

**GENERAL GUIDELINES**  
**ON THE APPLICATION OF THE LAW ON RESTRICTIVE MEASURES**

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## **1. PURPOSE OF THE GUIDELINES**

The guidelines are adopted based on Art. 6 paragraph 2 of the Law on Restrictive Measures (Official Gazette 133/23, hereinafter referred to as the LRM), and their purpose is to raise the level of awareness and ensure uniform application of the LRM. The guidelines apply to all those obliged to implement the LRM.

The guidelines are intended for all those responsible for the application of restrictive measures in the Republic of Croatia within their scope, to ensure their effective application.

These Guidelines do not amend or replace the provisions of the LRM, and therefore, it is always necessary to consider the relevant provisions of the LRM.

The Council of the European Union has published a document containing [EU Best Practices](#) for the effective implementation of restrictive measures, therefore, in addition to these guidelines, one is also referred to the use of the document of the Council of the European Union. It is published on the website of the United Nations Security Council [international guidelines and standards for the implementation of restrictive measures against terrorism](#), and the information on the implementation of sanctions published on the websites of individual sanctions committees of the UN Security Council is also useful and we recommend it.

## **2. WHAT ARE RESTRICTIVE MEASURES**

Sanctions are instruments of a diplomatic or economic nature that seek to change activities or policies such as violations of international law or human rights or policies that do not respect the rule of law or democratic principles.

## **3. WHO ENACTS RESTRICTIVE MEASURES**

Restrictive measures are adopted by the UN Security Council acting on the basis of Chapter VII of the Charter of the United Nations, the European Union (hereinafter referred to as the EU), and may also be adopted by the Government of the Republic of Croatia. In addition to the application of the UN restrictive measures, the EU independently adopts restrictive measures through decisions and regulations that are binding in all EU member states. The Republic of Croatia can introduce restrictive measures based on the LRM.

### **RESTRICTIVE MEASURES ACCORDING TO UN SECURITY COUNCIL RESOLUTIONS**

In accordance with the Charter of the United Nations, the UN Security Council adopts restrictive measures through resolutions that are binding on all member states of the United Nations (hereinafter referred to as the UN) - [Sanctions | United Nations Security Council](#). The restrictive measures adopted by the UN are binding on all natural and legal persons and entities in the Republic of Croatia from the moment of their adoption.

### **RESTRICTIVE MEASURES ACCORDING TO EU LEGAL ACTS**

The EU, in addition to the restrictive measures adopted by the UN Security Council, also adopts its own autonomous restrictive measures. Information on the restrictive measures adopted by the EU is available at the following link <https://sanctionsmap.eu/#/main>. A comprehensive

search mechanism is enabled on the specified website and detailed explanations of the restrictions in force are provided. In particular, the types of sanctions applicable for a particular geographical area are presented, direct links to relevant legal acts and guidelines on the application of sanctions are given. Additional information on EU sanctions is also available at the following links - [Overview of sanctions and related resources - European Commission \(europa.eu\)](#), [How and when the EU adopts sanctions - Consilium \(europa.eu\)](#)

#### **4. TYPES OF RESTRICTIVE MEASURES**

According to Article 4 paragraph 2 of the LRM, restrictive measures include:

- limitation of asset disposal
- prohibition of entry into the state territory of the Republic of Croatia or prohibition of transit through the state territory of the Republic of Croatia
- complete or partial termination of economic relations
- complete or partial restriction of trade, import, export, transit, provision of services and postal traffic, transport, electronic and other communications
- embargo on arms and military equipment
- severance of diplomatic relations
- other measures in accordance with international and European law

##### **4.1. Restricting disposal with assets**

Restricting the disposal with property is regulated by Article 4 paragraphs 4 to 8 of the LRM. The Measures to limit the disposal of assets are:

1. Freezing of all property and other economic resources that are owned, possessed or otherwise belong to the entity against which the measures are applied or are under its control or supervision, and assets and other resources under the joint or indirect supervision of the entity against which the measures are applied, and freezing of financial resources and assets arising from or arising from financial resources or other assets owned or under the direct control of the entity to which the measures are applied and the financial resources or other assets of persons acting on behalf of or at the behest of the entity to which the measures are applied.

2. Prohibition of access to financial resources and other economic resources and prohibition of making available financial resources and economic resources directly or indirectly to the entity against which the measures are applied, or through connected persons acting in the name or on behalf of the entity.

Assets and other resource are defined in Article 4 paragraph 3 of the LRM, and the freezing of financial resources and the freezing of economic sources are elaborated separately in Article 4 paragraphs 5 and 6 of the LRM.

In the context of restrictions on the disposal of assets, it is important to understand the following terms:

**Resources** → "Resources" means financial resources and benefits of any kind, including but not limited to:

- i. Cash, checks, money claims, bills of exchange, payment orders and other payment instruments;
- ii. Funds invested in financial institutions or other entities, account balances, debts and debt obligations;
- iii. Publicly or privately traded securities and debt instruments, including shares and stocks, certificates of deposit, bonds, promissory notes, guarantees, promissory notes and contracts on derivative financial instruments;
- iv. Interest, dividends or other income from the property or the value that has arisen from or is the product of the property;
- v. Loans, rights of set-off, guarantees, performance bonds or other financial obligations;
- vi. Letters of credit, bills of lading, certificates of ownership transfer; and
- vii. Documents testifying to any share in funds or financial sources.

**Freezing of financial resources** → "Freezing of resources" means preventing any movement, transfer, alteration or use of resources, access to resources or dealing with resources in any way that would result in any change in their scope, amount, location, ownership, possession, character, destination or another change that would enable the use of resources, including portfolio management.

**Economic sources** → "Economic sources" means assets of any kind, whether tangible or intangible, movable or immovable, which do not represent resources, but can be used to obtain resources, goods or services.

**Freezing of economic sources** → "Freezing of economic sources" means preventing the use of economic resources with the aim of acquiring funds, goods or services in any way, including, but not limited to, sale, hire or mortgaging.

**Entry into force of asset freeze** → The legislative framework (for example, an EU Regulation) determines whether transactions started before the entry into force of the restrictive measures (specifically the freezing of assets) are to be carried out. If no explicit exception is prescribed, transactions will not be carried out, even if they were initiated before the entry into force of the restrictive measures. Any contrary contractual provision is void.

**Making financial resources and economic sources available to sanctioned persons** → Making financial resources and economic sources available to sanctioned persons can take several forms and has been widely interpreted by the Court of the European Union. For example, economic sources can be made available through payment for goods and services, as a donation, in order to return (make available) to the sanctioned person the funds previously deposited under the arrangement contract. The circumstance that the economic sources are made available against a fee (which would otherwise be allowed) is therefore not relevant and such arrangements are prohibited.

**In order to** determine whether resources are indirectly made available to sanctioned persons, it is first necessary to determine whether there is "ownership", "possession" or "control". If this is the case, in regard of making resources or economic sources available to entities or groups that are not sanctioned but are owned or controlled by a sanctioned person, entity or group, it will in principle be considered that they are made available indirectly to a sanctioned person, entity or group regardless of the number of intermediaries, their place of residence and regardless of the existence of legally separate contractual obligations. Even if the intermediary is not an entity that is owned or controlled by sanctioned entities or persons, it may, however, indirectly make resources available for the benefit of the sanctioned person.

Natural and legal persons who are required to implement restrictive measures are responsible for providing the information necessary to determine, on a case-by-case basis using a risk-based approach, that the financial resources or economic sources in question will not be used or benefited by the sanctioned person. Criteria to be considered include, but are not limited to:

- Date and nature of the contractual relationships between the entities in question;
- Relevance of the non-sanctioned entity's sector of activity to the sanctioned person or entity;
- Characteristics of resources or economic sources that have been made available, including their possible practical use and ease of transfer to a sanctioned entity or person.
- If it is found that the sanctioned person will benefit from financial resources or economic sources or that such resources or sources are held for the account of the sanctioned person, such resources or sources shall also be frozen.

Financial resources are frozen in order to prevent their movement, transfer, modification or use, as well as access to financial resources or dealing with financial resources in a way that would result in any change in quantity, amount, location, ownership, possession, nature, destination or other change of financial resources which would enable the use of such resources.

Economic sources are frozen in order to prevent their use to acquire financial resources, goods or services in any way and to avoid circumvention of the freezing of financial resources. Those obliged to apply restrictive measures should therefore focus on preventing sanctioned persons or entities from obtaining financial or economic benefits (e.g. funds, goods or services) from economic sources.

The application of restrictive measures does not represent a change in the ownership of frozen resources and economic sources and it differs from the application of measures of confiscation of material gains and confiscation of items prescribed by the Criminal Code<sup>1</sup>.

In principle, the restriction of the disposal of assets should not affect assets and other economic sources that are not owned, possessed, controlled or supervised by or otherwise belong to sanctioned persons or entities.

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<sup>1</sup>Criminal Code (Official Gazette 125/11, 144/12, 56/15, 61/15, 101/17, 118/18, 126/19, 84/21, 114/22, 114/23)

Thus, for example, this does not include assets and other economic sources of an unsanctioned person who is an employer employing a sanctioned person, unless the sanctioned person owns, controls or disposes with them. Similarly, this does not extend to the assets and other economic sources of an unsanctioned entity whose legal personality is separate from the sanctioned person or entity, unless the sanctioned person or entity owns, controls or disposes with them.

**Examples of asset freezing measures →**

1. Debiting frozen accounts is prohibited;
2. Approval (including interest calculation) of frozen accounts is not prohibited, but the approved amount is also frozen;
3. Transmissions are blocked in the place where they are at the time of their identification;
4. Deposited checks are credited to the accounts, and the corresponding amount is frozen;
5. Checks on accounts are suspended pending approval or rejection;
6. Cash withdrawal cards and payment cards are deactivated;
7. Settlement (including offsetting) is prohibited;
8. Purchase and sale transactions are blocked;
9. It is prohibited to deliver goods regardless of existing contractual obligations;
10. Funds from loans and credit lines, received and not yet disbursed, will no longer be approved or disbursed.

**Freezing and closing accounts →**It should be noted that freezing bank accounts does not impose an obligation to close such accounts.

**Transfer of rights →**An unsanctioned creditor of a sanctioned person or entity may, without approval, transfer his financial claims against a sanctioned person or entity to any unsanctioned person or entity. However, a sanctioned person, entity or group listed needs approval to transfer a financial claim from any other person, entity or group to any other person.

**Basic costs →**Basic costs are defined as costs necessary to meet the basic needs of specific natural or legal persons, entities or groups, and include especially payments for food, rent or mortgage, medicine and treatment, taxes, insurance premiums and utility fees. The competent authority evaluates each request on a case-by-case basis to determine whether the costs can be considered basic.

**Unnecessary expenses →**Unnecessary expenses (e.g. multiple subscriptions for the same purpose, luxury expenses, unnecessary travel expenses) are subject to a pre-approval process and are assessed on a case-by-case basis.

**Costs associated with the actual and effective defence of the sanctioned person →**Financial restrictive measures do not affect the right to a real and effective

defence. The EU regulations contain special provisions for the release of funds intended exclusively for the payment of justified fees and reimbursement of incurred costs related to the provision of legal services. In order for the competent authority to be able to determine whether there are reasons for the release of funds, applicants must submit:

- Copy of the power of attorney provided by the client;
- Copy of publicly available documents related to the case in question;
- In case of request for reimbursement of costs: copies of paid invoices;
- Otherwise, an overview of the time spent and incurred costs (records of working hours);
- Copies of airline tickets, receipts for hotel expenses and other similar documents;
- Copies of all other relevant documents.

**Personal use of economic sources** → Personal use of economic sources (e.g. living in one's own home or driving one's own car) by a sanctioned person is not prohibited. In short, property that is suitable only for personal use or consumption and therefore cannot be used by the sanctioned person to obtain funds, goods or services, is not covered by the definition of "economic sources". Therefore, no authorization is required to make them available to a sanctioned person. Domestic supply of utility services such as gas, electricity, water and telephone is not prohibited by EU regulations. If the use of economic sources constitutes an economic activity that could lead to the sanctioned person receiving funds, goods or services (e.g. if the sanctioned person wants to rent his house or his car), this will require prior approval.

**The right to work** → Restrictive measures do not affect the sanctioned person's right to work. However, payment for this work requires approval. Approval in such circumstances should normally require payment to a frozen account. Any cash payment should be expressly authorized. Deductions for social security and taxes may be allowed based on the essential expenses exemption (see above). Approval is also required for making social benefits available to the sanctioned person (for example, unemployment benefits).

**Sanctioned legal persons** → When a legal person is included in the sanctions list or the sanctioned person's control over the legal person is established, the continued existence of such an entity is not prohibited. However, the freezing of its assets will affect its operations and have direct consequences for third parties such as employees, creditors and others who may not have caused the subject to be included in the sanctions list. Dealing with such an entity will generally involve the provision of funds or economic resources and will therefore require prior approval. In order to do business again without any restrictions, it is necessary for the entity to be deleted from the list.

Legal persons under the ownership or control of the sanctioned person may have a significant role in the EU market economy or in certain specific sectors, and in such cases the introduction of a firewall can be supported to prevent the sanctioned person from exercising specific rights associated with the ownership or control of the legal person. The firewall brings about a structural change in the corporate governance of the legal person in order to remove the sanctioned person from the day-to-day operations and business decisions of the administrative and supervisory boards of the legal person and the realized resources and profits.



When setting up a firewall, certain minimum requirements should be taken into account. That we are talking about legal persons that operate in sectors that are considered essential such as food production, medicines, chemicals, water management. And to ensure that the sanctioned person is not involved in the day-to-day business decisions of the legal person, that he does not have the possibility of influencing the legal person or accessing resources and profits.

### **Ownership, possession and control**

Financial resources and economic resources may also be owned by individuals or entities that are not directly included in the sanctions list. Therefore, the terms "ownership", "possession" and "control" should be examined. Each application for approval is evaluated based on the fulfilment of the criteria of ownership, possession and control.

**Property** → The right to use, enjoy and dispose of property in its entirety and freely subject only to those restrictions prescribed by law.

In case of **joint ownership** of a sanctioned person and a non-sanctioned person, the property must be frozen. It is up to the person or entity that is not included in the sanctions list to request approval for the use of such frozen property and/or the dissolution of co-ownership so that its share can be unfrozen. Joint ownership of funds does not negate the requirement of a non-sanctioned person to seek prior approval, although third party assets are not frozen as such by EU regulations.

**Possession** → Possession is the de facto authority over an item, regardless of whether a person is the owner of the item or not. A person can be in possession of an asset, even though he is not its owner. If the owner is a sanctioned person, the asset should be frozen at the time of the implementation of the restrictive measure, even if the person who owns the asset is not its owner.

**Control** → Control is either a legal concept or is determined on the basis of facts. Control is explained in more detail in section 4.1 of the Guidelines. Possession or control should be interpreted as encompassing all situations where, without ownership, a sanctioned person or entity may lawfully dispose of or transfer financial resources or economic sources that it does not possess, without any need for the prior approval of the legal owner.

Freezing measures do not require persons who own or control economic sources owned by a sanctioned person or entity to return such economic sources to their owner, and no authorization is required to continue such possession or control. However, since such economic sources are frozen, any new contract regarding their use or any handling of them requires prior approval.

### **Ownership and control**

For the purpose of applying measures to limit the disposal of assets, it is important to understand and distinguish between the concepts of ownership and control.

## **Ownership**

A legal person or entity is considered to be owned by another person if that person has more than 50% ownership rights in the entity or legal person or if it owns a majority share.

## **Control**

Criteria that should be taken into account when assessing whether a legal person or entity is under the control of another person or entity, or when assessing whether a natural person has control over another person or entity, may include, among other things:

- (a) The right or exercise of the right to appoint or dismiss the majority of members of the administrative, management or supervisory body of a legal person or entity;
- (b) Appointing, solely on the basis of exercising one's voting rights, the majority of members of the administrative, management or supervisory bodies of a legal person or entity who held office in the current and the previous financial year;
- (c) Independent control, based on an agreement with other shareholders in a legal person or entity, or with members of a legal person or entity, of the majority of voting rights of shareholders or members in that legal person or entity;
- (d) The right to exercise a predominant influence on a legal person or entity based on an agreement concluded with that legal person or entity, or on the basis of a provision in the founding agreement or statute of that legal person or entity, where the law governing that legal person or entity allows that legal person or entity to be the subject of such an agreement or provision;
- (e) Authority to exercise the right of predominant influence from point (d), even though this person is not the direct holder of that right;
- (f) Right to use all or part of the property of a legal person or entity;
- (g) Managing the affairs of a legal person or entity on a unified basis with simultaneous publication of consolidated reports;
- (h) Jointly assuming financial obligations of a legal person or entity, or providing guarantees to that legal person or entity;
- (i) Joint ownership of movable property with a natural person;
- (j) Power of attorney or similar authority to represent another natural person, by means of which a natural person can request the transfer of funds that he does not own (e.g. power of attorney for an account);
- (k) Parent or guardian managing the account of a minor or person under guardianship in accordance with applicable national legislation.

If one of the above criteria is met, it is considered that a person or entity is under the control of another person or entity, unless the contrary can be established on a case-by-case basis.

Meeting the above criteria of ownership or control can be contested on a case-by-case basis.

### **Making funds available**

If ownership or control is established in accordance with the above criteria, making funds or economic resources available to unincorporated legal persons or entities that are owned or controlled by said person or entity will in principle be considered as making them available indirectly to the latter, unless it can reasonably be determined, on a case-by-case basis using a risk-based approach and taking into account all relevant circumstances, including the criteria set out below, that the resources or economic sources in question will not be used by or for the benefit of the said person or entity.

Criteria to be considered include, among other things:

- (a) Date and nature of the contractual relationships between the entities concerned (for example, sales, purchase or distribution contracts);
- (b) Relevance of the non-listed entity's sector of activity for the listed entity;
- (c) Characteristics of the resources or economic sources made available, including their potential practical use by the listed entity and ease of transfer to it.

An economic source will not be deemed to have benefited a listed person or entity merely because it is used by an unlisted person or entity to generate profits that could be partially distributed to a listed shareholder or owner of a business interest.

It should be noted that indirectly making resources or economic sources available to listed persons or entities may also include making them available to persons or entities that are not owned or controlled by listed entities.

### **4.2. Prohibition of entry of sanctioned persons into the state territory of the Republic of Croatia or prohibition of their transit through the state territory of the Republic of Croatia**

The prohibition of entry into the state territory of the Republic of Croatia or the prohibition of transit through the state territory of the Republic of Croatia is a measure that prevents persons against whom this restrictive measure has been adopted from entering the state territory of the Republic of Croatia at any border crossing and in any way, whether with the intention of staying there or to just pass through it in transit.

### **4.3. Complete or partial termination of economic relations**

Complete cessation of economic relations means the complete cessation of all economic activities in relation to the country against which such a measure has been introduced. Partial interruption of economic relations represents the interruption of part of the economic activities in relation to the state against which such a measure was introduced.

### **4.4. Complete or partial restriction of trade, import, export, transit, provision of services and postal traffic, traffic, electronic and other communications**

Complete restriction of specific economic activities means the complete cessation of any of them. Partial restriction means their interruption with regard to certain types of goods, services, traffic or communications. When carrying out regular economic activities with countries that are not in the regime of restrictive measures, it is necessary

to pay special attention to determining the end user, with the aim that the regular performance of economic activities is not used to circumvent restrictive measures.

#### **4.5. Embargo on weapons and military equipment**

An arms and military equipment embargo includes a ban on the export of weapons and military equipment to the country against which this measure was introduced. It is especially important that when exporting to countries that are not in the regime of restrictive measures, it is clearly indicated who the end user is, in order to avoid that the exported weapons or military equipment end up in the country against which this restrictive measure has been introduced.

#### **4.6. Termination of diplomatic relations**

Termination of diplomatic relations means the withdrawal of diplomatic personnel and the closure of the diplomatic mission in the country against which this measure is being introduced. Also, such a state is required to have its diplomatic staff leave the country and close its diplomatic mission.

### **5. ENTITIES TO WHICH RESTRICTIVE MEASURES APPLY**

#### **5.1. General**

Entities to whom restrictive measures are applied are natural and legal persons, states, territories and entities, organizations and other entities against whom restrictive measures have been imposed by the relevant documents of the EU, the UN or the Republic of Croatia (sanctioned persons and entities).

#### **5.2. Lists of entities to which restrictive measures apply**

The list of entities to which restrictive measures apply is contained in the consolidated lists of the EU and the UN. These lists are available on the website of the Ministry of Foreign and European Affairs.

[Consolidated EU list](#)

[Consolidated UN list](#)

#### **5.3. Rights of entities to which restrictive measures apply**

##### Who should the entities contact with a request for derogation?

Entities to whom restrictive measures are applied have the right to submit a request for derogation. The request is sent in writing/electronically to the authority which, in accordance with Article 12 of the LRM, is competent to decide on derogations from the application of a particular restrictive measure. The request is sent to the contact point for restrictive measures of the competent authority from Article 12 of the LRM. For informative purposes, information on competent authorities for derogations and their contact points available in section 8.2. of these Guidelines; the information on contact points is published on the authority's website, and entities are advised to consult the competent authority's website for the latest information.

The request for derogation must contain at least:

- Identification data of the applicant
- Information about the restrictive measure for which derogation is requested
- Reasons for which derogation is requested
- Legal basis for the requested approval of derogation
- Reasons for which the applicant considers that the requested derogation should be approved
- Supporting documentation
- Any information about possible court proceedings under way regarding the case
- Information on any previously submitted applications for derogation approval
- If the application is submitted through a proxy - the power of attorney.

Whom should the subjects contact in the event that a specific restrictive measure has been applied to them, and they believe that they are not a person on the list (wrong identification)?

Misidentification (homonyms) occurs in the following cases:

- Person has the same first and last name/title as the listed person, including cases in which the first and last names cannot be distinguished.
- Person has first and last names/name that is slightly different from the first name and/or last name/name of a sanctioned person due to possible use of different alphabets.

In the case of homonyms, the accounts are monitored and all transactions are suspended for a period of ten working days (see section 7.1.1. of these Guidelines under Temporary restriction of disposal).

All natural and legal persons who are faced with the situation of homonyms must without delay collect additional identification data before making any decision and keep a written record of the results of their inquiries. If, after collecting such identification data, it can be clearly demonstrated that it is not the same person, it is not necessary to contact the Ministry of the Interior.

In case of justified suspicion, natural and legal persons should temporarily suspend, for a period of ten working days (see section 7.1.1. of these Guidelines under Temporary restriction of disposal), all transactions on the account until the situation is sufficiently clarified. The limited availability of identification data cannot by itself justify doing business with a listed person or entity. In addition, it does not suffice that the name and surname of the person in question are identical to those of the person included in the list in order to conclude that it is the same person. On the contrary, other identifying information can clearly show that they are indeed two different people. For example, such identifying

information may reveal a different geographic location, different occupations or professions, different dates of birth or different ID numbers.

In the event that a measure has been applied against a natural person who believes that his or her identity has been incorrectly established, that natural person will address the request to the implementer who applied the restrictive measure in question. If the implementer who applied the restrictive measure finds it dubious whether the client is indeed a sanctioned person/entity, he should use all the sources available to him to determine the identity of that client. If he cannot solve the query, he shall contact the Ministry responsible for internal affairs in order to determine the exact identity of the natural person.

In case of a legal person or other entity that believes that there was an error in determining its identity, the implementer shall, at the request of the legal person or other entity in question to check and determine their true identity, contact the court or other authority responsible for keeping the appropriate register.

Competent authorities (Ministry responsible for internal affairs and municipal or commercial courts, and other competent authorities) shall inform the implementer and the Standing Group about the established facts related to the determination of the true identity, and the implementer shall notify the established facts and the justification of the request to the natural or legal person or other entity in question. It is not possible to appeal against the notification of the established facts about identity verification, but it is possible to initiate a legal dispute before the municipal or commercial court with subject-matter and local jurisdiction.

When it comes to the measure of restricting the disposal of real estate or business shares, which is applied by municipal or commercial courts through a decision on entering an appropriate note in the land register or the companies register, the natural and legal person or other entity believing that its identity has been incorrectly established can use a legal remedy against the decision to enter a note in the land register or companies register.

#### Deletion from the sanctions list

Deletion from the sanction list is appropriate in those cases in which the criteria for inclusion on the sanction list no longer apply. This includes situations such as when there is evidence of wrong listing, there is a relevant change in the factual situation, additional evidence comes to light, or when a person dies or a listed entity is wound up.

#### Removal from the EU sanctions list

The permanent group can, on the basis of collected information, knowledge and analysis of competent or other relevant bodies, determine that the reasons for sanctioning a natural or legal person and other entities from the EU sanctions list have ceased. In that case, the Permanent Group, with the consent of the Government of the Republic of Croatia, shall propose, through the ministry

responsible for foreign affairs, deletion from the sanctions list of the Council of the EU.

Persons and entities from the Republic of Croatia may submit a request for deletion from the EU sanctions list to the Standing Group at:

Ministry of Foreign and European Affairs of the Republic of Croatia  
Att. Standing Group for the Application and Monitoring of the Implementation of Restrictive Measures  
Trg Nikole Šubića Zrinjskog 7-8, Zagreb  
e-mail: sankcije@mvep.hr

Natural and legal persons and other entities that are on the sanctions lists can also send a request for deletion from the sanctions list to the Council of the EU at the following address:

**Council of the EU**  
General Secretariat  
175, Rue de la Loi  
B-1048 Brussels – Belgium  
[sanctions@consilium.europa.eu](mailto:sanctions@consilium.europa.eu)

#### **A special case<sup>2</sup>:**

**European Commission**  
"Restrictive measures"  
200, Rue de la Loi  
B-1049 Brussels – Belgium

#### Deletion from the sanctions list of the UN Security Council

Interested natural or legal persons or other entities and persons connected to them who are on the sanctions lists of the UN Security Council may submit a substantiated request for deletion to the Standing Group through the ministry responsible for foreign affairs.

The request is to be submitted to:

Ministry of Foreign and European Affairs of the Republic of Croatia  
Att. Standing Group for the Application and Monitoring of the Implementation of Restrictive Measures  
Trg Nikole Šubića Zrinjskog 7-8, Zagreb  
e-mail: sankcije@mvep.hr

The request should contain as a minimum:

- Identification data of the applicant
- Reasons for which deletion is requested

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<sup>2</sup>Regulation (EU) no. 881/2002 of May 27, 2002, Articles 7 and 7a

- Supporting documentation
- All information related to any court proceedings that are conducted regarding the case
- Information on possibly previously filed requests for deletion
- If the request is submitted through a proxy, a power of attorney

The Standing Group can, on the initiative of an interested natural or real person or other entity, as well as on the basis of collected information, knowledge and analysis of competent authorities or other relevant bodies, determine that the reasons for sanctioning a natural or legal person or other entity included in the sanctions list of the UN Security Council have ceased to exist based on resolutions 1267 (1999), 1718 (2006), 1737 (2006), 1989 (2011) and 1988 (2011).

In that case, the Standing Group, through the ministry responsible for foreign affairs, will submit to the Government of the Republic of Croatia for approval a proposal to revoke the decision on restrictive measures in relation to specific natural and legal persons and other entities. With the consent of the Government of the Republic of Croatia, the Standing Group will, through the ministry responsible for foreign affairs, propose deletion from the sanctions list to the UN Security Council.

The ministry in charge of foreign affairs will inform the natural or legal person or other entity that, based on Article 9 of the JMO, is included in the sanctions list of the UN Security Council according to Resolution 1267 (1999), of its right to submit a request for deletion from the sanctions list to the Standing Group or directly to the Office of the UN Ombudsperson (Office of the Ombudsperson) or according to other sanctions regimes to the Central Point established by Resolution 1730 (2006).

The format in which to submit a request for deletion to the Office of the Ombudsman (for the sanctions regime according to UN Security Council Resolution 1267 (1999) is not prescribed, but it is necessary to include all required information. It is preferable that the request be in one of the six official languages of the UN (Arabic, Chinese, English, French, Russian or Spanish), but those in other languages will also be accepted. The address to which the request is to be sent is:

**United Nations**

Mr. Richard Malanjum Office of the Ombudsperson to the ISIL (Da'esh) and Al-Qaida Sanctions Committee (DPPA)

UN PO Box 20

New York, NY 10017 United States of America

Tel: +1 212 963 2671E-mail:[ombudsperson@un.org](mailto:ombudsperson@un.org)

The request should contain:

- Identification data of the applicant
- Reasons for which deletion is requested
- Supporting documentation



- Information about possible earlier court proceedings that are conducted regarding the case
- Information about possible previously filed deletion requests
- If the request is submitted through a proxy, a power of attorney

More details at: [For Future Petitioners | United Nations Security Council](#)

For the sanctions regimes established by resolutions 751 (1992) and 1907 (2009) regarding Somalia and Eritrea, 1518 (2003), 1533 (2004) regarding the Democratic Republic of Congo, 1591 (2005) regarding Sudan, 1636 (2005), 1718 (2006) regarding North Korea, 1970 (2011) regarding Libya, 1988 (2011), 2048 (2012) regarding Guinea-Bissau, 2127 (2013) regarding the Central African Republic, 2140 (2014), 2206 (2015) regarding South Sudan, 2374 (2017) regarding Mali, and 2653 (2022) regarding Haiti, the request shall be submitted to the contact point established by the Council Resolution UN Security Council 1730 (2006).

The address to which such a request is to be sent is:

Focal Point for De-listing  
 Security Council Subsidiary Organs Branch  
 Room DC2 2034  
 United Nations  
 New York, NY 10017  
 United States of America  
 Tel. +1 917 367 9448  
 Fax. +1 917 367 0460  
 E-mail: [delisting@un.org](mailto:delisting@un.org)

The procedure is explained in detail at:

[Microsoft Word - Flowchart DL process ENGLISH Word \(un.org\)](#)

Deletion from the sanctions list based on the decision of the Government of the Republic of Croatia based on Resolution 1373 (2001) of the UN Security Council

Natural or legal persons, i.e. other entities and persons connected to them, to whom restrictive measures are applied based on the decision of the Government of the Republic of Croatia on the basis of Resolution 1373 (2001) of the UN Security Council, may submit a substantiated request to the Standing Group for deletion through the ministry responsible for foreign affairs.

The request is to be submitted to:

Ministry of Foreign and European Affairs of the Republic of Croatia  
 Att. Standing Group for the Application and Monitoring of the Implementation of Restrictive Measures  
 Trg Nikole Šubića Zrinjskog 7-8, Zagreb  
 e-mail address: [sankcije@mvep.hr](mailto:sankcije@mvep.hr)

The request should as a minimum contain:

- Identification data of the applicant
- Reasons for which deletion is requested
- Supporting documentation
- Information about possible earlier court proceedings that are conducted regarding the case
- Information about possible previously filed deletion requests
- If the request is submitted through a proxy, a power of attorney

The Standing Group, at the initiative of an interested natural or legal person or other entity, and on the basis of collected information, knowledge and analysis of the competent authorities or other relevant authorities, in the event that the request for deletion is justified, will through the ministry responsible for foreign affairs propose to the Government of the Republic of Croatia the cancellation of the decision on restrictive measures in relation to these specific natural and legal persons and other entities. Also, the Standing Group may, on the basis of the collected information, knowledge and analysis of competent or other relevant bodies, determine that the reasons for the application of restrictive measures in relation to specific natural or legal persons and other subjects have ceased, and then, through the ministry responsible for foreign affairs, propose to the Government of the Republic of Croatia the cancellation of the decision on restrictive measures in relation to such specific natural and legal persons and other entities.

The Ministry in charge of foreign affairs will inform the natural or legal person or other subject against whom restrictive measures have been imposed pursuant to Resolution 1373 (2001) of the United Nations Security Council on the basis of Article 10 of the LRM, about his right to submit a request for the cancellation of such measures.

## **Legal remedies**

### Against EU Regulation

Court of the European Union

L - 2925 Luxembourg

[https://curia.europa.eu/jcms/jcms/T5\\_5133/en/](https://curia.europa.eu/jcms/jcms/T5_5133/en/)

The General Court of the European Union decides on the request for annulment of the act introducing financial restrictive measures. The appeal against the judgment of the General Court is heard by the Court of Justice of the European Union (CEU).

It should be pointed out that the annulment of acts introducing restrictive measures (against a person, subject, group or body) comes into force only after the judgment of the General Court, unless expressly stated otherwise in the judgment. The effects of all acts annulled in the first instance are retained until the expiry of the deadline for submitting an appeal to the Court of the European Union (two months and ten

days from the notification of the judgment). During this period, the competent institution of the Union can correct established violations and adopt new restrictive measures in relation to natural and legal persons, subjects or groups to which the annulment applies. Alternatively, the competent institutions may file an appeal, in which case the restrictive measures will remain in force until the outcome of the appeal. After the specified period of two months and ten days, if the institutions of the Union do not file an appeal and if the violations established by the General Court are not corrected, the restrictive measures against that person or entity shall cease.

### **Free legal assistance in proceedings before the General Court of the European Union**

In order to ensure effective access to justice, legal aid is granted for proceedings before the General Court of the European Union. Legal aid covers, in whole or in part, the costs of legal aid and representation by a lawyer in proceedings before the General Court. The General Court is to bear such costs. Any natural person who, due to their financial circumstances, cannot fully or partially pay the above-mentioned costs has the right to legal assistance. Their financial situation is assessed taking into account objective factors such as income, capital and family situation. Free legal aid is refused if the claim for which the request was submitted appears to be manifestly inadmissible or manifestly unfounded.

A request for free legal aid can be submitted before or after the filing of a claim with the General Court. The application is not to be submitted through a lawyer.

The application for free legal aid must be accompanied by all data and supporting documentation that enable the assessment of the applicant's financial situation, such as a certificate from the competent national authority confirming his financial situation.

If the lawsuit is filed before the lawsuit is filed with the General Court, the plaintiff must briefly state the subject of the proposed lawsuit, the facts of the case and the arguments in support of the lawsuit. Supporting documents are attached to the request for this purpose.

More information is available at: [https://curia.europa.eu/jcms/jcms/Jo2\\_7039/en/](https://curia.europa.eu/jcms/jcms/Jo2_7039/en/)

## **6. CONNECTED PERSONS**

The identification of connected persons is of great importance because the assets of persons in relation to whom restrictive measures have been introduced are often formally owned by third parties who are connected to them in one or more ways, and are de facto under their control. Establishing the connection, after which the connected person falls under the same measures as the sanctioned person or entity and the original person against whom the measures were introduced, ensures the implementation of the restrictive measures in full, and prevents their circumvention.

A connected person is a person who, directly or indirectly through one or more intermediaries, has control over the entity covered by the measures or is under its control.

Those obliged to apply restrictive measures must take into account the fact that a legal person that is owned or controlled by a sanctioned person or entity does not necessarily have to be on the sanctions list and therefore must determine whether the legal person or entity is under the control of a sanctioned person or entity.

The criteria that should be taken into account when assessing whether a legal person or entity is under the control of another person or entity, or when assessing whether a natural person has control over another person or entity, are explained in more detail in chapter 4.1. of these Guidelines.

To the greatest extent possible, the implementers are obliged to independently determine whether such persons are connected persons, and in the case of establishing control, implement restrictive measures against the controlled person as well (except in the case of derogation from the restrictive measure based on the approval of the competent authority). Furthermore, when implementers suspect that persons are connected to i.e. controlled by sanctioned persons, they can also exercise the authority from Article 8 paragraph 19 of the LRM to temporarily (for a maximum of ten working days) limit the disposal with economic sources and financial resources. If, after the expiration of the period of ten working days, the implementers determine that economic sources, financial resources or a specific person are under the control of a sanctioned person, and consequently subject to restrictive measures, they are obliged to apply that restrictive measure. If, after the expiration of ten working days, the implementers do not find that economic sources, financial resources or a specific person are under the control of a sanctioned person, the temporary restriction on the disposal of economic sources and financial resources shall end.

After the implementers have taken all the necessary steps to independently determine to the greatest extent possible whether persons are connected, and if they fail to determine with certainty, but there is still justified suspicion that such persons are connected persons, they shall inform the Standing Group about this at:

Ministry of Foreign and European Affairs of the Republic of Croatia  
Att. Standing Group for the Application and Monitoring of the Implementation of Restrictive Measures  
Trg Nikole Šubića Zrinjskog 7-8, Zagreb  
e-mail address: sancije@mvep.hr

## **7. IMPLEMENTERS OF RESTRICTIVE MEASURES IN ACCORDANCE WITH LRM**

### **7.1. Obligations of implementers to act in accordance with the provisions of the LRM**

Article 8, paragraph 1 of the LRM provides that all natural and legal persons, state administrative bodies and all other entities (required to apply restrictive measures) are obliged to act in accordance with the provisions of the LRM. This expression clearly stipulates that all natural and legal persons and public authorities in the Republic of Croatia are responsible for the application of restrictive measures. Natural persons engaging in registered activities, legal persons, state administrative bodies and other entities are obliged to ensure direct application of restrictive measures within their scope without delay. Direct application means that those responsible for the application of restrictive measures are obliged to check their operation for whether they are doing business in any way with a subject against whom restrictive measures have been introduced, and, if they find that it is such a subject, to apply the specific measure directly. Article 8 paragraph 3 of the LRM elaborates in detail the powers of state administration bodies and legal persons with public powers.

After the entry into force of the restrictive measures, they have priority over all contractual obligations that were undertaken before the entry into force of the specific restrictive measure. Thus, the restrictive measures apply regardless of any rights granted or obligations assumed through any contract that entered into force before the entry into force of the measures, and exclude the completion of activities to fulfil the contracts entered into before the entry of the measures into force.

In order to ensure the timely application of restrictive measures, implementers are required to monitor changes in sanction lists regularly and in real time and to integrate the procedures for implementing restrictive measures into their own business models. There is no single model for the implementers of restrictive measures that would suit them all. Every implementer is obliged to establish a model for the application of restrictive measures appropriate to its scope of work and the complexity of its operations. In situations of complex business models, it will be necessary to establish automated checks of sanction lists.

When the sanctions are lifted in their entirety or in relation to certain sanctioned persons or entities, that is, when the UN Security Council and/or the EU Council decide to lift the sanctions, the applied restrictive measure is also lifted. Those obliged to apply the restrictive measures are obliged to implement the decision on the termination of the restrictive measure autonomously and without delay.

### **7.1.1. Application of measures**

#### **Restriction of asset disposal**

All natural and legal persons, state administrative bodies and other subjects shall, without delay and without prior notice, apply a measure to restrict the disposal with property if that property is owned, possessed or otherwise belongs to the subject to which the measures are applied, or if that property is under the control or supervision of such a subject. Municipal and commercial courts (real estate and business shares) and individual state bodies are responsible for the application of the measure limiting

the disposal of a certain type of property, as prescribed in Article 8 paragraph 3 of the LRM.

In chapter 4.1., these Guidelines clarify the purpose of freezing financial resources and economic sources, and it is pointed out that the freezing includes all funds and economic resources that belong to or are owned by sanctioned persons and entities, as well as those that such persons or entities own or have at their disposal.

The entity implementing the freezing is obliged to ensure that the frozen financial resources or economic sources are not managed in such a way that they lose value unnecessarily.

Interest or other income arising from a frozen account may be credited to the account provided that such funds must immediately be frozen.

Entities in regard of whom the supervision of the application of restrictive measures is carried out shall document the processes in order to preserve evidence of the verification of persons in relation to relevant sanction list.

If the data on a sanctioned person or entity only contains the name of that person or the name of the entity, in practice there may be problems in their accurate determination because there may be a large number of possible recognized persons or entities. That is why it is important to determine additional information for identification, for example for natural persons - date and place of birth, other names, nationality, address, identification number or passport number, etc., and for legal persons full name, registered office, etc.

#### Obligation to apply restrictions on disposing with assets independently and without delay

All natural and legal persons and other entities are obliged to continuously monitor the website of the ministry responsible for foreign affairs, on which information is published without delay on the entry into force of the restrictive measures from Article 4, paragraph 1 of the LRM, and their termination. together with a link to the valid sanctions lists of the UN Security Council and the Council of the EU, as well as a link to the restrictive measures from Article 4 paragraph 1 sub-paragraphs 3 and 4 of the LRM.

The Ministry responsible for foreign affairs also sends this information without delay to the contact points of the competent authorities from Articles 8, 12 and 13 of the LRM, who also transmit this information without delay on their websites, and the authorities from Article 8 of the LRM implement restrictive measures without delay.

In order to make implementation easier for implementers, and to ensure the application of restrictive measures in the Republic of Croatia without delay, the ministry responsible for foreign affairs maintains an electronic database on restrictive measures (under construction, expected completion in May 2024), which contains updated measures from Article 4 paragraph 1 of the LRM, available on the website of the ministry responsible for foreign affairs, which implementers can download in machine-readable form.

The above data is available here:

- Posts: <https://mvcp.gov.hr/vanjska-politika/medjunarodne-mjere-ogranicavanja/22955>
- Electronic database: under construction - expected completion May 2024.

In relation to the measures that restrict disposing with assets, implementers are obliged to regularly and in real time monitor changes in the sanctions lists (adding legal and natural persons and other entities to the list, as well as deleting them from the list), and upon publication of the information on the website of the ministry responsible for foreign affairs concerning the entry into force of the restrictive measures as referred to in Article 4 paragraph 1 of the LRM, they are obliged without delay to:

- Carry out a check of updated lists and compare the lists with the assets they hold and the business and other relationships they potentially have with the persons on the lists
- Ensure the freezing of the assets of the persons on the lists and implement the required restriction or prohibition of doing business with the sanctioned person
- Inform the ministry responsible for foreign affairs about the freezing of assets (see section 7.1.2. of these Guidelines).

Depending on the implementer's business model and the method of monitoring the restrictive measures set up by the implementer, it can upload the electronic database that is available on the website of the ministry responsible for foreign affairs and contains updated sanction lists, and use it for their own automated data processing (checks).

In order for implementers to be notified of updates to the sanctions lists in a timely fashion, the website of the ministry in charge of foreign affairs contains the functionality of (free) registration for receiving notifications about changes to the sanctions lists (announcements of the entry into force of restrictive measures and updates to the sanctions lists). RE's who do not use their own solutions for automatic checks of sanctions lists or commercial solutions offered by third parties are expected to register to receive such notifications.

Instructions for using the registration functionality can be found here: under construction - expected completion May 2024.

Queries to download the electronic database can be found here: under construction - expected completion May 2024.

#### Notifying the sanctioned person about the freezing of assets

Natural and legal persons who are required to implement restrictive measures are advised to notify the sanctioned person or persons against whom the measure was applied after the restrictive measure has been applied.

- Temporary restriction of disposal

Natural persons performing a registered activity, legal persons, state administrative bodies and other entities may temporarily restrict the disposal with economic sources

and financial resources when it is necessary to verify information about a specific person or funds, including obtaining additional data, information and documentation in the country and abroad or when there are reasons to suspect that economic sources, financial resources or a certain person are subject to restrictive measures. If, after the expiry of the period of ten working days, the said implementers determine that economic sources, financial resources or a specific person are subject to restrictive measures, they are obliged to apply that restrictive measure.

Economic entities should not enter into a business relationship with any person or entity whose identification data exactly matches the available identification data for a sanctioned person or entity, unless it is clear that it is not a sanctioned person or entity. Doing business with a sanctioned person or entity cannot be justified with the limited availability of identification data.

The obligation to apply the termination of the measure to restrict disposing with assets, independently and without delay

On the website of the ministry responsible for foreign affairs, information on the entry into force of the restrictive measures from Article 4 paragraph 1 of the LRM, together with a link to the valid sanctions lists of the UN Security Council and the Council of the EU, is published without delay, as well as a link to restrictive measures from Article 4 paragraph 1 sub-paragraphs 3 and 4 of the LRM. This data also includes data on the deletion of persons from the sanctions list, including notifications of deletion from the sanctions list based on the decision of the Government of the Republic of Croatia based on Resolution 1373 (2001) of the UN Security Council.

Just as implementers receive information on updating sanction lists (in the sense of adding persons to sanction lists) through the website of the ministry in charge of foreign affairs and the subscription functionality and updated electronic database, they also receive information on the deletion of persons from sanction lists through the same means. The above data is available here:

- Posts: <https://mvep.gov.hr/vanjska-politika/medjunarodne-mjere-ogranicavanja/22955>
- Electronic database: under construction - planned completion May 2024.

In relation to the measures to restrict the disposal of assets and the situation in which certain persons are deleted from the sanctions lists, implementers are obliged to monitor changes in the sanctions lists regularly and in real time, and after the information about the deletion of persons from the sanctions lists has been published on the website of the ministry responsible for foreign affairs, they are obliged without delay to:

- Carry out a check of the updated lists and compare the lists with the data on the sanctioned persons against whom the asset freezing measure was implemented,
- Without delay, unfreeze the assets of persons who have been deleted from the sanctions list and revise the implemented restrictions or bans on doing business with such persons
- Inform the ministry responsible for foreign affairs about the unfreezing of assets (see section 7.1.2 of the Guidelines).



Depending on the implementer's business model and the method of monitoring the restrictive measures established by the implementer, the implementer can upload the electronic database that is available on the website of the ministry responsible for foreign affairs and contains updated sanction lists, and use it for their own automated data processing (checks), in order to determine whether the persons against whom they implemented asset freezing measures are still on the sanctions lists.

#### Notifying the previously sanctioned person about the unfreezing of assets

Natural and legal persons who are required to implement restrictive measures are advised to notify the person or persons against whom the measure was previously applied, and in the case when the person was removed from the sanction list, after the restrictive measure has ceased to be applied.

#### **Prohibition of entry of sanctioned persons into the state territory of the Republic of Croatia or prohibition of their transit through the state territory of the Republic of Croatia**

The Ministry of the Interior is primarily responsible for the application of this measure, which, in the event that a person against whom this restrictive measure has been introduced tries to enter the state territory of the Republic of Croatia, will prevent such an attempt, regardless of the type of border crossing. Also, the issuance of visas will not be approved for persons against whom this restrictive measure has been introduced.

#### **Complete or partial termination of economic relations**

The Ministry of Foreign and European Affairs is primarily responsible for the application of this measure.

#### **Complete or partial restriction of trade, import, export, transit, provision of services and postal traffic, traffic, electronic and other communications**

The Customs Administration is primarily responsible for the application of this restrictive measure in terms of import, export and transit, and its employees, in the performance of their daily work, are obliged to follow all valid restrictive measures concerning specific products or certain types of products, and to prevent any import, export or transit.

Anybody that, in accordance with its scope and powers, supervises or regulates service activities in the Republic of Croatia is responsible for the application of this measure with regard to the provision of services. These bodies are obliged to promptly communicate to the service providers within their scope, if the restrictive measure refers to the services they provide, that the provision of a specific service must be refused.

#### **Embargo on weapons and military equipment**

The Ministry for Economic Affairs and Sustainable Development that is the coordinator of the Commission for Military Goods, is primarily responsible for the application of this measure. If this measure has been introduced for a country, the Commission for

Military Goods will not issue approvals for the export of weapons or military equipment to such a country.

Also, as part of the performance of their duties, the employees of the Customs Administration will make sure that there is no illegal export of such goods.

### **Termination of diplomatic relations**

The Ministry of Foreign and European Affairs is primarily responsible for the application of this measure, by sending a notification to the country with which diplomatic relations are terminated and requiring it to close its diplomatic mission and withdraw its diplomatic staff, and carrying out the necessary activities to close the diplomatic mission of the Republic of Croatia and withdraw diplomatic personnel.

#### **7.1.2. Notifications**

According to Article 8 paragraph 24 of the LRM, all implementers are obliged to report the application of restrictive measures to the Ministry of Foreign and European Affairs that keeps the Data Collection concerning the restrictive measures and natural and legal persons and other entities to which the restrictive measures apply. The Data Collection was established through the Decision of the Government of the Republic of Croatia, with a reporting form attached. The form should be sent to: [sankcije@mvep.hr](mailto:sankcije@mvep.hr).

#### **[Decision on the establishment, content and use of the Data Collection concerning restrictive measures, natural and legal persons and other entities to which the restrictive measures apply \(nn.hr\)](#)**

In addition to reporting to the Ministry of Foreign and European Affairs, implementers are also required to report on the applied measure to the supervisory body from Article 13 of the LRM that is in charge of supervising such an entity.

The implementers who are supervised by the Croatian National Bank in accordance with the LRM shall submit all notifications in accordance with Article 8 paragraph 24 of the LRM to: [sankcije@hnb.hr](mailto:sankcije@hnb.hr).

The implementers who are supervised by the Financial Inspectorate in accordance with the LRM shall submit all notifications in accordance with Article 8 paragraph 24 of the LRM to: [sankcije.fi@mfin.hr](mailto:sankcije.fi@mfin.hr).

The implementers who are supervised by the Croatian Financial Services Supervisory Agency in accordance with the LRM shall submit all notifications in accordance with Article 8 paragraph 24 of the LRM to: [sankcije@hanfa.hr](mailto:sankcije@hanfa.hr).

In addition to the above obligations, another relevant body shall be notified if such an obligation is prescribed by an EU regulation (Article 8 paragraph 25 of the LRM).

#### **Publication of information on the entry into force of restrictive measures**

The ministry responsible for foreign affairs shall announce without delay on [its](#) website the information on the entry into force of the restrictive measures with a link to the

relevant sanction lists, and shall report it to the contact points of the competent authorities in accordance with Article 7 paragraph 6 of the LRM.

The contact points of the competent authorities shall publish and maintain an updated link to the website from Article 7 paragraph 3 of the LRM on their websites.

### **7.1.3. Proceeding in case of suspected violation or evasion of restrictive measures (Article 8, paragraph 26 of the LRM)**

All persons required to act according to the LRM shall, without delay or at the latest on the first working day after becoming aware of their existence, report the circumstances that indicate the possibility of violation or evasion of restrictive measures, including when there is a suspicion that the restrictive measures are being violated or avoided through connected persons, or when they are in possession of the information of interest to the competent authorities for the implementation of restrictive measures, to the competent body that in accordance with Article 8 of the LRM is responsible for the implementation of such restrictive measures.

It is expected that implementers independently and without delay apply the restrictive measures in the part under their control (for example, the property of the sanctioned person held by the implementer). However, Article 8 paragraph 26 of the LRM refers to notifications to the competent authorities responsible for the implementation of restrictive measures. This paragraph primarily applies to situations when implementers have information that would enable such authorities to apply restrictive measures within their jurisdiction, for example through reporting information that would enable the ministry in charge of transport to identify and freeze a vessel owned by a sanctioned person.

When it comes to the possibility of violation or evasion of restrictive measures, implementers are warned that this is a criminal offense which, in accordance with the provisions of the Criminal Code, shall be reported to the competent authorities for criminal prosecution (State Attorney's Office, Ministry of the Interior).

## **8. AUTHORITIES IN CHARGE OF REQUESTS FOR DEROGATION AND OTHER REQUESTS**

### **8.1. Exemptions**

In Article 4, paragraph 10, the LRM stipulates that exemptions from the application of the measures of restriction require approval by the competent authority, since such exemption is regulated in the legal act that introduced the restrictive measures. When the implementer of a particular measure finds that a specific exemption is prescribed in the legal act introducing a particular restrictive measure, he shall apply it without asking the competent authority for approval.

This is the main difference between exemption and derogation. In contrast to exemptions, which are expressly prescribed in the legal acts through which the

restrictive measure was introduced, derogations require approval of the competent authorities, which shall issue them in accordance with the criteria prescribed in the legal acts through which the restrictive measure was introduced.

## **8.2. Derogations**

**8.2.1. Contact points of the authorities competent for the approval of derogations from the application of specific restrictive measures from Article 4 paragraph 2, items 1 to 3 and 5 to 7 of the LRM, as well as for issuing other necessary approvals in connection with the application of such restrictive measures, and for making decisions on other requests of natural and legal persons in connection with the application of such measures:**

1. For restricting the disposal with economic sources and financial resources
  - a. Vessels and maritime facilities - ministry responsible for transport - [restrictions@pomorstvo.hr](mailto:restrictions@pomorstvo.hr)
  - b. Aircraft - ministry responsible for transport - [restrictions@pomorstvo.hr](mailto:restrictions@pomorstvo.hr)
  - c. Railway vehicles - ministry responsible for transport - [restrictions@pomorstvo.hr](mailto:restrictions@pomorstvo.hr)
  - d. Registered and marked vehicles - ministry responsible for internal affairs jobs - [sankcije@mup.hr](mailto:sankcije@mup.hr)
  - e. Civilian weapons - ministry responsible for internal affairs - [sankcije@mup.hr](mailto:sankcije@mup.hr)
  - f. Real estate - ministry responsible for justice – [sankcije@mpu.hr](mailto:sankcije@mpu.hr)
  - g. Business shares and stocks - ministry responsible for justice - [sankcije@mpu.hr](mailto:sankcije@mpu.hr)
  - h. Financial resources - ministry responsible for finance - [sankcije@mfin.hr](mailto:sankcije@mfin.hr)
2. For denying entry into the state territory of the Republic of Croatia or denying transit through the state territory of the Republic of Croatia - the ministry responsible for internal affairs - [sankcije@mup.hr](mailto:sankcije@mup.hr)
3. For complete or partial termination of economic relations - ministry responsible for foreign affairs - [sankcije@mvep.hr](mailto:sankcije@mvep.hr)
4. For embargo on arms and military equipment - ministry responsible for economic affairs – [sankcije@mingor.hr](mailto:sankcije@mingor.hr)

**8.2.2. Contact points of the authorities competent for the approval of derogations from the application of specific restrictive measures from Article 4 paragraph 2, sub-paragraph 4 of the LRM and for deciding on other necessary approvals in connection with the application of such restrictive measures, as well as for deciding on the requirements of physical and legal persons in connection with the application of such restrictive measures:**

1. For trade, import, export, transit and services - ministry responsible for the economy - [sankcije@mingor.hr](mailto:sankcije@mingor.hr)
2. For transport - ministry responsible for transport - [restrictions@pomorstvo.hr](mailto:restrictions@pomorstvo.hr)
3. For postal traffic and electronic communications - Croatian Regulatory Agency for Network Activities - [sankcije@hakom.hr](mailto:sankcije@hakom.hr).

As regards the proceeding of the authorities mentioned in 8.2.2. of these Guidelines concerning dual-purpose goods, the ministry responsible for foreign affairs shall decide on derogations – [sankcije@mvep.hr](mailto:sankcije@mvep.hr)

### **Processing time**

The competent authorities from section 8.2.1. of the Guidelines shall inform the applicants of their decision as soon as possible. However, the processing time depends on the complexity of the request and the status of the case. Incomplete applications will not be processed until all required documentation is received. Furthermore, depending on the complexity of the case, additional consultations are often required between the competent authorities, within the competent authorities and with the services of the European Commission.

### **Supporting documents/forms**

Applicants shall submit a request for approval of derogation using the form that is available on the websites of the competent authorities mentioned in section 8.2.1. of the Guideline.

### **Can a copy of the approval be sent to third parties?**

Regardless of applicable confidentiality and non-disclosure rules, applicants may forward a copy of the authorization to third parties that are obviously connected to the transaction. It is necessary to consult with the competent authority that issued the approval before forwarding the document to parties not obviously connected to the transaction (for example, foreign government authorities). In case of doubt, it is necessary to consult with the competent authority that issued the approval.

### **Amendment and validity of approval**

Approvals are issued based on the information and documents submitted during the application process. It follows that the applicants are obliged to a) inform the approving competent authority of any changes that could alter the evaluation parameters on the basis of which the approval was issued and, if necessary, (b) submit a new application with all necessary and/or useful supporting documents and information. If the authorization is issued on the basis of the information that turns out to be incorrect, the authorization shall be considered null and void. In the event of a change in the circumstances on the basis of which the approval was issued, the competent authority that issued the approval may withdraw or amend the approval.

### **Deletion of the approved person and/or entity from the sanctions list**

In the case of deletion of an approved person and/or entity from the sanctions list, it is no longer necessary to require authorization to carry out transactions involving that person and/or entity. The approval therefore ceases to be valid on the date of actual delisting.<sup>3</sup> It is recommended to keep a copy of the approval and all related documentation in case of inspections or inquiries related to the period during which the approval remains valid.

### **What to do if the approval is denied?**

The competent authority shall state the reasons for the denial. In case of denial, the applicant is strictly forbidden to carry out the transactions for which the derogation approval was requested. However, if the applicant wants the competent authority to reconsider its decision, it must submit an analysis based on new facts and information and attach all relevant documentation.

### **Miscellaneous**

A properly worded request for authorization in the context of a special regime of restrictive measures shall not relieve the applicant from the obligation to submit prior notification or obtain prior approval, as may be required by other legislation unrelated to restrictive measures, either at the national or European levels.

The approval procedure does not challenge the need for regular procedures to determine the validity of a claim against a sanctioned person or entity, and the approval shall not grant the right of ownership.<sup>4</sup>

Requests or inquiries related to restrictive measures imposed by other Member States or third countries are not under the jurisdiction of the competent authorities of the Republic of Croatia; the applicants should, therefore, contact the competent authorities of the respective Member States or third countries.

## **9. AUTHORITIES RESPONSIBLE FOR SUPERVISING THE IMPLEMENTATION OF RESTRICTIVE MEASURES**

### **9.1. General**

Supervisory authorities are responsible for supervising the effective implementation of restrictive measures by the entities they supervise and are obliged to implement measures to ensure the compliance of the entities they supervise.

### **9.2. Information on the contact points of the competent authorities referred to in Article 13 of the LRM**

The supervisory bodies for the implementation of the measures are:

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<sup>3</sup> Also see the section on "legal remedies".

<sup>4</sup> See "Restrictive Measures (Sanctions) - Update on EU Best Practices for the Effective Implementation of Restrictive Measures", Section B (Financial Restrictive Measures), XI (Guidance on Consideration of Exemption Requests), paragraph 82.

1. Tax Administration, for supervising the implementation of restrictive measures by the entities it supervises in accordance with the legislation regulating the prevention of money laundering and the financing of terrorism - [sankcije@porezna-uprava.hr](mailto:sankcije@porezna-uprava.hr)
2. Financial Inspectorate, for monitoring the implementation of restrictive measures by the entities it supervises in accordance with the legislation regulating the prevention of money laundering and the financing of terrorism - [sankcije.fi@mfin.hr](mailto:sankcije.fi@mfin.hr)
3. Customs Administration, for supervising the import, export and transit of goods that are subject to restrictive measures - [sankcije@carina.hr](mailto:sankcije@carina.hr)
4. Croatian National Bank, for supervising the implementation of restrictive measures by the entities it supervises in accordance with the legislation regulating the prevention of money laundering and the financing of terrorism - [sankcije@hnb.hr](mailto:sankcije@hnb.hr)
5. Croatian Financial Services Supervision Agency, for supervising the implementation of restrictive measures by the entities it supervises in accordance with the legislation regulating the prevention of money laundering and the financing of terrorism, and by other entities to which the Croatian Financial Services Supervision Agency has issued an authorization to operate in accordance with special regulations - [sankcije@hanfa.hr](mailto:sankcije@hanfa.hr)
6. Croatian Regulatory Agency for Network Activities, for supervising the implementation of restrictive measures by operators of electronic communication networks and services and postal service providers, in accordance with the legislation regulating electronic communications and postal services - [sankcije@hakom.hr](mailto:sankcije@hakom.hr)
7. State Inspectorate, for supervising the implementation of restrictive measures in trade
8. Ministry for Maritime Affairs, Transport and Infrastructure, for supervising the implementation of restrictive measures by the entities it supervises in accordance with the legislation regulating traffic communications - [restrictions@pomorstvo.hr](mailto:restrictions@pomorstvo.hr)
9. High Commercial Court of the Republic of Croatia, for supervising the implementation of restrictive measures by commercial courts that register companies
10. County courts for monitoring the implementation of restrictive measures by municipal courts that carry out registration of properties in land registers.

## **10. STANDING GROUP FOR IMPLEMENTING RESTRICTIVE MEASURES AND MONITORING THEIR IMPLEMENTATION**

### **10.1. Standing Group**

The Standing Group is a body established through the Decision of the Government of the Republic of Croatia with the view to applying and monitoring the implementation of restrictive measures. The Standing Group is responsible for harmonizing views, coordinating and monitoring common policies and activities to achieve strategic and operational goals in the area of implementing restrictive measures, by adopting procedures and general guidelines, and, if necessary, recommendations and opinions on the application of restrictive measures.

## 10.2. Sectoral guidelines (Article 6 paragraph 4 of the LRM)

In order to standardize the scope and content of policies, controls and procedures for the implementation of the LRM, the competent authorities may adopt sectoral guidelines for the implementers under their jurisdiction. Such sectoral guidelines shall be published on the websites of the bodies that adopted them, as well as on the website of the ministry responsible for foreign affairs.

## 10.3. Instructions on the application of particular provisions of the LRM or specific restrictive measures (Article 6 paragraph 5 of the LRM)

Individual implementers shall primarily address their inquiries

- About the interpretation of policies, controls and procedures for the implementation of restrictive measures from Article 15 of the LRM - to the authorities responsible for supervision (contact points listed in section 9.2 of these Guidelines), in case of the implementers who pursuant to Article 13 of the LRM are subject to the jurisdiction of the supervisory body,
- About technical issues in the implementation of restrictive measures - to the competent authorities from Article 8 of the LRM, in accordance with the division of competences contained in that article, depending on the area for which a technical instruction is requested
- About technical issues in the implementation of the freezing of financial assets – to the supervisory authorities from Article 13 of the LRM, in accordance with the division of competences contained in that article, depending on the area for which the technical instruction is requested
- About general interpretation of the provisions of the LRM - to the ministry in charge of foreign affairs
- About issues related to the issuance of approval for derogation - to the competent authorities from Article 12 of the LRM, in accordance with the division of competences contained in that Article

The competent authorities, possibly in cooperation with other authorities, shall respond to the above-mentioned inquiries. If necessary, the inquiry may be put before the Standing Group in order to discuss it and adopt a position, on the basis of which the competent authority can then respond to the implementer's inquiry.

Applicants are advised not to make inquiries about the topics that have already been

- Covered in these Guidelines
- Published in the Frequently Asked Questions and in the responses of the EC
- Covered in the EU Best Practices
- Covered in international guidelines and standards for the implementation of restrictive measures against terrorism.



In case of connected persons in the meaning from section 6 of these Guidelines, after the implementers have taken all the steps necessary to independently determine to the greatest extent possible, whether connected persons are involved, and they fail to determine it with certainty so that there is still justified suspicion that connected persons are involved, they shall notify the Standing Group and the State Attorney's Office of the Republic of Croatia about it, and in that sense such a notification is not considered an inquiry.

As regards possible violations or evasion of restrictive measures, implementers are warned that this is criminal offence that in accordance with the provisions of the Criminal Code shall be reported to the authorities competent for criminal prosecution (DORH, MUP), and the competent authorities designated in the LRM shall not accept inquiries in such matters.

### **List of contact points with competent authorities**

- Ministry of Foreign and European Affairs - [sankcije@mvep.hr](mailto:sankcije@mvep.hr)
- Ministry of Finance
  - General - [sankcije@mfin.hr](mailto:sankcije@mfin.hr)
  - Customs Administration - [sankcije@carina.hr](mailto:sankcije@carina.hr)
  - Tax Administration - [sankcije@porezna-uprava.hr](mailto:sankcije@porezna-uprava.hr)
  - Financial Inspectorate - [sankcije.fi@mfin.hr](mailto:sankcije.fi@mfin.hr)
- Ministry for Economic Affairs and Sustainable Development - [sankcije@mingor.hr](mailto:sankcije@mingor.hr)
- Ministry of Defence - [upravaM1@morh.hr](mailto:upravaM1@morh.hr)
- Ministry of the Interior - [sankcije@mup.hr](mailto:sankcije@mup.hr)
- Ministry of Justice and Administration - [sankcije@mpu.hr](mailto:sankcije@mpu.hr)
- Ministry for Maritime Affairs, Transport and Infrastructure [restrictions@pomorstvo.hr](mailto:restrictions@pomorstvo.hr)
- Croatian Regulatory Agency for Network Activities - [sankcije@hakom.hr](mailto:sankcije@hakom.hr)
- Croatian National Bank - [sankcije@hnb.hr](mailto:sankcije@hnb.hr)
- Croatian Agency for Supervision of Financial Services - [sankcije@hanfa.hr](mailto:sankcije@hanfa.hr)