

**DESCRIPTION OF THE PROCEDURE FOR SUPERVISION OF COMPLIANCE OF
THE ADVOCATES' PRACTICE WITH THE REQUIREMENTS OF THE LEGISLATION
ON PREVENTION OF MONEY LAUNDERING AND/OR TERRORIST FINANCING**

**CHAPTER I
GENERAL PROVISIONS**

1. The purpose of the Description of the Procedure for Supervision of Compliance of the Advocates' practice with the Requirements of the Legislation on Prevention of Money Laundering and/or Terrorist Financing (hereinafter the Description) is to establish the procedure for implementing the supervision of the compliance of the professional Advocates' practice, trainee advocates (hereinafter the Advocates) as obliged entities under the Republic of Lithuania Law on the Prevention of Money Laundering and Terrorist Financing (hereinafter the Law on AML/CFT), with the requirements of legislation on anti-money laundering and (or) terrorist financing (hereinafter the AML/CFT).
2. The terms used in the Description shall be understood as they are defined in the Law on AML/CFT and its implementing legislation.
3. Compliance of the activities carried out by Advocates with the requirements of the legal acts of the AML/CFT is ensured by:
 - 3.1. The Advocate's independent interest in relevant information and news on the implementation of the AML/CFT;
 - 3.2. Self-monitoring by the Advocate by completing the self-assessment questionnaires laid down in Chapter III of the Description (and, where appropriate, their clarification questionnaires) in accordance with the procedure;
 - 3.3. The procedures set out in Chapter IV of the Description followed by the Lithuanian Bar Association when conducting inspections of Advocates provided for in the Inspection Plan and those not provided for in the Inspection Plan (spot-checks);
 - 3.4. By the Lithuanian Bar Association implementing other measures set out in this Description and other legal acts regulating the AML/CFT;
 - 3.5. By applying the impact measures provided for in the Law on AML/CFT (Article 36(6) of the Law on AML/CFT).
4. The Lithuanian Bar Association, in carrying out its functions as the institution responsible for the supervision of the Advocates' AML/CFT, shall act and exercise the rights set out in the Description through the Bar Council of the Lithuanian Bar Association (hereinafter referred to as the Bar Council), members of the Bar Council authorised by the decision of the Bar Council to carry out the measures of the AML/CFT (hereinafter referred to as the Authorised Members of the Bar Council), and the persons authorised to perform inspections by the decision of the Bar Council.

**CHAPTER II
MEASURES TO ENSURE COMPLIANCE WITH THE AML/CFT LEGISLATION IN**

ADVOCATES' ACTIVITIES

5. Taking into account the level of risk of money laundering and/or terrorist financing (hereinafter referred to as the ML/TF) and other relevant circumstances, the Lithuanian Bar Association has the following rights:
 - 5.1. Request the Advocate to provide internal descriptions of procedures and procedures and other documents, as assessed by persons acting on behalf of the Lithuanian Bar Association (paragraph 4 of the Description), related to the implementation of the AML/CFT measures, as well as to specific or certain types of legal services related to the areas referred to in Article 2(10)(4) of the Law on AML/CFT, or in the case of the provisions of Article 20(3);
 - 5.2. Request additional information on the Advocates' compliance with the requirements of the AML/CFT legislation (e.g. on clients who pose a higher risk to the AML/CFT, their transactions, etc.);
 - 5.3. Request further clarifications on the implementation of the AML/CFT legislation and application of AML/CFT risk mitigation measures;
 - 5.4. In accordance with Article 35 of the Law on AML/CFT, to issue binding instructions to Advocates to remedy deficiencies that have come to light with regard to the implementation of the AML/CFT measures;
 - 5.5. To impose the sanctions provided for in the Law on AML/CFT for non-compliance with mandatory instructions or in the event of violations of the Law on AML/CFT (Article 36 (6) of the Law on AML/CFT);
 - 5.6. Having assessed that the imposition of sanctions referred to in Article 36 (1) (1) and (6) of the Law on AML/CFT will not achieve the objectives of the sanction, to take action in accordance with Article 36 (9) of the Law on AML/CFT;
 - 5.7. Other rights provided for in the Law on AML/CFT, the Republic of Lithuania Law on the Bar Association and other legal acts governing the activities of the Lithuanian Bar Association.
 - 5.8. The Lithuanian Bar Association may request the information referred to in paragraphs 5.1–5.3 of the Description for a period not longer than the last 3 years.

CHAPTER III

SELF-ASSESSMENT FOR ADVOCATES' COMPLIANCE WITH THE AML/CFT LEGISLATION

6. The Bar Council, in accordance with Article 4(4) and Article 30(2) of the Law on AML/CFT, adopts a self-assessment questionnaire (hereinafter referred to as the Self-Assessment Questionnaire), which shall be compulsorily filled in by Advocates. The Self-Assessment Questionnaire shall be completed for the preceding reference period, which coincides with the calendar year in which the professional activity was carried out. Taking into account the level of risk in the relevant areas (including the risk assessment report on money laundering and terrorist financing of the Republic of Lithuania and the supranational risk assessment of the European Union), the Bar Council may, if necessary, approve and provide Advocates (or some of them) with clarification questionnaires of the Self-Assessment Questionnaire to be completed (hereinafter clarification questionnaires).

7. The Lithuanian Bar Association, acting through the Bar Council, in implementing oversight of the Advocates' activities for compliance with the AML/CFT legislation, shall have the right to request Advocates to submit a properly completed Self-Assessment Questionnaire (if necessary, also the clarification questionnaire), and Advocates are obliged to submit a properly completed Self-Assessment Questionnaire (clarification questionnaire) within a period determined by the Bar Council, which cannot be shorter than 45 calendar days from the date of submission of the request to complete the Self-Assessment Questionnaire (clarification questionnaire). The Self-Assessment Questionnaire (clarification questionnaire) shall be submitted to the Advocates and completed electronically via the Advocates' Self-Service System.
8. The Self-Assessment Questionnaire (Clarification questionnaire) is considered properly completed when it contains the following information:
 - 8.1. The reporting period for which the Self-Assessment Questionnaire (clarification questionnaire) is completed.
 - 8.2. The date of completion of the Self-Assessment Questionnaire (clarification questionnaire).
 - 8.3. The name and surname of the Advocate completing the Self-Assessment Questionnaire (clarification questionnaire).
 - 8.4. Confirmation that all information provided in the Self-Assessment Questionnaire (clarification questionnaire) is accurate.
 - 8.5. Responses to all the questions in the Self-Assessment Questionnaire (clarification questionnaire) necessary for the Advocate's professional activities.
9. The comments section of the Self-Assessment Questionnaire (clarification questionnaire) is completed when it is necessary to provide additional comments on the information specified in the questionnaire and/or other circumstances relevant to the oversight of compliance with the AML/CFT legislation.
10. The completed Self-Assessment Questionnaire (clarification questionnaire) shall be stored in the Advocates' self-service system. The Lithuanian Bar Association shall have the right to review the completed Self-Assessment Questionnaires (clarification questionnaires) at any time. If, after completing the Self-Assessment Questionnaire (clarification questionnaire), areas are identified where risk management measures need to be established or strengthened, Advocates take such measures independently, except in cases where the Lithuanian Bar Association, acting through the Bar Council, obliges the Advocate to take such measures.

CHAPTER IV

PROCEDURE FOR CONDUCTING AUDITS OF COMPLIANCE WITH THE AML/CFT LEGISLATION FOR ADVOCATES' ACTIVITIES

11. The Lithuanian Bar Association organises and conducts audits of compliance with the AML/CFT requirements established in the Law on AML/CFT and its implementing legislation, based on at least one of the following grounds:
 - 11.1. On the basis of the Inspection Plan (supervision plan) approved by the Bar Council (hereinafter referred to as the Inspection Plan);
 - 11.2. At the initiative of the Chairperson of the Bar Council or the Vice-Chairperson of the Bar Council, when information is received from the Advocate's clients, state (municipal) institutions, or other entities that raises suspicions of potential violations

of the AML/CFT legislation.

- 11.3. By decision of the Bar Council, in order to ascertain whether the Advocate has remedied the deficiencies identified during the previous inspection;
- 11.4. When concluding agreements with Advocates, conducting test investigations.
12. The Inspection Plan shall be drawn up on the basis of the principles of risk-based supervision, optimal and efficient use of resources, and an assessment of the level of risk in the relevant areas (inter alia, taking into account the National Money Laundering and Terrorist Financing Risk Assessment Report of the Republic of Lithuania and the European Union's Supranational Risk Assessment).
13. The Inspection Plan may be amended only by decision of the Bar Council. The Inspection Plan shall include the name of the Advocate to be inspected and the date of the inspection. A personalised (without disclosing the Advocate's name, surname, law firm, or professional association) Inspection Plan and its subsequent changes are published in the Advocates' self-service system.
14. As stated in paragraphs 12.1–12.4 of the Description, initiated audits are carried out by persons listed in a decision of the Bar Council and the Authorised Members of the Bar Council. In accordance with the grounds provided in paragraphs 12.1–12.4 of the Description, when initiating an inspection, the Chairperson of the Bar Council or the Bar Council approves the composition and head of the inspection team (hereinafter the Inspection Team) that will conduct the initiated inspection. The Inspection Team shall consist of at least two persons, at least one of whom shall be an Authorised Member of the Bar Council. The Inspection Team may consult with members of the Bar Council and/or the Chairperson of the Bar Council.
15. Advocates shall cooperate with the subjects specified in section 15 of this Description and provide all requested information in accordance with the principles established in the Code of Ethics of the Lithuanian Advocates.
16. The inspection of the Advocate is confirmed by a decision (hereinafter the Decision on the Inspection) of the Bar Council, the Chairperson of the Bar Council, or the Vice-Chairperson of the Bar Council, in which it must be indicated:
 - 16.1. Full name of the Advocate;
 - 16.2. Start of the inspection;
 - 16.3. The composition of the Inspection Team (full names, positions of the members and head of the Inspection Team);
 - 16.4. The period for which the Advocate's activities are inspected (if applicable);
 - 16.5. Basis for inspection (paragraphs 12.1 to 12.4 of the Description).
17. The Advocate shall be notified of the inspection specified in the Inspection Plan (paragraph 12.1 of the Description) at least 30 calendar days before the start of the scheduled inspection. The Advocate shall be informed by e-mail or registered letter or, where technically possible, via the Advocates' Self-Service website. The notification shall be accompanied by a copy of the Inspection Decision and a list of the information and documents that the Advocate must provide to the Inspection Team before the start of the inspection.
18. An Advocate shall be informed of the inspection carried out on the grounds provided for in paragraphs 12.2 and 12.3 of the Description by e-mail or registered letter or, if technically possible, through the Advocates' Self-Service website. The Advocate shall be provided with

a copy of the Inspection Decision, a list of information and documents to be submitted by the Advocate to the Inspection Team and a deadline of at least 5 calendar days for their submission.

19. The information, explanations and documents requested by the Inspection Team shall be provided in paper or electronic form. Additional information, explanations and documents requested by the Inspection Team shall be provided within the time limits set by the Inspection Team. Upon a reasoned request of the Advocate, the Inspection Team shall have the right to extend the deadlines for the submission of additional information, explanations and documents.
20. The written procedure shall be the preferred procedure for the Advocate's inspection. In order to make the inspection procedure more efficient and faster, by the decision of the Inspection Team, the Advocate may be asked to provide explanations in person when they come to the premises of the Lithuanian Bar Association, when the Inspection Team arrives at the Advocate's office (professional community) premises, or when using electronic communication means, provided the security of transmitted information is ensured and the identity of the Advocate providing the explanations can be established. During the inspection, verbal explanations, including explanations through electronic communication means, may be recorded using video and/or audio recording equipment to ensure the objectivity of the explanations given by the Advocate. The Advocate shall be informed orally in advance of the recording of the explanations given by means of video and/or audio recording.
21. Pilot tests may only be carried out on the basis of the voluntary participation of the Advocate, by means of a contract for voluntary participation in the activities of the AML/CFT, in accordance with the terms, conditions and time limits agreed in the contract. In such a case, if the Inspection Team finds a violation of the Law on AML/CFT (except where the elements of a possible criminal offence are identified), the sanctions provided for in Article 36(6) of the Law on AML/CFT shall not apply. The pilot tests carried out for inspections are not subject to approval by decision as provided for in paragraph 17 of the Description.
22. The results of the inspection shall be recorded in the Inspection Report (hereinafter referred to as the Inspection Report) prepared by the Inspection Team, which shall include:
 - 22.1. Date of the Inspection Report;
 - 22.2. Full name of the Advocate;
 - 22.3. Composition of the Inspection Team (full names, positions of the members and head of the Inspection Team);
 - 22.4. Period for which the Advocate's activities were inspected;
 - 22.5. Basis for inspection (paragraphs 12.1 to 12.4 of the Description);
 - 22.6. Circumstances established during the inspection;
 - 22.7. Data and documents obtained during the inspection;
 - 22.8. Conclusions and the arguments in support of them;
 - 22.9. Other information deemed relevant by the Inspection Team.
23. The inspection shall be carried out and the Inspection Report drawn up within the shortest reasonable time. In the event of non-cooperation of the Advocate, the Inspection Team shall refer the question of non-cooperation of the Advocate to the Bar Council for consideration.

24. The inspection report shall be signed by all members of the Inspection Team. A member of the Inspection Team shall have the right to express a dissenting opinion when signing the Inspection Report. Such a separate opinion shall form an integral part of the Inspection Report.
25. If the Inspection Report does not identify circumstances that could raise a question regarding the application of mandatory instruction(s) and/or impact measure(s) to the Advocate, in such cases, the Inspection Report is not submitted for consideration by the Bar Council. Such a conclusion shall be sent to the Advocate by e-mail or registered letter or, where technically possible, shall be submitted via the Advocates' Self-Service website within 5 working days from the date of its adoption.
26. If circumstances are identified during the inspection that could raise a question regarding the application of mandatory instruction(s) and/or impact measure(s), the Inspection Report is sent to the Advocate by email or registered mail, or, if technically feasible, it is provided through the Advocate's self-service website within 5 working days from the date of its preparation. In such a case, the Advocate shall have the right to submit written explanations and supporting evidence to the Lithuanian Bar Association regarding the Inspection Report within a period of no less than 14 working days from the date of the submission of the Inspection Report to the Advocate. The time limit may be extended at the reasoned request of the Advocate. Failure to provide explanations within the specified period shall not prevent the Bar Council from considering the Inspection Report and resolving the issue of the application of the mandatory instruction (s) and/or sanction (s).
27. The Inspection Report, if the inspection reveals circumstances which may give rise to a question of the imposition of mandatory instruction(s) and/or sanction(s), shall be submitted by the Inspection Team or its member to the Bar Council for consideration at the next meeting of the Bar Council, together with the written explanations of the Advocate, if any, after the deadline for submitting written explanations as set out in paragraph 27 of the Description. The Bar Council shall have the right to have access to all the information gathered during the inspection.
28. The Inspection Report, if the inspection reveals circumstances which may give rise to a question of the imposition of a mandatory order(s) and/or a sanction(s), shall be discussed at a meeting of the Bar Council, at which the Bar Council shall take a decision:
 - 28.1. To issue binding instruction(s) (Article 35 of the Law on AML/CFT);
 - 28.2. To apply the impact measures provided for in the Law on AML/CFT (Article 36(6) of the Law on AML/CFT);
 - 28.3. To issue mandatory instruction(s) (Article 35 of the Law on AML/CFT) and to impose the impact measures specified in the Law on AML/CFT (Article 36(6) of the Law on AML/CFT);
 - 28.4. To carry out an additional inspection;
 - 28.5. In the cases set out in the Law on AML/CFT, to discontinue the investigation of the infringement (consideration of the issue of the imposition of a sanction (s));
 - 28.6. in the event that the application of the impact measures referred to in the Law on AML/CFT will not achieve the objectives of the impact measure, refer the inspection files with the Inspection Report carried out, where a breach (es) of the provision(s) of the Law on AML/CFT is (are) detected, to the Financial Crime Investigation Service for examination no later than within 3 working days of the drawing up of the final inspection report.

29. The Advocate is informed by email or registered mail, or, if technically feasible, through the Advocates' self-service website, about the consideration of the inspection results at a Bar Council meeting if circumstances are identified during the inspection that could raise a question regarding the application of mandatory instruction(s) and/or impact measure(s). In such a meeting, the Advocate shall have the right to participate and provide verbal explanations. The Advocate is informed by email or registered mail, or, if technically feasible, through Advocates' self-service website, about the Bar Council's decision as specified in paragraphs 29.1-29.6 of the Description. In all cases, the decision referred to in paragraphs 29.2 or 29.3 of the Description adopted by the Bar Council shall be sent to the Advocate by registered mail or delivered to the Advocate in person with a signature confirmation of receipt within 3 working days from the date of adoption of the decision.
30. When the Inspection Report is drawn up, the Bar Council may decide to reopen the inspection or to carry out an additional assessment of the same circumstances if new circumstances come to light or if it is necessary to collect additional evidence or to investigate other relevant circumstances. The Advocate is informed about the Bar Council's decision to renew the inspection in accordance with paragraph 19 of the Description.
31. During the inspection, Advocates operating on a partnership basis without establishing a legal entity or establishing a legal entity – a professional community, shall have the right to participate in Bar Council meetings, provide explanations, familiarise themselves with the inspection material and, in accordance with the Law on AML/CFT procedure, the person appointed to organise the implementation of AML/CFT measures and communicate with the Lithuanian Bar, as well as the head of the Advocates' office or professional community.
32. If signs of possible criminal activity are identified during the inspection, the Bar Council is immediately informed about it, and it decides on the transfer of the material collected during the inspection to the pre-trial investigation institution or prosecutor in accordance with the procedure established by legal acts. In such a case, the Lithuanian Bar Association shall suspend, resume or terminate the review in accordance with the procedure laid down in the Law on AML/CFT.
33. In the cases and in accordance with the procedure established by the Law on AML/CFT, information on the inspections conducted by the Lithuanian Bar Association, their results, the sanctions applied, and the mandatory instructions issued (without publishing the Advocate's name, surname, law firm, or professional association) shall be published on the website of the Lithuanian Bar Association, and in the annual report of the Bar Council.

CHAPTER V

FINAL PROVISIONS

34. The Lithuanian Bar Association shall keep the information received from the Advocates related to the monitoring of the Advocates' compliance with the requirements of the AML/CFT legislation for a period not exceeding 5 years.
35. The Lithuanian Bar Association shall ensure the protection of personal data and confidentiality of information received, except in cases where personal data and/or information must be disclosed in order to perform the duties of the Lithuanian Bar Association as a supervisory authority provided for by the legislation, the proper performance of which would be impossible without the disclosure of the said data.
36. In accordance with the procedure set out in the Description, the persons referred to in

paragraphs 4 and 32 of the Description, as well as the authorised representative of the Advocate, shall have the right to have access to the information obtained from the Advocate and third parties during the inspection and in the Inspection Report.