bankruptcy proceedings of electronic money institutions

1. Bankruptcy proceedings of electronic money institutions shall also be regulated by the Law of the Republic of Lithuania on Enterprise Bankruptcy, unless this Law and the Law on Financial Institutions provide otherwise.

2. Bankruptcy proceedings of an electronic money institution may be conducted only in court.

3. The competent authority shall have the right to file with a court a petition for the opening of bankruptcy proceedings against an electronic money institution. Where the petition for the opening of bankruptcy proceedings is filed with the court by third parties, the court must, before taking a decision to open bankruptcy proceedings against the electronic money institution, receive a conclusion of the competent authority on the insolvency of the electronic money institution. The competent authority shall issue the conclusion within five working days from the receipt of a request for issuing the conclusion.

4. The administrator of an electronic money institution shall repay to electronic money holders the funds on which the recovery according to obligations of the electronic money institution may not be levied under Article 25 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 of the Republic of Lithuania
on Electronic Money and Electronic Money Institutions

EUROPEAN UNION LEGAL ACTS IMPLEMENTED BY THIS LAW

1. Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ 2009 L 267, p.7), as last amended by Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 (OJ 2015 L 337, p. 35).