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# International Sanctions Act

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RT I 2010, 26, 129  
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Amended by the following acts

Passed	Published	Entry into force
07.12.2011	RT I, 22.12.2011, 2	01.01.2012
18.04.2012	RT I, 08.05.2012, 1	18.05.2012
19.02.2014	RT I, 13.03.2014, 4	01.07.2014
19.06.2014	RT I, 12.07.2014, 1	01.01.2015
19.06.2014	RT I, 29.06.2014, 109	01.07.2014, the official titles of the ministers have been replaced on the basis of subsection 107 <sup>3</sup> (4) of the Government of the Republic Act.

## Chapter 1 GENERAL PROVISIONS

### Division 1 Objective and scope of application of Act

#### § 1. Objective of Act

(1) The objective of this Act is to ensure the national imposition of international sanctions and the correct implementation thereof without delay in order to perform the obligations arising from the international law and the European Union law to Estonia.

(2) The objective of the national imposition of international sanctions and the implementation thereof is, in compliance with the United Nations Charter, to maintain or restore peace, prevent conflicts and reinforce international security, support and reinforce democracy, follow the rule of law, human rights and international law and achieve other objectives of the common foreign and security policy of the European Union.

#### § 2. Scope of application of Act

(1) This Act regulates the national imposition of international sanctions, the implementation and the supervision thereof where the imposition of international sanctions has been decided by the European Union, the United Nations, another international organisation or the Government of the Republic.

(2) All natural and legal persons are required to implement international sanctions in force.

(3) The issues not covered by Chapters 3 and 4 of this Act shall be governed by the Money Laundering and Terrorist Financing Prevention Act, taking account of the specifications provided for in this Act.

(4) The provisions of the Administrative Procedure Act apply to the administrative procedures prescribed in this Act, taking account of the specifications provided for in this Act.

### Division 2

# Definitions

## § 3. International sanction

For the purposes of this Act international sanction means a measure which is not related to the use of armed forces and the imposition thereof has been decided by the European Union, the United Nations, another international organisation or the Government of the Republic to achieve the objectives provided for in subsection 1 (2) of this Act.

## § 4. International financial sanction

(1) For the purposes of this Act, an international financial sanction means international sanction that fully or partially prevents a subject of international financial sanction from using and disposing of financial means or giving thereof to its possession, inter alia, it is prohibited or restricted:

- 1) to give loan and credit or pay financial means on any other similar basis to a subject of international financial sanctions;
- 2) to pay any deposits, dividends, interest income and other similar financial means in cash, payment by bills of exchange, cheques or other methods and means of payment, as well as to transfer, pledge securities, precious metals and stones or any other such assets and give for use or disposal to a subject of international financial sanctions;
- 3) to open for a subject of international financial sanction a deposit, payment, securities or any other account, give for their use a safe deposit box or enter into contracts for provision of such services;
- 4) to conclude transactions with a subject of international financial sanction with regard to immovables, registered ships and registered movables or rights;
- 5) to pledge or otherwise give as a security to a subject of international financial sanction any financial means and economic resources;
- 6) to enter into insurance contracts with a subject of international financial sanction and make payments on the basis of such contracts;
- 7) to enter into or continue any business relations with a subject of international financial sanction.

(2) The provisions of subsection (1) of this section shall also be applied if an object belongs to the common or joint ownership of several persons, of whom at least one is the subject of international financial sanction.

## § 5. Subject of international sanction

The subject of international sanction is:

- 1) a state, a certain territory, a territorial unit, a regime, an organisation, an association or a group against whom the measures prescribed by the act on the imposition of international sanctions are taken;
- 2) a natural or legal person, an agency, a civil law partnership or any other entity which is directly specified in the act on the imposition or implementation of international sanctions and with regard to whom the measures prescribed therein are taken.

## § 6. Person with specific obligations

A person having specific obligations who shall have specific obligations in accordance with this Act shall be:

- 1) a credit institution within the meaning of the Credit Institutions Act;
- 2) a provider of currency exchange service within the meaning of the Money Laundering and Terrorist Financing Prevention Act;
- 3) an e-money institution within the meaning of the Payment Institutions and E-money Institutions Act;
- 4) a payment institution within the meaning of the Payment Institutions and E-money Institutions Act;
- 5) a provider of alternative means of payment service within the meaning of the Money Laundering and Terrorist Financing Prevention Act;
- 6) an insurer and insurance intermediary within the meaning of the Insurance Activities Act;
- 7) an investment fund established as a management company and a public limited company within the meaning of the Investment Funds Act;
- 8) an account administrator, except an operator of regulated market and an operator of securities settlement system, within the meaning of the Estonian Central Register of Securities Act;
- 9) a member of the securities settlement system and an investment firm within the meaning of the Securities Market Act;
- 10) a savings and loan association within the meaning of the Savings and Loan Associations Act;
- 11) other financial institution within the meaning of the Credit Institutions Act;
- 12) a branch of a service provider of a foreign state registered in the Estonian Commercial Register providing the same type of service as the institutions specified in clauses 1)-11) of this section.

# Chapter 2

# NATIONAL IMPOSITION AND IMPLEMENTATION OF INTERNATIONAL SANCTIONS

## § 7. National imposition of international sanction

The national imposition of international sanctions shall be decided by an act of the Government of the Republic on the proposal of the Ministry of Foreign Affairs.

## § 8. Taking measures

(1) On the proposal of the Ministry of Foreign Affairs, the Government of the Republic shall, by an act, take measures for the national imposition of international sanctions and shall amend or repeal them immediately if the act on the imposition of international sanctions is amended, repealed or expires.

(2) The measures for the national implementation of international sanctions shall be taken to the extent which is prescribed in the act on the imposition of international sanctions and which shall be necessary for the national implementation thereof and shall be proportionate with the set objective.

## § 9. Obligations of public authority

(1) Unless otherwise provided for in the act of the European Union, the ministries shall be liable for the implementation of international sanctions as follows:

- 1) the Ministry of Education and Research – in the case of a prohibition or restriction of co-operation in the area of science, education or professional co-operation;
  - 2) the Ministry of Justice – in the case of a prohibition or restriction on the transaction with an immovable and a registered ship, entered into the register, as well as in the case of a prohibition or restriction on the transaction with the property, entered in the register, specified in clauses 16 (1) 6) and 12) of this Act;
  - 3) the Ministry of Defence – in the case of a prohibition or restriction on the defense cooperation;
  - 4) the Ministry of Culture – in the case of a prohibition or restriction on the cultural cooperation;
  - 5) the Ministry of Economic Affairs and Communication – in the case of a prohibition or restriction on the transaction with movables or rights, entered in the registers, specified in clauses 16 (1) 1)-3) and 7)-11) of this Act; in the case of a prohibition or restriction on the provision of service, except in the case of a prohibition or restriction on the provision of a service related to strategic goods;
  - 6) the Ministry of Finance – in the case of a prohibition or restriction on the carriage of goods, except strategic goods;
- [RT I, 22.12.2011, 2 - entry into force 01.01.2012]
- 7) the Ministry of the Interior – in the case of a prohibition on entry and passage and obligation to leave; in the case of a financial sanction, except in the case of a transaction with a thing or right, entered into the register;
  - 8) the Ministry of Foreign Affairs – in the case of a prohibition or restriction on the transfer of strategic goods, as well as in the case of a prohibition or restriction on the provision of service related to strategic goods; in the case of a prohibition or restriction on foreign relations and the development cooperation.
- [RT I, 22.12.2011, 2- entry into force 01.01.2012]

(2) In the cases unspecified in subsection (1) of this section the authority which is liable for the implementation of international sanctions shall be designated by an act of the Government of the Republic.

(3) A ministry or authority which liable for the implementation of international sanctions shall notify the Ministry of Foreign Affairs of the measures taken on the basis of the act on the imposition or implementation of international sanctions and this Act and shall forward any other relevant information to the Ministry of Foreign Affairs.

## § 10. Grant of authorization for making exemptions

(1) If an act on the imposition or implementation of international sanctions allows for exemptions, a prior authorization by the ministry specified in subsection 9 (1) of this Act or by the authority designated on the basis of subsection 9 (2) is required unless otherwise provided for in this Act or a special act.

(2) Where an act on the imposition or implementation of international financial sanctions allows for exemptions, the prior authorisation by the Financial Intelligence Unit shall be required to make an exemption.

(3) The grant of authorization or refusal thereof shall be based on the conditions of the act on the imposition or implementation of international sanctions. The authorization shall not be transferable unless otherwise provided for by the authorization.

## **§ 11. Nullity**

(1) The transaction shall be void upon violation of the prohibition arising from this Act or the legislation established on the basis thereof.

(2) If the authorization for making a transaction in accordance with subsection 10 (1) or subsection 10 (2) of this Act is given retrospectively, the transaction shall take effect from the moment of the conclusion thereof.

## **Chapter 3**

# **SPECIFICATIONS OF IMPLEMENTATION OF INTERNATIONAL FINANCIAL SANCTIONS**

## **§ 12. General obligations of implementation of international financial sanctions**

(1) Upon entry into force of an act on the imposition or implementation of international financial sanctions a natural person and a legal person shall take measures to fulfill the obligations arising therefrom and shall demonstrate due diligence to ensure the achieving of the objective of the international financial sanction and shall avoid breach of a sanction.

(2) A natural and legal person who has doubts or who knows that a person, who is in business relations or is making a transaction or carrying out a proceeding with him or her, as well as a person intending to create business relations, make a transaction or carry out a proceeding with him or her, is a subject of international financial sanction, shall immediately notify the Financial Intelligence Unit of the identification of the subject of international financial sanction, of the doubt thereof and of the measures taken.

## **§ 13. Specific obligations of person having specific obligations**

(1) In his or her economic or professional activity a person having specific obligations shall draw special attention to the person who is in business relations or is making a transaction or carrying out a proceeding with him or her, as well as to the activities of the person intending to create business relations, make a transaction or carry out a proceeding with him or her and to the facts which refer to the possibility that the person is a subject of international financial sanction..

(2) A person having specific obligations shall regularly follow the webpage specified in subsection 18 (1) of this Act and shall immediately take measures provided for in the act on the imposition or implementation of the international financial sanction in order to ensure the achievement of the objective of the international financial sanction and prevent breach of the international financial sanction.

(3) Upon entry into force of an act on the imposition or implementation of international financial sanction, the amendment, repeal or expiry thereof, a person having specific obligations or a person authorized by him or her shall immediately check whether a person with whom he or she is in business relations or is making a transaction or carrying out an act, as well as a person intending to create business relations, make a transaction or carry out an act is a subject of international financial sanction with regard to whom the financial sanction is imposed, amended or terminated.

(4) If an act on the imposition or implementation of international financial sanction is repealed, expires or is amended in such a manner that the implementation of the international financial sanction with regard to the subject of the international financial sanction is terminated wholly or partially, the person having specific obligations shall terminate the implementation of the measure to the extent provided for in the act on the imposition or application of the international financial sanction.

(5) For the compliance of a person having specific obligation with the notification obligation arising from subsection 12 (2) and § 14 of this Act, the minister responsible for the area shall establish, by a regulation, a format of the notice to be submitted to the Financial Intelligence Unit and the guidelines for the fulfillment thereof.

(6) A person having specific obligations shall establish the rules of procedure in a written form or in a form which can be reproduced in a written form for the implementation of international financial sanction and the fulfillment of the obligations arising from this Act and the procedure for supervision of the fulfillment thereof and shall designate a person in charge of the implementation of international financial sanction, whose contact information he or she shall forward to the supervisor.

(7) Upon fulfillment of the obligations provided for in subsection (3) of this section a person having specific obligations shall collect and preserve the following data:

- 1) time of inspection;
- 2) the name of the person who carried out inspection;
- 3) the results of inspection;
- 4) the measures taken.

#### **§ 14. Refusal of transaction and proceeding**

(1) If a person having specific obligation or a person authorized by him or her has doubts if the person having business relations or making a transaction or carrying out a proceeding with him or her, as well as a person intending to create business relations, make a transaction or carry out an act with him or her, is a subject of international financial sanction, he or she shall ask additional information from that person for the identification thereof.

(2) If a person who is in business relations or is making transactions or is carrying out acts with the person having specific obligations, as well as a person who intends to create business relations, make a transaction or carry out an act, refuses to provide additional information or it is impossible to identify by means thereof if the person is a subject of international financial sanction, the person having specific obligations or a person authorized by him or her shall refuse to make a transaction or act, shall take measures provided for in the act on the imposition or implementation of international financial sanction and shall notify immediately the Financial Intelligence Unit of his or her doubts and of the measures taken.

#### **§ 15. Limitation of liability**

(1) A natural and legal person who is acting in good faith shall be liable for non-performance of his or her obligations and the damage caused thereby upon implementation of international financial sanctions and fulfillment of other obligations arising from this Act only in the case of wrongful non-performance of obligation.

(2) A natural and legal person who is acting in good faith upon fulfilling the notification obligation arising from subsection 12 (2) and subsection of 14 (2) of this Act shall not violate the confidentiality requirement provided by the law or contract, and the liability for the breach of confidentiality requirement provided by the law or contract for the disclosure of the information shall not be applied. The contract deviating from this provision shall be void.

#### **§ 16. Specific obligations of registrar**

(1) Pursuant to their competence the implementers of international financial sanction are also the registrars or the chief processors or authorized processors of the following registers:

- 1) Register of European Patents Valid in Estonia;
- 2) Register of Utility Models;
- 3) Register of Trademarks and Service Marks;
- 4) Land Register;
- 5) Ship's Registration Book;
- 6) Register of Nonprofit Organisations and Foundations;
- 7) Patent Register
- 8) State Register of Construction Works;
- 9) National Traffic Register;
- 10) National Civil Aircraft Register;
- 11) Register of Industrial Designs;
- 12) Commercial Register.

(2) Subsections 13 (1), (4) and (5) and § 14 of this Act shall apply with regard to a registrar specified in subsection (1) of this section.

#### **§ 17. Specific obligations of legal service provider**

(1) Subsections 13 (1)-(5) and § 14 of this Act shall be applied with regard to notary, lawyer, bailiff, interim trustee in bankruptcy and other legal service provider if he or she is acting as a representative of his or her client in a financial or immovable property transaction on behalf of and at the expense of the client, instructing the planning or implementation of the transaction or carrying out a professional act which is related to:

- 1) the purchase or sale of immovable property or a business or shares of a company;
- 2) the management of the money, securities of other assets of the client;
- 3) the opening or management of bank or securities accounts;
- 4) the raising of necessary funds for establishment, operation or management of the company or
- 5) the establishment, operation or management of the trust fund, company or any other such kind of entity.

(2) The notification obligation in accordance with subsection 12 (2) or subsection 14 (2) of this Act shall not apply to a legal service provider upon assessment of the legal situation of the client or the defending or representing of the client in a court, challenge or other similar proceeding, including consultation of the client on the commencement of a proceedings or the prevention thereof, regardless of whether the information has been received before, in the course of or after the proceeding.

## **§ 18. Obligations of Financial Intelligence Unit**

(1) The Financial Intelligence Unit shall publish the information about the imposition, amendment or termination of international financial sanction immediately after receiving the information or shall make it available on its webpage.

(2) If the Financial Intelligence Unit has a doubt that the subject of international financial sanction has used or disposed of funds or economic resources, it may suspend the transaction by a precept and impose a limitation on the disposal of the assets being the object of the transaction for up to 30 working days as from the delivery of the precept. Subsections 40 (1)-6) of the Money Laundering and Terrorist Financing Prevention Act shall apply with regard to the limitation of the suspension of the transaction and disposal of assets, taking account of the specifications of this Act.

(3) Upon the receipt of the notice or application specified in subsection 12 (2), subsection 14 (2) or § 19 of this Act the Financial Intelligence Unit shall:

- 1) notify the Ministry of the Interior, the Ministry of Foreign Affairs, the relevant ministry specified in subsection 9 (1) of this Act and as appropriate any other person with the legitimate need to know in writing or in a format which can be reproduced in a written form of the receipt of the notification or application;
- 2) verify if the subject of international financial sanction has been identified;
- 3) verify the legality of the measures taken;
- 4) notify immediately the person who has submitted the notification or application and the ministries and persons specified in clause 1) of this subsection of the results of the verification.

(4) If the Financial Intelligence Unit confirms, pursuant to subsection (3) of this section, that it is a subject of international financial sanction, it will notify the subject of international financial sanction in writing of the measures taken with regard to him or her within two working days of the following:

- 1) the exact scope and content;
- 2) the legal basis;
- 3) the date of commencement;
- 4) the procedure for contestation;
- 5) the basis and procedure for making exceptions.

(5) If the place of residence of the subject of international financial sanction is not known, the information specified in subsection (4) of this section shall be disclosed on the webpage of the Financial Intelligence Unit.

(6) The Financial Intelligence Unit shall prepare and publish the consolidated survey of the implementation of international financial sanctions in Estonia for at least once a year, including among other the information about:

- 1) the identified subjects of financial sanctions;
- 2) the measures taken;
- 3) the exemptions made on the basis of subsection 10 (2) of this Act.

## **§ 19. Rights of person if international financial sanction has been imposed with regard to him or her**

A person with regard to whom the measures provided in the act on the imposition or implementation of international financial sanction have been taken has the right to request the Financial Intelligence Unit to verify immediately if the measures have been taken lawfully.

# **Chapter 4 STATE SUPERVISION**

[RT I, 13.03.2014, 4 - entry into force 01.07.2014]

## **§ 20. State supervision**

[RT I, 13.03.2014, 4 – entry into force 01.07.2014]

State supervision over the implementation of international financial sanction shall be executed by the Financial Intelligence Unit unless otherwise provided for by law or the European Union legislation.

[RT I, 13.03.2014, 4 - entry into force 01.07.2014]

## **§ 21. Special measures of state supervision**

[RT I, 13.03.2014, 4 - entry into force 01.07.2014]

A law enforcement agency may apply special measures of state supervision provided for in §§ 30 and 50 of the Law Enforcement Act for the exercise of state supervision provided for in this Act on the basis of and pursuant to the procedure provided for in the Law Enforcement Act.

[RT I, 13.03.2014, 4 - entry into force 01.07.2014]

## **§ 21<sup>1</sup>. Specifications of state supervision**

(1) A law enforcement agency may enter into the seat and place of business of a person having specific obligations or into the building or room in his or her possession under the conditions provided for in § 50 of the

Law Enforcement Act and the measure may be applied in the presence of the person to be inspected, his or her representative or employee.

(2) The results of the state supervision shall be recorded pursuant to the procedure provided for in § 50 of the Money Laundering and Terrorist Financing Prevention Act.  
[RT I, 13.03.2014, 4 - entry into force 01.07.2014]

### **§ 21<sup>2</sup>. Rate of penalty payment**

Upon failure to comply with the precept, the law enforcement agency may apply penalty payment pursuant to the procedure provided for in the Substitutive Enforcement and Penalty Payment Act. The maximum rate of penalty payment shall make up to 9,100 euros for the first occasion, in subsequent cases 36,300 euros.  
[RT I, 13.03.2014, 4 - entry into force 01.07.2014]

## **Chapter 5 LIABILITY**

### **§ 22. Failure to notify of identification of subject of international financial sanction, of taking measures and submission of false information**

(1) The non-performance of the obligation to notify the Financial Intelligence Unit of the identification of a subject of international financial sanction and of taking relevant measures, as well as of the submission of false information, by the head of a person having specific obligations or a person liable for the implementation of international financial sanction shall be punishable by a penalty fine of up to 200 penalty units or an arrest .

(2) The same act if committed by a legal person shall be punishable by a penalty fine of up to 20,000 euros.  
[RT I, 08.05.2012, 1 - entry into force 18.05.2012]

### **§ 23. Failure to establish procedural rules and procedure for supervision of fulfillment thereof**

(1) A failure to establish the procedural rules provided for in this Act and the procedure for the supervision over the fulfillment thereof shall be punishable by a penalty fine of up to 100 penalty units.

(2) The same act if committed by a legal person shall be punishable by a penalty fine of up to 13,000 euros.  
[RT I, 08.05.2012, 1 - entry into force 18.05.2012]

### **§ 24. Violation of obligation to preserve data**

(1) The non-performance of the obligation to collect and preserve data provided for in this Act shall be punishable by a penalty fine of up to 100 penalty units.

(2) The same act if committed by a legal person shall be punishable by a penalty fine of up to 13,000 euros.  
[RT I, 08.05.2012, 1 - entry into force 18.05.2012]

### **§ 25. Procedure**

(1) [Repealed - RT I, 12.07.2014, 1 - entry into force 01.01.2015]

(2) A police authority is the body conducting extra-judicial proceedings of the misdemeanours specified in §§ 22-24 of this Act.

## **Chapter 6 IMPLEMENTING PROVISIONS**

**§ 26.–§ 31.**[Omitted from this text.]

### **§ 32. Entry into force of Act**

This act shall enter into force in four months after the publication in Riigi Teataja.