

International **Comparative** Legal Guides



Sanctions **2020**

A practical cross-border insight into sanctions law

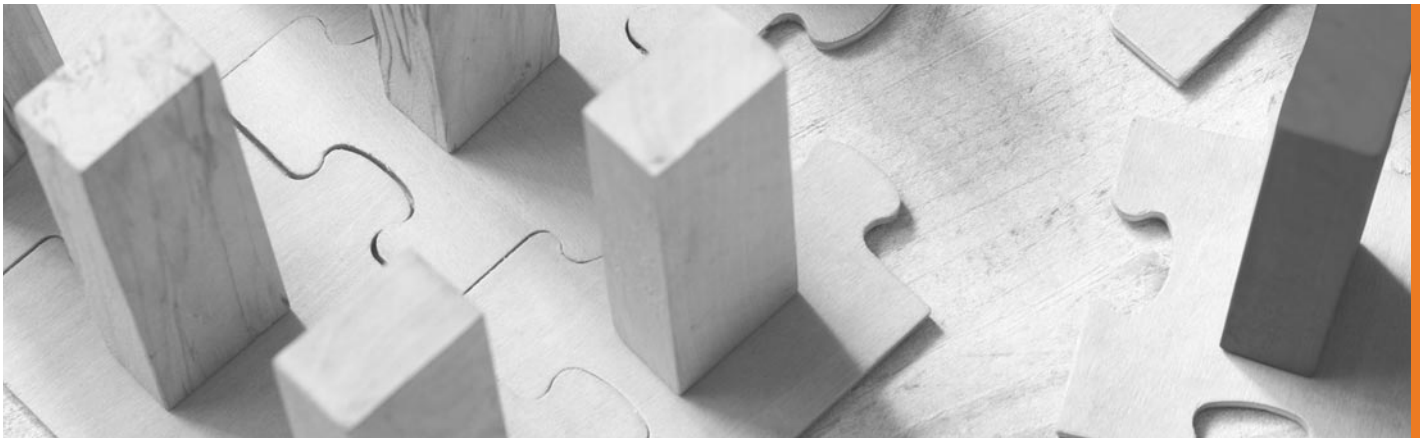
First Edition

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Expert Chapters

- 1** **Recent Developments in U.S. Sanctions: OFAC Compliance Guidance and Enforcement Trends**
Roberto J. Gonzalez & Rachel M. Fiorill, Paul, Weiss, Rifkind, Wharton & Garrison LLP
- 7** **The Current Iran Sanctions Landscape and Potential Issues in 2020**
Peter G. Feldman, Jason M. Silverman, Michael E. Zolanz & Shahrzad Noorbaloochi, Dentons US LLP
- 12** **The Difficulties in Assessing Sanctions Risks (With an Emphasis on Venezuela)**
Siiri Duddington & Charlie Fraser, Hill Dickinson LLP
- 17** **The Implementation of UN Sanctions at the EU Level**
Guillaume Croisant & Stefaan Loosveld, Linklaters LLP
- 21** **Sanctions and Export Controls Enforcement Trends**
Timothy P. O'Toole & Aiysha S. Hussain, Miller & Chevalier
- 26** **Technology Innovation in AML, Sanctions, and KYC/Due Diligence: Reality vs. Aspirations**
Patrick J. McArdle, Adam Klauder & Louis DeStefano, Navigant Consulting, Inc.
- 32** **Navigating the Complex Relationship Between Voluntary Self-Disclosure and Enforcement**
Seetha Ramachandran & Lucas Kowalczyk, Proskauer Rose LLP

Country Q&A Chapters

- 38** **Australia**
MinterEllison: David Moore & Mellissa Lai
- 42** **Austria**
DORDA Rechtsanwälte GmbH: Bernhard Müller & Dominik Widl
- 47** **Bulgaria**
Djingov, Gouginski, Kyutchukov & Velichkov: Kamen Gogov, Lora Aleksandrova & Viktoriya Marincheva
- 55** **Canada**
Stikeman Elliott LLP: Shawn C.D. Neylan
- 59** **China**
JunHe Law Offices: Weiyang (David) Tang, Runyu (Roy) Liu & Siyu (Rain) Wang
- 65** **Czech Republic**
DELTA legal: Michal Zahradník & Lukáš Koukal
- 69** **Denmark**
Plesner: Jacob Ørskov Rasmussen & Morten Vibe
- 74** **France**
Bonifassi Avocats: Stéphane Bonifassi & Sinem Paksüt
- 79** **Germany**
Noerr LLP: Dr. Anke Meier & Dr. Bärbel Sachs
- 85** **India**
JSA: Shivpriya Nanda & Adhiraj Gupta
- 91** **Italy**
BonelliErede: Angelino Alfano, Alessandro Musella & Vincenzo Dell'Osso
- 97** **Japan**
Nishimura & Asahi: Kazuho Nakajima, Masahiro Heike & Marie Wako
- 103** **Korea**
Lee & Ko: Kyunghoon Lee & Jungmin Pak
- 109** **Netherlands**
De Brauw Blackstone Westbroek N.V.: Marlies Heemskerk-de Waard & Marnix Somsen
- 113** **Norway**
Kluge: Ronny Rosenvold & Siri Fosse Sandve
- 119** **Russia**
Eversheds Sutherland: Anu Mattila & Elizaveta Belotserkovskaya
- 125** **Singapore**
Allen & Gledhill LLP: Evangeline Oh & Tan Zhi Feng
- 130** **Switzerland**
Homburger: Claudio Bazzani & Reto Ferrari-Visca
- 135** **Turkey**
Esenyel & Partners: Selcuk Esenyel
- 140** **United Arab Emirates**
BSA Ahmad Bin Hezeem & Associates LLP: Rima Mrad & Tala Azar
- 146** **United Kingdom**
Hill Dickinson LLP: Paul Taylor & Trudie Protopapas
- 151** **USA**
Paul, Weiss, Rifkind, Wharton & Garrison LLP: Roberto J. Gonzalez & Rachel M. Fiorill

Bulgaria



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1 Overview

1.1 Describe your jurisdiction's sanctions regime.

As a Member State of the UN and the EU, Bulgaria is bound, by virtue of the UN Charter and the EU Treaties, to implement the restrictive measures (sanctions) imposed by the UN and the EU, respectively. Bulgaria has not adopted any statutory rules establishing a general autonomous regime for the imposition of sanctions at the national level independently from sanctions imposed by the UN and the EU, save for the following:

CFT Sanctions

The Measures Against the Financing of Terrorism Act (“MAFTA”) provides for a special autonomous national regime for the imposition of restrictive measures specifically targeted against people, entities, groups and organisations suspected of having links with terrorism. In accordance with the MAFTA, the Bulgarian Council of Ministers has adopted a national-based list of persons, groups and organisations to which CFT measures under the MAFTA should apply: Council of Ministers’ Decision No. 265 of 23 April 2003 issued on the grounds of Article 5, para. 1 of the MAFTA adopting a list of natural persons, legal persons, groups and organisations to which CFT measures under the MAFTA should apply (“**Decision No. 265**”).

Regulations on Sanctions for Sale and Supply of Armaments and Armaments-Related Inventory

Specific restrictions on the sale and supplies of armaments and armaments-related inventory are implemented in Council of Ministers’ Decree No. 91 of 9 April 2001, issued in compliance with UN Security Council’s Resolutions and Resolutions of the EU and of the Organisation for Economic Co-operation and Development, adopting a list of countries and organisations which are subject to a prohibition or restriction on the sale and supplies of armaments and armaments-related inventory (“**Decree No. 91**”).

Regulations on Sanctions against Iran

Council of Ministers’ Decree No. 83 of 13 April 2007 for the Implementation of Resolution 1737 of the UN Security Council of 23 December 2006 and of Common Position 140 of the Council of the European Union of 27 February 2007 for imposing sanctions on the Islamic Republic of Iran (“**Decree No. 83**”).

1.2 What are the relevant government agencies that administer or enforce the sanctions regime?

National authorities with general competence to enforce sanctions:

- With regards to delivery and sale of dual-use goods, weaponry, and military materials:
Ministry of Economy
Interministerial Commission for Export Control and Non-Proliferation of Weapons of Mass Destruction
8, Slavyanska Str., Sofia 1052, Bulgaria
Tel: +359 2 940 77 71 (7681)
Fax: +359 2 988 07 27
URL: <http://www.exportcontrol.bg/indexbg.php>.
- With regards to financial sanctions, travel restrictions, antiproliferation:
State Agency for National Security
45 “Cherni Vrah” Blvd.
1407 Sofia, Bulgaria
Tel: +359 2 963 21 88
Fax: +359 2 814 74 41
Email: dans@dans.bg.
- With regards to travel restrictions:
Ministry of Foreign Affairs of the Republic of Bulgaria
Aleksander Zhendov str. 2
1040 Sofia, Bulgaria
National Visa Center
Tel: +359 2 948 23 65
Fax: +359 2 971 28 42
Email: visa@mfa.gov.
- With regards to customs control:
Ministry of Finance
Customs Agency
G. S. Rakovsky Str. 47
1202 Sofia, Bulgaria
Tel: +359 2 9859 4210; 2 9859 4213
URL: <http://www.customs.bg/>.
- Restrictions in transport – sea and air transport:
Ministry of Transport, Information Technology, and Communication
Agency ‘Maritime Administration’
“Dyakon Ignatij” 9
1000 Sofia, Bulgaria
Tel: +359 2 930 03 10
Fax: +359 2 930 03 20

URL: www.marad.bg
 Directorate General ‘Civil Aviation Administration’
 ‘Dyakon Ignatiy’ 9
 1000 Sofia, Bulgaria
 Tel: +359 2 930 10 47
 Fax: +359 2 980 53 37
 URL: www.caa.bg

- **CFT:** The Minister of Interior is empowered to control whether the MAFTA regime has been breached.
- **Sale and Supply of Armaments and Armaments-Related Inventory:** The control over the implementation of the provisions of Decree No. 91 is vested in the following governmental bodies: Intra-departmental Council of Defence Industry and Supplies Safety with the Council of Ministers of the Republic of Bulgaria; the Minister of Economy; the Minister of Defence; the Minister of Finance; the Minister of Foreign Affairs; the Minister of Interior; the Minister of Transport; and the Governor of the Bulgarian National Bank.
- **Sanctions against Iran:** The implementation of Decree No. 83 is vested in the following governmental bodies: Intra-departmental Council of Defence Industry and Supplies Safety with the Council of Ministers of the Republic of Bulgaria; Interministerial Commission for Export Control and Non-Proliferation of Weapons of Mass Destruction with the Minister of Economy; the Minister of Interior; the Minister of Finance; the Director of Customs Agency; the Minister of Education and Science; and the Minister of Foreign Affairs.

2 Legal Basis/Sanctions Authorities

2.1 What are the legal or administrative authorities for imposing sanctions?

The Council of Ministers has the authority to impose sanctions.

2.2 Does your jurisdiction implement United Nations sanctions? Describe that process. Are there any significant ways in which your jurisdiction fails to implement United Nations sanctions?

Bulgaria is a Member State of the UN and is bound, by virtue of the UN Charter, to implement the sanctions imposed by the UN. However, Bulgaria has not adopted any statutory rules establishing a general autonomous regime for imposition of sanctions at a national level independently from sanctions imposed by the UN, save for the UN sanctions in the field of the sale and supply of armaments and armaments-related inventory and sanctions against the Islamic Republic of Iran, which were implemented on a national level with Decree No. 91 and Decree No. 83, respectively. The sanctions lists adopted with the two Decrees follow the provisions of the respective UN resolutions on these matters.

2.3 Is your country a member of a regional body that issues sanctions? If so: (a) does your country implement those sanctions? Describe that process; and (b) are there any significant ways in which your country fails to implement these regional sanctions?

Bulgaria does not implement sanctions of any regional bodies, save for the sanctions imposed by the European Union as described in question 1.1 above, which are directly applicable for Bulgaria as an EU Member State.

2.4 Does your jurisdiction maintain any lists of sanctioned individuals and entities? How are individuals and entities: a) added to those sanctions lists; and b) removed from those sanctions lists?

Yes – under Decision No. 265 (CFT sanctions list) and Decree No. 83 (sanctions list against Iran). Please see the response to question 1.1. Persons are added and removed from the lists by the Council of Ministers, by way of adoption of a separate act (Decision/Decree) for amendment of the respective list.

2.5 Is there a mechanism for an individual or entity to challenge its addition to a sanctions list?

Such mechanism exists only in respect to additions in the CFT Sanctions List under Decision No. 265. Under the MAFTA, a person included in the CFT List adopted with the Council of Ministers’ Decision may appeal its inclusion in the List before the Supreme Administrative Court under the procedure of the Administrative Procedure Code. The appeal may be made within 14 days as of promulgation of the Decision in the State Gazette. The appeal does not automatically stay the execution of the act appealed against. If the court upholds the appeal, a copy of the ruling is sent to the Council of Ministers, which shall immediately introduce the required modifications. The decision of the Council of Ministers whereby the list is modified shall be promptly promulgated and published in the State Gazette.

2.6 How does the public access those lists?

The CFT sanctions list is published on the official website of the Bulgarian State Agency for National Security (“SANS”), at the following link: http://www.dans.bg/images/stories/FID/Reshenie_265_MS_23042003_Spisyk_ZMFT.pdf.

The sanctions list regarding the sale and supply of armaments and armaments-related inventory and the sanctions list against the Islamic Republic of Iran are published on the official website of the Bulgarian Interministerial Commission for Export Control and Non-Proliferation of Weapons of Mass Destruction with the Minister of Economy, at the following link: <http://www.exportcontrol.bg/Modulbg.php?id=980>.

All sanctions lists are available in the Bulgarian language only.

2.7 Does your jurisdiction maintain any comprehensive sanctions or embargoes against countries or regions?

Bulgaria maintains jurisdiction-based sanctions as follows:

- Countries and organisations listed in the sanctions list regarding trade with armaments and armaments-related inventory under Decree No. 91 reflecting the provisions of the respective UN Resolutions, EU Resolutions and OSCE specified in the list:
 - **Group I:** countries and organisations to which Bulgaria has imposed a ban or restrictions on the sale and supplies of armaments and armaments-related inventory:
 1. Iraq.
 2. Iran.
 3. Democratic Republic of the Congo.
 4. Côte d’Ivoire.
 5. Republic of Liberia.
 6. Lebanon.
 7. Somalia.
 8. Sudan.
 9. Libya.
 10. Belarus.

11. Republic of Guinea.
12. Republic of South Sudan.
13. Syria.

- **Group II:** countries and organisations to which Bulgaria may impose a non-mandatory ban or restrictions on the sale and supplies of armaments and armaments-related inventory:
 1. Azerbaijan.
 2. Armenia.
- The Islamic Republic of Iran under Decree No. 83.

2.8 Does your jurisdiction maintain any other sanctions?

Bulgaria also maintains travel sanctions against persons, such as, but not limited to: persons included in the list under Decree No. 83 (Sanctions against Iran); persons known to be related to terrorism; and foreign persons for whom an alert has been issued in the Schengen Information System for the purposes of refusing entry.

2.9 What is the process for lifting sanctions?

Autonomous sanctions may be lifted by the Bulgarian government as a matter of Bulgarian foreign policy, and then implemented by way of amendments to existing regulations. UNSC and EU sanctions are maintained under the regulations adopted on the grounds of the Charter of the United Nations Act 1945 and the Treaty for the Functioning of the European Union, respectively, until Bulgaria is no longer obliged to do so as a matter of international law.

2.10 Does your jurisdiction have an export control regime that is distinct from sanctions?

Yes, there are import and export control restrictions relating to trade in the following items:

- (i) defence-related products included in a list (Schedule 1 to Council of Ministers' Decree No. 204 of 19 September 2018) are subject to export/import control;
- (ii) dual-use items and technologies included in a list (Schedule 2 to Council of Ministers' Decree No. 204 of 19 September 2018) are subject to import control (the export control of dual-use items and technologies is regulated directly by Regulation (EC) No. 428/2009);
- (iii) goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment subject to export/import control as per Council Regulation (EC) No. 1263/2005 (adopted on the national level by virtue of the Law on the Implementation of Council Regulation (EC) No. 1263/2005); and
- (iv) toxic chemicals and their precursors subject to import/export control as per a list under the Law on the Prohibition of Chemical Weapons and on Control of Toxic Chemicals and the Precursors Thereof (the list follows the list of chemicals and precursors set out by the Chemical Weapons Conventions).

The import/export of the items under paragraphs (i), (ii) and (iv) is subject to the authorisation procedure provided under the Law on the Export Control of Defence-Related Products and Dual-Use Items and Technologies. It sets out specific information that should be provided to the relevant authorities as part of the approval process. The authorities competent on the matter are: the Intra-Departmental Council of Defence Industry and Supplies Safety with the Council of Ministers (licensing authority); and the Interministerial Commission for Export Control and Non-Proliferation of Weapons of Mass Destruction with the Minister of Economy (authority granting import/export authorisations on a case-by-case basis).

The import/export of the items under paragraph (iii) is subject to authorisation by the Minister of Economy or persons authorised thereby under the Law on the Implementation of Council Regulation (EC) No. 1263/2005. The authorisation requirements under the Law refer directly to those set out under the Regulation.

2.11 Does your jurisdiction have blocking statutes or other restrictions that prohibit adherence to other jurisdictions' sanctions or embargoes?

No, it does not.

2.12 Does your jurisdiction impose any prohibitions or threaten any sanctions consequences for transactions that do not have a connection to that jurisdiction (sometimes referred to as "secondary sanctions")?

Bulgarian sanction laws apply to Bulgarian nationals and Bulgarian-registered entities (whether acting on Bulgarian territory or abroad), as well as to foreign persons when acting in Bulgaria. The above principle also applies in case of conduct which occurred on Bulgarian-flagged vessels and aircraft.

As at the date of writing, Bulgaria has not implemented any particular secondary sanctions regarding transactions subject to Bulgarian sanction laws that do not have nexus in Bulgaria.

3 Implementation of Sanctions Laws and Regulations

3.1 What parties and transactions are subject to your jurisdiction's sanctions laws and regulations? For example, do sanctions restrictions apply based on the nationality of the parties involved? Or the location where the transactions take place?

Bulgarian sanction laws apply to Bulgarian nationals and Bulgarian-registered entities (whether acting on Bulgarian territory or abroad), as well as to foreign persons when acting in Bulgaria.

For more details on the types of parties and transactions which are subject to sanctions laws in Bulgaria, please see the responses to questions 1.1, 2.7, 2.8 and 2.10 above.

3.2 Are parties required to block or freeze funds or other property that violate sanctions prohibitions?

Yes.

CFT Sanctions

Pursuant to Article 6, para. 1 of the MAFTA, all funds and other financial assets or economic resources (a) owned by any persons included in the UN CFT Sanctions List or the national CFT Sanctions List under Decision No. 265, regardless of whose possession they are in, or (b) found in the possession of, held by, or controlled by any such persons, as well as of any persons acting on such persons' behalf or for their account or on their instructions, shall be blocked (except for any items or rights which cannot be subject to enforcement proceedings). The implementation of the above measure shall not prevent the accrual of interest on and the acquisition of other civil benefits from the funds and other financial assets or frozen economic resources, and anything that is newly acquired shall also be frozen.

Pursuant to Article 8, para. 1 of the MAFTA, any transactions in blocked funds and other financial assets or economic resources of the persons referred to above, and any transactions for providing funds and other financial assets or economic resources to any such persons, are prohibited. Anything given by the parties to a transaction carried out in violation of the above rule shall be confiscated in favour of the State (Article 8, para. 2 MAFTA).

Sanctions against Iran

Pursuant to Article 4 of Decree No. 83, all funds, financial assets and economic resources owned by, in possession of, held by or (directly or indirectly) controlled by the following persons shall be frozen:

- (1) Persons and undertakings specified in the schedule to UNSC Resolution 1737 (2006), and the new persons and undertakings specified by the UNSC or the Committee in accordance with § 12 of Resolution 1737 (2006) and § 7 of Resolution 1803 (2008) of the UNSC, as enlisted in the appendix to Decree No. 83.
- (2) Persons and undertakings not enlisted in the schedule to UNSC Resolution 1737 (2006), who participate in, are directly related to or support Iran's sensitive activities related to the dissemination of nuclear weapons or Iran's development of nuclear weapons carriers, or persons and undertakings who are known to act in their name or on their instructions, or undertakings owned or controlled thereby, whether lawfully or unlawfully, as well as persons who have supported such persons and undertakings to evade the appliance of or to violate the provisions of UNSC Resolutions 1737 (2006), 1747 (2007) and 1803 (2008), as enlisted in the appendix to Decree No. 83.

The provision of any funds, financial assets or economic resources by Bulgarian citizens or by other persons on Bulgarian territory in favour of the persons specified above shall be prohibited. However, interest and other accruals on frozen accounts, and payments under contracts or obligations which arose before the accounts became subject to the restrictive measures, may be permitted on the condition that all such interest and other accruals and payments continue to be subject to the restrictive measures described above and are also frozen.

Pursuant to Article 6 of Decree No. 83, the provision of any grants, financial support and concession loans to the government of the Islamic Republic of Iran, including by participation in international organisations, shall be prohibited, unless provided for humanitarian and development purposes.

3.3 Are there licences available that would authorise activities otherwise prohibited by sanctions?

Bulgaria does not have a licensing or authorisation system in place specifically designated in relation to the application of sanctions. However:

- The MAFTA provides that the Minister of Interior or an official explicitly authorised thereby may authorise payments or other acts of disposition to be effected with frozen funds and other financial assets or frozen economic resources, when necessary for the following purposes:
 1. medical treatment or other urgent humanitarian needs of the person whose property is blocked/frozen, or of a member of the family thereof;
 2. payment of liabilities to the Bulgarian State;
 3. payment of remunerations for work performed;
 4. compulsory social insurance; and
 5. meeting the current needs of the natural persons specified in the UN CFT List or the Bulgarian CFT List and the members of their families.

The above authorisation is issued on a case-by-case basis, upon a reasoned application by the person concerned or, regarding the

payment of liabilities to the State, also on the initiative of the Minister of Finance. The Minister of Interior or an official authorised thereby shall return a decision within 48 hours of the submission of the application.

- Decree No. 83 (Sanctions against Iran) provides for certain conditions upon which the restrictive measures under Article 4 thereof (see the response to question 3.2 above) shall not apply (e.g. if the funds, financial assets or economic resources are necessary for payment of main expenses, including for food, rent or mortgage payments, medicine and medical treatment, taxes, insurance premiums and utility costs).
- The Law on the Export Control of Defence-Related Products and Dual-Use Items and Technologies provides an authorisation process, which must be followed for certain importations and exportations. It sets out specific information that should be provided by companies to the relevant authorities as part of the approval process. Licensing applications should be made to the Intra-departmental Council of Defence Industry and Supplies Safety with the Council of Ministers.

3.4 Are there any sanctions-related reporting requirements? When must reports be filed and what information must be reported?

Bulgarian law provides for sanctions-related reporting requirements only in relation to CFT matters. In particular, the MAFTA provides that:

- If a person applies a sanction under the MAFTA to a person specified under Article 4b of the MAFTA, the person applying the sanction should immediately notify the Minister of Interior, the Minister of Finance, the Chairperson of the State Agency for National Security and the Commission for Counter-Corruption and Unlawfully Acquired Assets Forfeiture. The persons specified under Article 4b of the MAFTA are as follows: (1) natural persons, legal persons, groups and organisations on which sanctions for terrorism or for its financing have been imposed with a regulation of the European Union and the Council; (2) natural persons, legal persons, groups and organisations identified by the UNSC as associated with terrorism, or with respect to whom sanctions for terrorism have been imposed by a resolution of the UNSC; and (3) natural persons, legal persons, groups and organisations included in a list adopted with a decision of the Council of Ministers.
- Any person who knows that certain financial operations or transactions are intended to finance terrorism must immediately notify the Minister of Interior and the Chairperson of the State Agency for National Security. The reporting obligation also applies to any attempted operations or transactions aimed at the financing of terrorism, and to funds suspected to be related to or used for acts of terrorism, or used by terrorist organisations or terrorists.

The reporting should be made in writing at the address of each of the abovementioned authorities.

3.5 How does the government convey its compliance expectations? Are certain entities required to maintain compliance programmes? What are the elements of a compliance programme required (or recommended) by the competent regulator(s)?

There is some limited sanctions-related guidance offered by the Bulgarian authorities, as follows:

- Information published on the official website of the Bulgarian Ministry of Foreign Affairs. Please note that the Bulgarian version of the webpage provides significantly more information

on the subject (including particular information related to CFT measures) as compared to the English version:

- Link to the Bulgarian version: <https://www.mfa.bg/bg/ministerstvo/merki-sreshtu-finansiraneto-na-terorizma>.
- Link to the English version: <https://www.mfa.bg/en/101>.
- Information published on the official website of SANS: <http://www.dans.bg/en/msip-091209-menu-en/measures-financingterrorism-09072015-art-en>.

Sanctions screening became a major subject in Bulgaria in the past year, in light of the enhanced requirements of new Bulgarian AML legislation implemented in the transposition of Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the 4th AMLD). In this context, it is known that credit institutions, payment institutions and investment firms, which are the groups of obliged persons most affected by the new AML local laws, have taken steps to implement sanctions screening programmes to comply with the new legal framework.

At present, the Bulgarian authorities have not published any specific recommendations or requirements for compliance with the sanctions regime.

4 Enforcement

Criminal Enforcement

4.1 Are there criminal penalties for violating economics sanctions laws and/or regulations?

Yes. One specific instance of conduct may commit one or several criminal offences under the Bulgarian Criminal Code, depending on the specific facts of the case. Nevertheless, the following are generally relevant in the context of international sanctions.

According to Article 108a of the Bulgarian Criminal Code, anyone who, regardless of the mode of operation, directly or indirectly collects or provides financial or other means, while knowing or assuming that they will be used entirely or partially: (i) for committing a terrorist act (as defined therein); (ii) by an organisation or a group which pursues the goal of committing a terrorist act, or recruiting or training individuals or groups of people to commit a terrorist act; or (iii) by a person who has committed a terrorist act or is involved in the recruitment, training or crossing the Bulgarian borders for the purposes of the commitment of a terrorist act, shall be punished by imprisonment from three to 12 years. Where death has been caused as a result of the crime, the punishment shall be imprisonment from 15 to 30 years, life imprisonment or life imprisonment without a chance of commutation.

In addition, anyone who, without the required licence, registration or permit, exports, imports, transfers, transports, transits, or acts as a broker in transactions with weaponry or with dual-use items or technologies, as well as where such activities are carried out in breach of prohibitions, restrictions or sanctions imposed by the Security Council of the United Nations Organisation, by the Organisation for Security and Cooperation in Europe or by the European Union, specified in an instrument of the Council of Ministers or stemming from an international agreement to which the Republic of Bulgaria is a party, shall be punished by imprisonment for up to six years and by a fine of up to BGN 200,000.

For particularly grave cases, the punishment shall be imprisonment for three to eight years and a fine of up to BGN 500,000. In minor cases the punishment shall be a fine of up to BGN 20,000. The weaponry, goods or the technologies with dual application, which make the object of crime, shall be confiscated in favour of the State notwithstanding their ownership, and where they are missing or have been appropriated, the equivalent of their value shall be adjudicated, determined on the grounds of the foreign trade contract.

Moreover, anyone who produces, transports, holds, acquires or transfers dual-use items or technologies, as determined by law or an instrument of the Council of Ministers, with a view to be used for making transactions in breach of prohibitions, restrictions or sanctions imposed by the Security Council of the United Nations Organisation, by the Organisation for Security and Cooperation in Europe or by the European Union, or such stemming from an international agreement to which the Republic of Bulgaria is a party, shall be punished by imprisonment from three to 10 years and a fine of up to BGN 200,000.

Anyone who pursues foreign trade activities without a permit, as required by law or by Decree of the Council of Ministers, or in violation of such permit, shall be punished by imprisonment for up to five years, a fine of BGN 5,000 up to BGN 10,000 and deprivation of rights to conduct such activity.

4.2 Which government authorities are responsible for investigating and prosecuting criminal economic sanctions offences?

The authorities responsible for investigation are: (i) investigating magistrates; (ii) investigating police officers and investigating customs inspectors; and (iii) general police officers and customs inspectors. The specific competent investigating authorities depend on the type of criminal offence being investigated. Investigative bodies always operate under the guidance and supervision of a public prosecutor. The public prosecutor indicts the accused.

4.3 Is there both corporate and personal liability?

Bulgarian criminal law provides for personal liability only.

4.4 What are the maximum financial penalties applicable to individuals and legal entities convicted of criminal sanctions violations?

The maximum financial penalty for individuals convicted of violations of dual-use items and weaponry-related sanctions is up to BGN 200,000 (approx. EUR 100,000) and up to BGN 500,000 (approx. EUR 250,000) for grave crimes – see question 4.1 above.

The Bulgarian Law on Administrative Violations and Penalties provides that legal entities which benefitted or would benefit from certain criminal offences committed by their representatives, managers, board members or employees may be subject to a financial penalty of up to BGN 1,000,000 (approx. EUR 500,000) but no less than the amount equivalent to the benefit obtained. These sanctions to legal entities are not criminal in nature, but rather civil (administrative).

4.5 Are there other potential consequences?

Usually the object of the crime will be confiscated to the benefit of the Bulgarian State, and where this object may not be found or has been expropriated, payment of its equivalent amount shall be ordered by the court.

Civil Enforcement

4.6 Are there civil penalties for violating economics sanctions laws and/or regulations?

Bulgarian law provides for administrative penalties in case of violation of the provisions of the MAFTA. The amount of the penalties range depending on the quality of the infringing party (i.e. natural or legal person), the obligation infringed and the frequency of the infringement.

Penalties could also be imposed in case of violation of the restrictions on the sale and supply of armaments and armaments-related inventory, or provision of military assistance and training of military personnel under Decree No. 91.

4.7 Which government authorities are responsible for investigating and enforcing civil economic sanctions violations?

As a rule, the Ministry of Interior is responsible for investigating the violation of the provisions of the MAFTA and imposing administrative penal sanctions. The State Agency for National Security, the Bulgarian National Bank, the Financial Supervision Commission and the State Commission on Gambling shall be responsible for investigating violation of the provisions of the MAFTA in the event that the infringing party maintains an activity which is subject to the supervision of the said authorities. With regard to Decree No. 91 of the Council of Ministers, investigation and enforcement powers could also be exercised by specific authorities established under the Defence-Related Products and Dual-Use Items and Technologies Export Control Act, the Minister of Economy, the Minister of the Interior, the Chairperson of the National Security State Agency and the Director of the Customs Agency.

The National Revenue Agency is responsible for the collection of the administrative penalties imposed for violation of the MAFTA and Decree No. 91 of the Council of Ministers.

4.8 Is there both corporate and personal liability?

Yes, both corporate and personal liability are provided for in case of violation of the MAFTA and Decree No. 91 of the Council of Ministers. A financial penalty may be imposed on a legal person, while a fine may be imposed on a natural person in the event that: (i) he/she has violated the provisions of the MAFTA; (ii) in his/her capacity as manager and representative of a legal person subject to the requirements set forth in the Measures Against Money Laundering Act, or of a person responsible for the exercise of internal control over compliance with the said act, has committed, tolerated or participated in the commission of a violation of the MAFTA; or (iii) he/she has violated any of the provisions of Decree No. 91 of the Council of Ministers.

4.9 What are the maximum financial penalties applicable to individuals and legal entities found to have violated economic sanctions?

The maximum amount of the financial penalty which may be imposed on a legal entity for violation of the MAFTA is BGN 10 million (approx. EUR 5 million) or up to 10% of the annual turnover, including gross income, according to the consolidated accounts of the parent undertaking for the previous year, comprising interest receivable and other similar income, income from shares and other variable or fixed yield securities income and receivables from commissions and/or fees. The maximum amount of the financial penalty which may be imposed on a legal entity for violation of Decree No. 91 of the Council of Ministers is BGN 100,000 (approx. EUR 50,000).

The maximum amount of the financial penalty which may be imposed on a natural person for violation of the MAFTA is BGN

2 million (approx. EUR 1 million) and BGN 2,000 (approx. EUR 1,000) for violation of Decree No. 91 of the Council of Ministers.

4.10 Are there other potential consequences?

According to the MAFTA, anything given by the parties to a transaction which is prohibited shall be forfeited to the Bulgarian State. According to the law, any transactions in blocked funds and other financial assets or economic resources of any persons referred to in the UN, EU or Bulgarian sanction lists, as well as of any persons acting on their behalf and for their account or on their instruction, and any transactions for providing funds and other financial assets or economic resources to any such persons, shall be prohibited.

Any person who acts as manager or representative of an entity which is subject to the Measures Against Money Laundering Act, whereon a fine has been imposed under the MAFTA, may not occupy a senior management position with the said entity for a period of one year.

The authorisation or licence for the activity of an entity which is subject to the Measures Against Money Laundering Act may be withdrawn by the relevant regulator.

4.11 Describe the civil enforcement process, including the assessment of penalties. Are all resolutions by the competent authorities public?

The enforcement process in case of violation of MAFTA or Decree No. 91 of the Council of Ministers includes two stages. The first stage involves establishment of the violation and results in the issuance of a statement of establishment of an infringement. The second stage involves the proceeding for imposition of the penalty (incl. assessment of the evidence collected in the first stage, determination of the type and the amount of the penalty) and results in the issuance of a penalty act, if it is established that the offender has committed the act guiltily. For the state authorities responsible for the enforcement process under the MAFTA and Decree No. 91 of the Council of Ministers, please refer to question 4.7.

According to the MAFTA, the State Agency for National Security shall publish in a timely manner on its official website information about all enforceable penalty acts whereby penalties for violations of the MAFTA have been imposed.

4.12 Describe the appeal process. Have companies challenged penalty assessments in judicial proceedings?

The penalty acts whereby sanctions for violations of the MAFTA or Decree No. 91 of the Council of Ministers have been imposed are appealable according to the procedure established by the Administrative Procedure Code (“APC”).

No information about legal cases for the challenging of a penalty assessment imposed under the MAFTA or Decree No. 91 of the Council of Ministers has been publicly announced. Relevant case law is not available in the publicly available registers either.

4.13 Are criminal and civil enforcement only at the national level? Is there parallel state or local enforcement?

Criminal and civil proceedings take place before the respective Bulgarian criminal or civil (administrative) court in accordance with territorial jurisdiction of the court provided for in the Bulgarian procedure laws.

4.14 What is the statute of limitations for economic sanctions violations?

With respect to penalties for the violation of the MAFTA or Decree No. 91 of the Council of Ministers, the administrative-penal proceedings shall not be initiated if a statement of establishment of the violation has not been issued within three months following the detection of the offender, or if one year has elapsed since the commission of such violation. The administrative-penal proceedings that have already been initiated shall be discontinued if no penalty act has been issued within six months following the issuance of the statement of infringement.

If an administrative penalty for violation of the MAFTA or Decree No. 91 of the Council of Ministers is imposed on a natural person, the latter shall not be executed following the lapse of two years. Regardless of suspension or interruption of the statute of limitations, an administrative sanction shall not be executed if three years have expired.

If the penalty for violation of the MAFTA or Decree No. 91 of the Council of Ministers is a financial sanction imposed on a legal person, the obligation for payment of the penalty shall be prescribed by the law upon the lapse of five years starting from January 1st of the year succeeding the year during which the penalty became payable. Regardless of any suspension or interruption of the

prescription period (except in the cases where the obligation has been deferred or rescheduled, or the enforcement has been suspended at the debtor's request), the penalty shall be deemed to have extinguished upon the expiry of 10 years starting from January 1st of the year succeeding the year during which the public claim became payable.

5 General

5.1 If not outlined above, what additional economic sanctions-related measures are proposed or under consideration?

None are known at this time.

5.2 Please provide information for how to obtain relevant economic sanctions laws, regulations, administrative actions, and guidance from the Internet. Are the materials publicly available in English?

Please see the responses to questions 2.6 and 3.5.



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