

LAW ON IMPLEMENTATION OF RESTRICTIVE MEASURES

PART ONE GENERAL PROVISIONS

Scope

Article 1

This Law regulates the application, implementation and monitoring of restrictive measures in the Republic of Croatia on the basis of binding legal acts of the European Union, the United Nations and other international organizations, and those adopted by the Government of the Republic of Croatia (hereinafter: Government).

Goal

Article 2

The restrictive measures shall apply to natural and legal persons, states, territories and entities, organizations and other entities affected, with the view of protecting democratic values, the rule of law, human rights and principles of international law, as well as preserving international peace, preventing conflicts and strengthening international security.

Appropriate application of other regulations

Article 3

(1) To the issues related to the property rights and other real rights that are not otherwise regulated by this Law or the restrictive measures mentioned in Article 4 paragraph 1 hereof, the law regulating property rights and other real rights shall apply.

(2) To the issues of organization and management of companies that are not otherwise regulated by this Law or the restrictive measures mentioned in Article 4 paragraph 1 hereof, the law regulating the establishment, organization, termination and status changes of companies and their affiliates shall apply.

(3) In the process of the implementation of restrictive measures, in case of taking measures to prevent the use of the financial system for money laundering and terrorist financing, the provisions of the law regulating the measures, actions and procedures undertaken to prevent and detect money laundering and terrorist financing shall apply.

(4) To the issues of the protection of confidential information, the law governing classified information and the regulation determining the method of marking classified information, content and appearance of the certificate of conducted security check and the statements on handling classified information shall apply accordingly.

(5) To the issues in the area of trade and provision of services related to dual-purpose goods that are not otherwise regulated by this Law, the law governing the monitoring of dual-purpose goods shall apply.

Basic terms

Article 4

(1) Restrictive measures under this Law shall be:

1. Measures of the European Union adopted on the basis of Article 29 of the Treaty on European Union or on the basis of Article 215 of the Treaty on the Functioning of the European Union
2. Measures established by resolutions of the United Nations Security Council
3. Measures of other international organizations that are binding on the Republic of Croatia in accordance with international law, and
4. Measures adopted by the decision of the Government of the Republic of Croatia on the proposal of the ministry responsible for foreign affairs.

(2) Restrictive measures shall include:

1. Restricting the disposal of property
2. Prohibiting entry into the sovereign territory of the Republic of Croatia or transit through the sovereign territory of the Republic of Croatia
3. Complete or partial termination of economic relations
4. Full or partial restriction of import, export, transit, provision of services, and transport, postal and other communications
5. Arms and military equipment embargo
6. Termination of diplomatic relations, and
7. Other measures in accordance with international law and European law.

(3) Property and other assets in terms of this Law shall be any assets that include but are not limited to financial assets, economic resources (including oil and other natural resources), assets of any kind, tangible or intangible, movable or immovable, regardless of how they were acquired, as well as legal documents or instruments in any form, including electronic or digital, proving ownership or interest in such assets and property, which includes but is not limited to bank loans, traveler's checks, bank checks, money orders, shares, securities, bonds, bills of exchange or letters of credit and any interest, dividends or other income or value acquired or derived from such assets and other property and any other resources that can be used to acquire assets, goods or services, including virtual assets as defined in the law governing the prevention of money laundering and terrorist financing.

(4) Restricting the disposal of property in terms of this Act shall, among other things, include:

1. Freezing all assets and other economic resources that are owned or possessed by or otherwise belong to the affected entity or that are under its control or monitoring, as well as property and other assets under the joint or indirect control of the affected entity, as well as freezing the funds and assets derived or created from the financial or other assets owned by or under the direct control of the affected entity, and the funds and other assets of persons acting on behalf of or on the order of the affected entity.
2. Prohibiting access to funds and other economic resources and prohibiting making available funds and economic resources, directly or indirectly, to the affected entity, or through related persons acting in the name or for the account of the entity.

(5) Freezing financial assets in terms of this Law shall, among other things, include the prevention of any relocation, transfer, change or use of funds, access to funds or doing business with funds in any way that would result in any change of their quantity, amount, location, ownership, possession, nature, destination or other change that would enable the use of such funds, including portfolio management.

(6) Freezing economic resources in terms of this Law shall include prevention of the use of economic resources to acquire financial resources, goods or services in any way, including but not limited to their sale, lease or mortgage.

(7) The restriction from paragraph 5 above shall not apply to the inflow on frozen accounts from interest accrual or other receipts on such accounts, under the condition that on any such interest or receipt the provision of paragraph 4 sub-paragraph 1 above shall still apply.

(8) The provision of paragraph 4 sub-paragraph 2 above shall not prevent the inflow on the frozen account of any funds transferred by third parties to the benefit of the account of the affected entity, under the condition that any such inflow on such an account shall also be frozen.

(9) Related person in terms of this Law shall be a natural or legal person, or other entity, related to the affected entities in such a way that it directly or indirectly, through one or more intermediaries, has control or is under the control of the affected entity.

(10) Exemption from the application of restrictive measures in terms of this Law measures shall refer to actions that require the approval of the competent authority, as such an exemption is prescribed through the legal act introducing restrictive measures.

(11) Derogation from the application of restrictive measures in terms of this Law measures shall refer to actions that require the approval of the competent authority as mentioned in Article 12 paragraphs 1, 2 and 3 hereof, provided the conditions prescribed in the legal act introducing restrictive measures have been met.

Use of gender terms

Article 5

The terms in this Law that denote gender shall refer equally to male gender and female gender.

PART TWO

STANDING GROUP FOR THE APPLICATION AND MONITORING OF THE IMPLEMENTATION OF RESTRICTIVE MEASURES

Article 6

- (1) The Government shall, through its decision, set up the Standing Group for the Application and Monitoring of the Implementation of Restrictive Measures (hereinafter: Standing Group) to regulate more closely the organization, tasks, decision making and powers of the Standing Group, to be coordinated by the representative of the ministry in charge of foreign affairs.
- (2) The Standing Group shall be responsible for harmonizing positions, coordinating and monitoring common policies and activities to reach strategic and operational goals in the area of the implementation of restrictive measures, adopting procedures and general guidelines and, when necessary, making recommendations concerning the application of restrictive measures, and for other affairs expressly entrusted to it in this Law.
- (3) The competent authority represented in the work of the Standing Group may, following the discussion in the Standing Group, propose to the Government to pass a regulation on the implementation of decisions, regulations and implementing regulations of the Council of the European Union concerning the restrictive measures, if the competence of Member States is envisaged in deciding on specific matters.
- (4) The head of the competent authority represented in the work of the Standing Group shall be authorized, for the sake of uniform implementation of the restrictive measures, to adopt guidelines from the scope of such an authority, in compliance with the provisions of the law governing the system of state administration, and of the laws regulating the tasks, powers and organization of the Croatian National Bank and the laws regulating the tasks, powers and organization of the Croatian Financial Services Supervisory Agency.
- (5) Natural and legal persons and other entities mentioned in Article 8 paragraph 1 hereof may request a competent authority represented in the work of the Standing Group to adopt guidelines on the application of a specific provision of this Law or a specific restrictive measure from the scope of such an authority.
- (6) For the sake of uniform implementation of this Law and the by-laws based on it, the competent authority represented in the work of the Standing Group may prior to issuing guidelines referred to in paragraphs 4 and 5 above, request the opinion of the Standing Group, if necessary.
- (7) The guidelines mentioned in paragraph 2 above shall be published on the website of the ministry in charge of foreign affairs, and the guidelines mentioned in paragraph 4 above shall be published on the website of the competent authority that adopted them.

(8) When it follows from the nature of the query mentioned in paragraph 5 above that it is necessary to interpret directly applicable regulations of the European Union, the Standing Group shall direct such a query to the European Commission through the ministry in charge of foreign affairs or other competent authority in case of specific sectoral issues.

PART THREE APPLICATION AND IMPLEMENTATION OF RESTRICTIVE MEASURES

Direct application

Article 7

(1) The restrictive measures referred to in Article 4 paragraph 1 of this Law shall immediately apply in the Republic of Croatia as of the date of their entry into force.

(2) The restrictive measures introduced through the United Nations Security Council resolutions, and the consolidated sanctions lists of the United Nations Security Council, shall be directly binding in the territory of the Republic of Croatia until the adoption or update of the corresponding legal act of the Council of the European Union.

(3) The ministry in charge of foreign affairs shall promptly publish on its website the information about the entry into effect of the restrictive measures referred to in Article 4 paragraph 1 of this Law, together with the link to the valid sanctions lists of the UN Security Council and the European Union, and with the link to the restrictive measures mentioned in Article 4 paragraph 1 sub-paragraphs 3 and 4 hereof.

(4) In order to ensure the effective implementation of restrictive measures, the ministry responsible for foreign affairs shall maintain an electronic database on restrictive measures containing updated measures from Article 4 paragraph 1 hereof, available on the website of the ministry responsible for foreign affairs.

(5) Implementers from Article 8 paragraphs 1 and 2 shall be obliged to apply the measures mentioned in paragraph 2 above from the moment of their publication in accordance with paragraph 3 above.

(6) The head of each competent authority referred to in Articles 8, 12 and 13 hereof shall be obliged to designate a contact point for restrictive measures within their respective scope, which, among other things, shall receive information directly from the ministry responsible for foreign affairs about the entry into force of restrictive measures from Article 4 paragraph 1 hereof, and to inform all members of the Standing Group from Article 6 hereof about the appointment, and shall make the information about the contact point available to the public on the competent authority's website.

(7) The authorities in charge of the implementation and application of the restrictive measures shall publish and maintain on their websites the updated link to the website mentioned in paragraph 3 above.

(8) The monitoring authorities mentioned in Article 13 hereof shall without delay publish on their websites the link to the website mentioned in paragraph 3 above.

(9) Any actions aiming at direct or indirect conscious evasion of the measures mentioned in Article 4 paragraphs 2, 4, 5 and 6 hereof, shall be prohibited.

Implementation of restrictive measures and implementers in accordance with the provisions of this Law

Article 8

- (1) All natural and legal persons, state administrative bodies and other entities shall act in accordance with the provisions of this Law and the regulations adopted on the basis of this Law.
- (2) Natural persons engaging in registered business, legal persons, state administrative bodies and other entities shall ensure direct application of the restrictive measures within their scope.
- (3) Unless prescribed otherwise by the provisions of this Law, the responsibility for the application of the restrictive measures shall primarily be as follows:
1. Vessels and maritime facilities – ministry in charge of transport that shall enter a note on the restrictive measures in the register of vessels i.e. maritime facilities and specifically inform the ministry in charge of internal affairs to enter it in their records.
 2. Aircraft – Croatian Agency for Civilian Air Navigation that shall enter the note on the restrictive measures in the register of civilian aircraft of the Republic of Croatia and specifically inform the ministry in charge of internal affairs to enter it in their records.
 3. Motor vehicles – ministry in charge of internal affairs that shall enter the note on the restrictive measures in the register of registered and marked vehicles
 4. Railway vehicles – Agency for Railway Safety that shall enter in the register of railway vehicles the note on the restrictive measures and specifically inform the ministry in charge of internal affairs to enter it in their records
 5. Civil arms – ministry in charge of internal affairs that shall enter the note on the restrictive measures in the civil arms register.
- (4) The main authority in charge of applying the measure of denying entry into the sovereign territory of the Republic of Croatia or transiting through the sovereign territory of the Republic of Croatia, shall be the ministry in charge of internal affairs.
- (5) The main authority in charge of applying the measure of full or partial termination of economic relations, shall be the ministry in charge of foreign affairs.
- (6) The main authority in charge of the application of the measure of full or partial restriction of the import, export and transit, shall be the ministry in charge of finance – customs administration.
- (7) Any authority that according to its scope of activities and powers monitors or regulates the provision of services in the Republic of Croatia, shall be in charge of the application of full or partial restriction of service provision.

(8) The main authority in charge of the application of the measure of full or partial restriction of road, air, railway and maritime transport (hereinafter: transport), shall be the ministry in charge of transport.

(9) The main authority in charge of the application of the measure of full or partial restriction of postal services and electronic communications, shall primarily be the Croatian Regulatory Authority for Network Industries.

(10) The main authority in charge of the measure of the arms and military equipment embargo, shall be the ministry in charge of economic affairs.

(11) The main authority in charge of the restrictive measures concerning dual-purpose goods, shall be the ministry in charge of foreign affairs.

(12) The main authority in charge of the measure of termination of diplomatic relations, shall be the ministry in charge of foreign affairs.

(13) The authority in charge of the restrictive measures concerning immaterialized securities, shall be the Central Depository and Clearing Company.

(14) The authority in charge of the restrictive measures concerning disposal of business interest and real properties, shall be commercial courts and municipal courts in the Republic of Croatia.

(15) The competent commercial court shall record in the companies register the international measure prohibiting the disposal, encumbrance and transfer of business interests, based on binding legal acts of the European Union, the United Nations and other international organizations, as well as the restrictive measures adopted by the Government and decisions of the Standing Group.

(16) The competent commercial court shall enter in the companies register the deletion of the note on the international measure prohibiting the disposal, encumbrance and transfer of business shares, based on binding legal acts of the European Union, the United Nations and other international organizations, as well as the restrictive measures adopted by the Government and decisions of the Standing Group.

(17) The competent municipal court, as a land registry court, shall record in the land registry file the international measure of restriction of free management and disposal of real property, based on the binding legal acts of the European Union, the United Nations and other international organizations, as well as the restrictive measures adopted by the Government and decisions of the Standing Group.

(18) The competent municipal court, as a land registry court, shall delete the entry of an international measure restricting free management and disposal of real property in the land registry file, based on binding legal acts of the European Union, the United Nations and other international organizations, as well as restrictive measures adopted by the Government and decisions of the Standing Group.

(19) Entities from paragraph 2 above may for a maximum of 10 working days temporarily restrict the disposal of economic resources and financial means, when it is necessary to check the information about some person or funds, including obtaining additional data, information and documentation in the country and abroad, or when there are reasons to suspect that economic resources, financial means or some person are subject to restrictive measures mentioned in Article 4 paragraph 1 hereof.

(20) After the expiration of the period referred to in paragraph 19 above, the entities mentioned in paragraph 2 above, if they find that the economic resources, financial means or some person are subject to a restrictive measure as mentioned in Article 4 paragraph 1 hereof, shall apply such a restrictive measure.

(21) Heads of state administrative bodies shall propose to the Government the adoption of or amendment to laws and other regulations necessary for the effective application of restrictive measures in their respective scopes.

(22) Heads of state administrative bodies shall regulate through by-laws the required procedures for the effective implementation and application of restrictive measures in their respective scopes.

(23) If in addition to the main authority or legal entity in charge as mentioned in paragraphs 3 to 11 above, there is a state administrative body or legal entity vested with public powers that is partly in charge in a specific area, heads of state administrative bodies and legal entities vested with public powers shall conclude an agreement on cooperation in the implementation of restrictive measures in that area.

(24) The entities from paragraphs 1 to 14 above shall notify the application of restrictive measures without delay, and no later than the next working day, to the authority that manages the Data Collection mentioned Article 16 hereof, and the monitoring authority mentioned in Article 13 hereof that is in charge of monitoring such entities.

(25) The entities from paragraphs 1 to 14 above shall also notify the implementation of restrictive measures to another relevant authority, if such an obligation is prescribed through a regulation of the European Union, in the manner and within the time limit as prescribed in the regulation.

(26) When they determine the existence of circumstances that indicate the possibility of violation or evasion of restrictive measures, including when there is a suspicion that restrictive measures are being violated or evaded through related persons, or when they are in possession of information that the competent authorities would need to implement the restrictive measures, those obliged to act in accordance with the provisions of this Act shall without delay i.e. no later than on the first working day after becoming aware of their existence, submit such a data and information to the competent authority that in accordance with this article is in charge of implementing such restrictive measures.

Inclusion in sanctions lists

Article 9

(1) The Standing Group, on the initiative of any of its members, and on the basis of the collected information, knowledge and analyses of the competent authorities and other relevant authorities, shall consider the possibilities and, with the consent of the Government, propose the inclusion of a natural or legal person, or other entity, in the sanctions list of the European Union, which shall be finally decided by the Council of the EU.

(2) The Standing Group, on the initiative of any of its members, and on the basis of the collected information, knowledge and analyses of the competent authorities and other relevant authorities, shall consider the possibilities and, with the consent of the Government, propose the inclusion of a natural or legal person, or other entity, in the sanctions list of UN Security Council resolutions 1267 (1999)/1989 (2011) and 1988 (2011) and other resolutions of the Security Council of the United Nations on the basis of which sanctions lists are adopted, as well as identify the related persons under the criteria contained in Article 4 paragraph 9 hereof.

(3) At the proposal of any of its members, and on the basis of the collected information, knowledge and analysis of the competent authorities, the Standing Group shall consider the possibility of identifying the connection of persons under the terms mentioned in Article 4 paragraph 9 hereof and, with the approval of the Government, issue the decision to determine the connection of a person with a person in the sanctions list, to whom such measures shall consequently apply as well.

(4) The proposals from paragraphs 1, 2 and 3 above shall be submitted in case of suspicion or reason for suspicion that the criteria for inclusion in the sanctions list should be applied to a person in question, or when there is suspicion or reason for suspicion that a person is connected as mentioned in Article 4 paragraph 9 hereof.

(5) The proposals from paragraphs 1, 2 and 3 above must be substantiated, and the proposals of the Standing Group members must be submitted in writing.

(6) The procedures from paragraphs 1, 2 and 3 hereof shall be carried out without prior notification and participation of a natural person or a representative of a legal person or other entity, for whom a specific recommendation is submitted.

(7) The proposal from paragraph 1 above for the inclusion of a natural or legal person, or other entity in the sanctions lists of the European Union that has been approved by the Government, shall be submitted by the ministry in charge of foreign affairs to the competent working body of the Council of the European Union.

(8) The proposal from paragraph 2 above for the inclusion of a natural or legal person or other entity in the sanctions lists of the United Nations Security Council that has been approved by the Government, shall be submitted by the ministry in charge of foreign affairs to the sanction committees of the United Nations Security Council in the prescribed form of the United Nations Security Council.

- (9) The proposals from paragraphs 1 and 2 hereof shall among other things contain:
1. Findings indicating that the criteria for inclusion in a specific sanctions list have been met,
 2. Identification information for a natural or legal person or other entity proposed to be included in the sanctions list,
 3. Details of possible connections with natural or legal persons who are already in a particular sanctions list at that time,
 4. Information about any other relevant acts or activities of natural or legal persons,
 5. Any supporting evidence and documents,
 6. Information, whether it may be announced that the Republic of Croatia submitted the proposal.
- (10) The decision from paragraph 3 above, to be submitted to the Government for approval, shall contain the following:
1. Findings indicating that the criteria from Article 4 paragraph 9 hereof have been met,
 2. Details on connections with specific natural or legal person(s) who are already included in particular sanctions list, and details on the nature of the connection or control,
 3. Information about any other relevant acts or activities of natural or legal persons,
 4. Any supporting evidence and documents.
- (11) The proposals from paragraphs 1 and 2 and the decision from paragraph 3 above shall be decided by the Standing Group in its meetings that may also take place online, and this shall be recorded in the minutes of the meeting to be sent to all members of the Standing Group.
- (12) When the Standing Group submits the proposals from paragraphs 1 and 2 above and decisions from paragraphs 3 above to the Government for approval, it shall also submit the minutes of the meeting with such proposals and/or decisions.
- (13) The proposals, decisions and minutes mentioned in this article are the data the access to which may be restricted to a user, depending on the test of proportionality and public interest carried out in accordance with the provisions of the law on the right to access information.

*Introduction of restrictive measures in accordance with resolution 1373 (2001)
of the United Nations Security Council*

Article 10

- (1) At the proposal of the ministry in charge of foreign affairs, the Government shall pass the decision on restrictive measures concerning specific natural or legal persons and other entities, in accordance with resolution 1373 (2001) of the United Nations Security Council.

(2) The Standing Group, at the initiative of any of its members or at the proposal of a third state, and on the basis of the collected information, knowledge and analysis of competent authorities, and applying the criteria from United Nations Security Council resolution 1373 (2001) and Common Position 2001/931/CFSP of the European Union on the application of specific measures to fight terrorist groups, shall prepare a draft decision on restrictive measures from paragraph 1 above.

(3) The proposal from paragraph 1 above shall contain the findings showing that the requirements mentioned in resolution 1373 (2001) of the United Nations Security Council have been met, the information about any other relevant acts or actions of natural and legal persons, and evidence and documents on which the proposal is based.

(4) The types of restrictive measures, the method of their application, duration, jurisdiction and exemptions, shall be prescribed through a Government's decision on restrictive measures from paragraph 1 above in accordance with international and European law and in accordance with the provisions of this Law.

(5) Government decision from paragraph 1 above shall also include the authorization of the ministry in charge of foreign affairs to propose to the Council of the European Union and to third states the introduction of restrictive measures against a legal or natural person or another entity against whom restrictive measures have been introduced through such a decision in accordance with resolution 1373 (2001) of the United Nations Security Council.

(6) Natural or legal persons and other entities and related persons to whom restrictive measures apply based on the Government's decision referred to in paragraph 1 above, may submit a request to the Standing Group, through the ministry responsible for foreign affairs, for their deletion.

(7) The Standing Group, on the initiative of an interested natural or legal person, or other entity, and based on the collected information, knowledge and analysis of the competent authorities, shall - in case the request referred to in paragraph 6 above is justified – propose through the ministry responsible for foreign affairs to the Government to cancel the decision on restrictive measures in relation to specific natural and legal persons and other entities, and to such a proposal the provisions of Article 9 paragraphs 11, 12 and 13 hereof shall apply accordingly.

(8) The actions mentioned in paragraphs 1 and 2 above shall be carried out without prior notification and participation of the natural person or representative of the legal person or other entity in regard of whom the proposal is being made.

Deletion from sanctions lists

Article 11

(1) If the Standing Group, on the basis of collected information, knowledge and analysis of the competent authorities or other relevant authorities, finds that the reasons for sanctioning a

natural or legal person and other entity included in the European Union sanctions list have ceased, it shall propose - with the consent of the Government – to the Council of the European Union, through the ministry in charge of foreign affairs, that such a person or entity be deleted from the sanctions list to the Council of the European Union, and to such a proposal the provisions of Article 9 paragraphs 11, 12 and 13 hereof shall apply accordingly.

(2) If the Standing Group, at the initiative of interested natural or legal person or other entity, and based on the collected information, knowledge and analyses of competent authorities, finds that the reasons for sanctioning a natural or legal person and other entities included in the sanctions list of the United Nations Security Council on the basis of resolutions 1267 (1999)/1989 (2011), 1988 (2011) have ceased, it shall – with the consent of the Government - propose to the Sanctions Committee of the United Nations Security Council, through the ministry in charge of foreign affairs, to delete such person or entity from the sanctions list.

(3) The ministry in charge of foreign affairs shall notify the natural or legal person or other entity included in the sanctions list of the United Nations Security Council on the basis of resolutions 1267 (1999) and 1989 (2011), about such person's or entity's right to apply for deletion from the sanctions list to the Office of the Ombudsperson of the United Nations, or pursuant to resolution 1988 (2011) to the Central Point set up through resolution 1730 (2006).

Authorities in charge of deciding on requests for derogation and other requests

Article 12

(1) The authorities in charge of deciding on derogation from the application of a specific restrictive measure from Article 4 paragraph 2 sub-paragraphs 1 to 3 and 5 to 7 hereof, as well as of issuing other necessary approvals in connection with the application of such restrictive measures and of deciding on other requests of natural and legal persons in connection with the application of such restrictive measures, shall include:

1. Relating to restriction in disposal of economic resources and financial means
 - a. Vessels and maritime facilities – ministry in charge of transport
 - b. Aircraft – ministry in charge of transport
 - c. Railway vehicles – ministry in charge of transport
 - d. Registered and marked vehicles – ministry in charge of internal affairs
 - e. Civil arms – ministry in charge of internal affairs
 - f. Real property – ministry in charge of justice
 - g. Business interests and shares – ministry in charge of justice
 - h. Financial means – ministry in charge of finance
2. Relating to prohibition from entering the sovereign territory of the Republic of Croatia or transiting through the sovereign territory of the Republic of Croatia – ministry in charge of internal affairs
3. Relating to full or partial termination of economic relations – ministry in charge of foreign affairs
4. Relating to embargo on arms and military equipment – ministry in charge of economic affairs.

(2) The authorities in charge of deciding on derogation from the application of a specific restrictive measure from Article 4 paragraph 2 sub-paragraph hereof and of deciding on other necessary approvals concerning the application of such restrictive measures and on requests of natural and legal persons in connection with the application of such restrictive measures, shall include:

1. Relating to trade, import, export, transit and services: ministry in charge of economic affairs
2. Relating to transportation: ministry in charge of transport
3. Relating to postal services and electronic communications: Croatian Regulatory Authority for Network Industries.

(3) For procedures referred to in paragraph 2 above concerning dual-purpose goods, derogation shall be decided by the ministry in charge of foreign affairs.

(4) If the competent authority referred to in paragraphs 1 to 3 above needs to cooperate with other state administrative bodies and legal entities vested with public powers, it shall coordinate such cooperation, and for this purpose it may request of such state administrative bodies and legal entities vested with public powers any information it needs to decide as stated in paragraphs 1 to 3 above, including the expert opinions of such bodies.

(5) State administrative bodies and legal entities vested with public powers shall submit to the competent authority from paragraphs 1 to 3 above the data and expert opinions referred to in paragraph 4 above within the time limit determined by the competent authority, but no later than fifteen days from receiving the request.

(6) The competent body referred to in paragraphs 1 to 3 above may, after the consultations referred to in paragraph 4 above, request the opinion of the Standing Group referred to in Article 6 hereof, before deciding on the request.

(7) The provisions of the law governing the general administrative procedure shall apply in the decision-making process on derogation, as well as on other requests of natural and legal persons submitted on the basis of this Law, unless prescribed otherwise by a special law.

(8) The provisions of the law governing the general administrative procedure shall apply to requests submitted on the basis of directly applicable regulations of the European Union, unless otherwise specified in such regulations.

(9) No appeal shall be allowed against the decisions made by the competent authorities on the basis of paragraphs 1 to 3 above in matters within their scope, but an administrative lawsuit may be filed.

(10) The heads of the competent bodies shall propose to the Government to adopt or amend legal and other regulations necessary to effectively address the requests from paragraphs 1 to 3 above.

(11) The heads of the competent bodies shall regulate the procedures necessary to effectively address the requests from paragraphs 1 to 3 above within their respective scopes through by-laws or internal acts.

(12) The contact points from Article 7 paragraph 6 hereof shall also be contact points to address the requests from paragraphs 1 to 3 above within their respective scopes.

(13) The provision of data and expert opinions in accordance with paragraphs 4 and 5 above shall not be subject to the prohibition of disclosure of the data designated as confidential through special regulations applicable to legal entities vested with public powers.

(14) The implementers of the restrictive measures referred to in Article 8 paragraphs 1 and 2 of this Law shall observe the derogation from the application of the restrictive measure as stated in the legal acts mentioned in Article 4 paragraph 1 hereof, without the prior approval of the competent authorities mentioned in paragraphs 1 to 3 above.

Monitoring authorities

Article 13

(1) The authorities responsible for monitoring the implementation of restrictive measures (hereinafter monitoring authorities) shall include:

1. The ministry in charge of finance:
 - a. Tax Administration, for monitoring the implementation of the restrictive measures in the monitored entities in accordance with the legislation regulating the prevention of money laundering and financing terrorism
 - b. Financial Inspectorate, for monitoring the implementation of the restrictive measures in the monitored entities in accordance with the legislation regulating the prevention of money laundering and financing terrorism
 - c. Customs Administration, for monitoring the import, export and transit of goods that are entity to restrictive measures.
2. The Croatan National Bank, for monitoring the implementation of the restrictive measures in the monitored entities in accordance with the legislation regulating the prevention of money laundering and financing terrorism.
3. Croatian Financial Services Supervisory Agency, for monitoring the implementation of the restrictive measures in the monitored entities in accordance with the legislation regulating the prevention of money laundering and financing terrorism, and in other entities to which the Croatian Financial Services Supervisory Agency has issued operating license in accordance with special regulations.
4. Croatian Regulatory Authority for Network Industries, for monitoring the implementation of the restrictive measures in the operators of electronic communications networks and services , and in postal services providers, in accordance with the legislation regulating electronic communications and postal services.
5. State Inspectorate, for monitoring the implementation of the restrictive measures in trade

6. The ministry in charge of transport, for monitoring the implementation of the restrictive measures in the entities monitored in accordance with the legislation regulating transport
7. The High Commercial Court of the Republic of Croatia, for monitoring the implementation of the restrictive measures in commercial courts that register companies
8. County courts, for monitoring the implementation of the restrictive measures in municipal courts that register real property.

(2) The monitoring authorities referred to in paragraph 1 above shall be responsible for the effective implementation of restrictive measures within their respective scopes i.e. for monitoring the effective implementation of restrictive measures by the entities they monitor.

(3) The monitoring authorities shall implement the measures to ensure compliance of the monitored entities with the provisions of this Law.

Measures and actions of monitoring authorities

Article 14

(1) For the purpose of monitoring pursuant to Article 13 hereof, the provisions of the law regulating the prevention of money laundering and financing of terrorism, the Law on the Croatian National Bank and the Law on the Croatian Financial Services Supervisory Agency shall apply to the responsibilities, authorizations and organization of the Croatian National Bank and the Croatian Financial Services Supervisory Agency.

(2) When a monitoring authority mentioned in Article 13 paragraph 1 sub-paragraphs 1 to 6, in conducting monitoring, checking documents or otherwise finds that the violation of the provisions of this Law and the by-laws based on it and/or irregularities in operation, it shall be authorized to:

1. Issue a written warning to the monitored entity, if it finds irregularities in the implementation of this Law and the by-laws based on it
2. Issue a decision ordering the measures for the rectification of unlawfulness and irregularities in the operation of the monitored entities, as prescribed by the monitoring authority itself
3. If during the implementation of the monitoring there is justified suspicion that a violation has been committed as sanctioned in this Law, the monitoring authority shall file charges with the competent court
4. Issue a decision to temporarily restrict and/or prohibit the monitored entity from engaging in specific business activity or provision of service for a maximum of 12 months, if it is found that engaging in the business activity or the provision of the service will probably lead to new violations of the provisions of this Law and the bylaws based on it
5. After filing charges, propose to the competent court to prohibit the monitored entity from performing a specific duty, activity or work, as a measure of precaution or protection
6. Undertake other measures and actions to which it is authorized by law.

- (3) If the monitored entity fails to act in accordance with the written warning from paragraph 2 sub-paragraph 1 above, the monitoring authority mentioned in Article 13 paragraph 1 sub-paragraphs 1 to 6 hereof shall be authorized to issue a decision to rectify the irregularity.
- (4) The monitored entity shall act in compliance with the decision of the monitoring authority from Article 13 paragraph 1 sub-paragraphs 1 to 6 hereof.
- (5) No appeal shall be allowed against a decision mentioned in paragraph 2 sub-paragraphs 2 and 4 and paragraph 3 above, but an administrative lawsuit may be filed.
- (6) The monitored entity shall, pursuant to Article 13 paragraph 1 sub-paragraphs 1 to 6 hereof - as requested and within the time limit set by the monitoring authority - submit to the monitoring authority any data and information necessary to determine whether the monitoring entity is acting in compliance with the provisions of this Law and the by-laws based on it.
- (7) The time limit mentioned in paragraph 6 hereof may not be shorter than three working days.
- (8) In exception from paragraph 7 above, the monitoring authority from Article 13 paragraph 1 sub-paragraphs 1 to 6 hereof may request earlier submission of data and information, if this is necessary to prevent violation or avoidance of restrictive measures.

Policies, controls and procedures for implementing restrictive measures

Article 15

- (1) The entities monitored by the Croatian National Bank, the Croatian Financial Services Supervisory Agency and the Financial Inspectorate shall adopt written policies, controls and procedures for the implementation of international restrictive measures and implement them in practice, and review and update them at least once every year.
- (2) The monitored entities shall integrate the policies, controls and procedures from paragraph 1 above into their systems of internal controls.
- (3) The policies, controls and procedures from paragraph 1 above shall include:
 1. Goals, scope and method of operation of the system of application of restrictive measures with monitored entities
 2. Powers and responsibilities of the person in the organizational structure of the monitored entity, who is in charge of restrictive measures
 3. Powers and responsibilities of all employees of the monitored entity who participate in the implementation of this Law and the by-laws adopted on the basis of it
 4. The method of managing the risk of violation of restrictive measures and achieving compliance of the operations of the monitored entities with the provisions of this Law and the by-laws adopted on the basis of it
 5. Establishment of appropriate lines of reporting and responsibility within the monitored entity in order to ensure timely and appropriate implementation of restrictive measures

6. Data storage, method of keeping and content of data records on the implementation of restrictive measures
7. Professional training and education of employees of the monitored entity in relation to restrictive measures.

(4) When developing the policies, controls and procedures from paragraph 1 above, the monitored entities shall take into account the available interpretations of the Standing Group, the European Commission, as well as the best practices of the European Union concerning the effective implementation of restrictive measures, as well as the guidelines from paragraph 8 below that the European monitoring bodies adopt in accordance with their powers, and in regard of which the Croatian National Bank, the Croatian Financial Services Supervisory Agency and the Financial Inspectorate have declared that they are committed to fully or partially complying with them.

(5) In order to standardize the scope and content of the policies, controls and procedures referred to in paragraph 1 above, the Croatian National Bank, the Croatian Financial Services Supervisory Agency and the Financial Inspectorate may adopt guidelines for the entities monitored by them.

(6) The Croatian National Bank, the Croatian Financial Services Supervisory Agency and the Financial Inspectorate shall be authorized to monitor the application of policies, controls and procedures from paragraph 1 above, as well as to assess their appropriateness in relation to the obligations under this Law, and to order their amendment in accordance with such an assessment.

(7) The guidelines issued by the European monitoring authorities in accordance with their powers shall be binding on the Croatian National Bank, the Financial Inspectorate and the Croatian Financial Services Supervisory Agency and their monitored entities whose obligations are defined by the provisions of this Law, to the extent determined by the declaration of such bodies referred to in Point 1 below, provided the following conditions are met:

1. That, in accordance with the procedure prescribed by the regulations establishing the European monitoring authorities, the Croatian National Bank, the Financial Inspectorate and the Croatian Financial Services Supervisory Agency have declared that they are committed to fully or partially comply with the provisions of the specific guidelines or that they intend to comply with the specific guidelines, and

2. That the Croatian National Bank, the Financial Inspectorate and the Croatian Financial Services Supervisory Agency have published on their websites a notice of the declaration referred to in point 1 above, the entry into force and start of application of which are determined by the specific guidelines, except when such bodies declare their intention to comply with the specific guidelines by a specified deadline, in which case the entry into force and start of application shall be determined by the declaration from point 1 above.

(8) The Croatian National Bank, the Financial Inspectorate and the Croatian Financial Services Supervisory Agency shall publish on their websites links to the texts of the guidelines with which the Croatian National Bank, the Financial Inspectorate and the Croatian Supervisory Agency and/or their monitored entities will comply fully or partly or with which they intend to

be harmonized by a specified deadline, together with a notice that will contain the following information in relation to the specific guidelines:

1. To which monitored entities the guidelines apply
2. Whether a guideline is to be applied in whole or in part, and
3. Date of entry into force and start of application of the guideline, with defined transition periods.

(9) The entities monitored by the Croatian National Bank, the Financial Inspectorate and the Croatian Financial Services Supervisory Agency and persons to whom the guidelines from paragraph 8 above apply, shall undertake all necessary activities in order to comply with these guidelines.

Records

Article 16

(1) With a view to effectively applying restrictive measures and conducting international data exchange, the Government shall issue the decision on the establishment, content and use of data collection on restrictive measures to natural and legal persons and other entities to whom the restrictive measures apply (hereinafter: Data Collection), which shall be maintained by the ministry responsible for foreign affairs.

(2) The decision from paragraph 1 above shall regulate the type of data, data format, method of data entry, protection of personal data, ensuring the credibility of data and other issues important for data collection and analysis.

(3) Delivery of data for the purposes of implementing restrictive measures shall not be considered a violation of the obligation to maintain professional, legal, business or bank confidentiality.

(4) Natural persons, legal entities and other entities shall have the right to access the Data Collection in accordance with the regulations governing the protection of data confidentiality and the protection of personal data.

(5) If there is a suspicion of a violation or attempted violation of restrictive measures or some other criminal offense or misdemeanor, the ministry in charge of foreign affairs shall submit the data mentioned in paragraphs 1 and 2 above to the competent authorities for criminal prosecution.

(6) The data from the Data Collection shall be kept for five years after the termination of the restrictive measures, and when this period has expired, the data shall be deleted or destroyed in accordance with the regulations governing the protection of personal data, i.e. with the regulations governing the confidentiality of data, or shall be archived in accordance with the regulations governing the security of archived data.

(7) The data from the Data Collection may only be submitted to international organizations from Article 1 paragraph 1 of this Law, at their request, for the purpose of applying international

restrictive measures in accordance with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of individuals in connection with the processing of personal data and on the free movement of such data, and on repealing Directive 95/46/EC (General Data Protection Regulation) and the legislation of the Republic of Croatia regarding the protection of data confidentiality, and such data may not be further processed in a way that is inconsistent with this purpose.

(8) The obligations and powers in the field of reporting to the European Commission on implemented restrictive measures shall be regulated on the basis of the instruction of the European Commission and/or on the basis of agreement within the Standing Group.

Misidentified persons

Article 17

(1) The entities implementing restrictive measures shall conduct the identification procedure in order to effectively apply the restrictive measures.

(2) When measures to restrict the disposal of business interests and real properties are applied by municipal and commercial courts, in case of suspected misidentification, natural or legal persons may challenge the identification with legal remedy brought against the decision on entering a note in the companies register or in the land register.

(3) In case of suspected misidentification of a natural person, the entity implementing restrictive measures shall, at the request of the natural person, contact the ministry in charge of internal affairs to check and establish such person's real identity and how it differs from the person that is on the sanctions list.

(4) In case of suspected misidentification of a legal person or other entity, the entity implementing restrictive measures shall, at the request of the affected legal person or other entity, contact the court or other authority responsible for keeping the register, to check and establish their real identity as opposed to the legal person or other entity that is on the sanctions list.

(5) The competent authorities from paragraphs 2 and 3 above shall notify the entity that has implemented the restrictive measure and the Standing Group about the established facts.

(6) The entity that has implemented restrictive measures shall notify the natural person, legal person or other entity that submitted the request pursuant to paragraphs 2 and 3 above about the established facts and justification of their request.

(7) The natural person, legal person or other entity shall not be entitled to file a complaint against the notification from paragraph 6 above, but they may file a lawsuit with a municipal or commercial court of subject-matter or local jurisdiction.

PART FOUR

Liability for damage

Article 18

(1) The Republic of Croatia shall not be liable for any damage arising from the implementation of this Law, unless the damage was caused intentionally or with gross negligence on the part of a state administrative body, legal person vested with public powers or courts.

(2) Natural and legal persons and other entities implementing restrictive measures shall not be liable for any damage arising from the implementation of this Law, unless the damage was caused intentionally or with gross negligence.

PART FIVE

Protection of personal and other data

Article 19

(1) Competent authorities from Articles 8 and 12 hereof, monitoring authorities from Article 13 hereof and implementers may only process personal data collected in the course of the implementation of this Law with a view to implementing international restrictive measures, which is considered public interest in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of individuals in connection with the processing of personal data and the free movement of such data and on the repeal of Directive 95/46/EC, and such data may not be further processed in a manner that is inconsistent with that purpose.

(2) The following instances shall not be considered violation of protected personal data referred to in paragraph 1 above, if:

1. Data, information and documentation collected and maintained by the Standing Group in accordance with this Law are necessary for the implementation of restrictive measures and the establishment of facts in criminal and misdemeanor proceedings and if the delivery of such data is requested of the implementers in writing by the competent court,
2. Data, information and documentation from this paragraph are necessary to a monitoring authority from Article 13 hereof to monitor the implementer's implementation of the provisions of this Law and the by-laws adopted on the basis of it,
3. Data and information are exchanged with a financial or credit institution that is part of the same group - provided that the policies and proceedings within the group meet the requirements of Directive (EU) 2015/849 of the European Parliament and of the

Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC – or with a daughter company or affiliate, provided that such a daughter company or affiliate are fully compliant with the policies and proceedings within the group, including among other things the procedures for exchanging information,

4. Information referring to the same party and the same transaction in which two or more implementers take part are exchanged among credit and financial institutions and among the implementers engaging in professional activities established in a Member State of the European Union or a third state that implements the specified restrictive measure, if they engage in the same type of activity or belong to the same category of professional activity and are bound by the obligation to keep professional and business secret and data confidentiality.

PART SIX

Informing

Article 20

The competent bodies mentioned in Articles 8 and 13 hereof shall ensure the availability of relevant information from their scope to the general public through their websites, social networks and/or through other forms of public communication in order to strengthen the information of the public and those obliged to implement them about the international restrictive measures that are in force and the guidelines and instructions for their implementation.

PART SEVEN

Punishment

Article 21

(1) Anyone who fails to implement or apply or in another manner acts in contravention of the provisions of the restrictive measures for full or partial restriction of trade, import, export, transit, service provision, postal services, transport, electronic and other communications, and embargo on arms and military equipment, which are in effect in the Republic of Croatia, shall be fined or imprisoned from six months to five years.

(2) The punishment mentioned in paragraph 1 above shall also be meted out to anyone who fails to implement, apply or in another manner acts in contravention of the provisions of the restrictive measures in effect in the Republic of Croatia concerning the disposal of property, prohibition of entry into the sovereign territory of the Republic of Croatia or transit through the sovereign territory of the Republic of Croatia.

(3) Anyone committing the criminal offenses mentioned in paragraphs 1 and 2 above out of gross negligence shall be fined or imprisoned for up to six months.

Fines

Article 22

(1) A fine of EUR 4,500.00 to EUR 90,000.00 shall be imposed on a legal person or other entity obliged to act in accordance with the provisions of this Law, if it:

1. Fails to notify the authority responsible for managing the Data Collection and the competent monitoring authority the next working day at the latest, about the restrictive measure it has applied, or if it fails to submit the notification in the manner and with the content as prescribed by the Government (Article 8 paragraph 24 and Article 16 paragraphs 1 and 2)
2. Fails to notify the authority in charge of the implementation of a specific restrictive measure the next working day from becoming aware of the situation at the latest, about the circumstances it has established that indicate possible violation or avoidance of restrictive measures through connected persons or otherwise (Article 8 paragraph 26)
3. Fails to notify the authority in charge of the implementation of a specific restrictive measure the next working day from becoming aware of the situation at the latest, about the information it knows such authority needs to be able to implement the measure (Article 8 paragraph 26)
4. Fails to comply with the decision of the monitoring authority in order to eliminate unlawfulness and irregularity in its operation (Article 14 paragraph 2 sub-paragraph 2)
5. Fails to submit the data and information requested by the monitoring authority, or fails to submit them by the deadline set by the monitoring authority (Article 14 paragraph 6)
6. Fails to adopt written policies, controls and procedures for the implementation of international restrictive measures, or fails to implement them in practice, or fails to update them at least once a year (Article 15 paragraph 1)
7. Fails to have written policies, controls and procedures for the implementation of international restrictive measures adopted by the management body of the respective legal entity (Article 15 paragraph 1)
8. Fails to integrate policies, controls and procedures mentioned in Article 15 paragraph 1 hereof into its internal control system (Article 15 paragraph 2)
9. The adopted policies, controls and procedures for the implementation of international restrictive measures fail to include all the prescribed elements (Article 15 paragraph 3).

(2) A board member or other responsible person with the legal entity shall also be fined EUR 600.00 to EUR 4,500.00 for a violation mentioned in paragraph 1 above.

(3) An attorney, notary public, independent auditor, external accountant, tax consultant, tradesman and a person engaging in other independent activity shall be fined EUR 1.500,00 to EUR 45.000,00 for a violation mentioned in paragraph 1 above.

(4) A natural person shall be fined EUR 300.00 to EUR 1,500.00 for a violation mentioned in paragraph 1 above.

(5) If the criteria from paragraph 1 above are met, the violator that is a credit or financial institution shall be fined EUR 130,000,00.

PART EIGHT TRANSITIONAL AND FINAL PROVISIONS

Article 23

(1) The Government shall issue a decision on the establishment of the Standing Group from Article 6 paragraph 1 hereof within three months from the date of entry into force of this Law.

(2) The Standing Group established on the basis of the Law on International Restrictive Measures (Official Gazette of the Republic of Croatia, 139/08, 41/14 and 63/19) shall continue to operate as the Standing Group referred to in Article 6 paragraph 1 hereof, until the decision from paragraph 1 above has been issued.

Article 24

(1) The Government shall issue a decision on the establishment, content and use of the Data Collection referred to in Article 16 paragraph 1 hereof, within three months from the date of entry into force of this Law.

(2) Until the entry into effect of the decision referred to in paragraph 1 above, the Decision on the manner of maintaining the Data Collection concerning international restrictive measures, natural and legal persons and other entities to which the restrictive measures apply (Official Gazette of the Republic of Croatia, 78/11) shall remain in effect.

(3) The Data Collection shall be maintained in accordance with the Decision on the manner of maintaining the Data Collection concerning international restrictive measures, natural and legal persons and other entities to which the restrictive measures apply (Official Gazette of the Republic of Croatia, 78/11) until the date of entry into effect of the decision mentioned in paragraph 1 above.

Article 25

(1) The heads of the competent authorities mentioned in Articles 8 and 12 hereof shall adopt by-laws i.e. internal acts and conclude cooperation agreements in accordance with the provisions of this Law, within three months from the entry of this Law into force.

(2) The entities monitored by the Croatian National Bank, the Croatian Financial Services Supervisory Agency, the Tax Administration and the Financial Inspectorate, shall adopt written policies, controls and procedures mentioned in Article 15 paragraph 1 hereof within six months from the date of entry into force of this Law.

Article 26

(1) As of the date of entry into force of this Act, the Decision on the method of implementation of international measures to limit the disposal of property (Official Gazette of the Republic of Croatia, 78/11) shall cease to be valid.

(2) As of the date of entry into force of this Act, the Law on International Restrictive Measures (Official Gazette of the Republic of Croatia, 139/08, 41/14 and 63/19) shall cease to be valid.

Article 27

This Law shall enter into force on the eighth day from the date of its publication in the Official Gazette of the Republic of Croatia.