

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
INVESTMENT COMMITTEE**

Investment policy related to National Security

Notification by Lithuania

23 October 2018

In March 2018, Lithuania notified the OECD of a new investment policy related to national security pursuant to its obligations under the National Treatment instrument. This document reproduces the notification, which will support discussions of the measure at Freedom of Investment Roundtable 29 on 23 October 2018.

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Investment policy related to National Security Notification by Lithuania

On 1 March 2018 the amendments to the *Law on the Protection of Objects of Importance to Ensuring National Security of the Republic of Lithuania* (hereinafter referred to as ‘the Law’) entered into force. The Law was updated to simplify and increase transparency and efficiency of verification procedures of investors’ conformity to national security interests (screening procedure).

The Law establishes safeguards to prevent national security threats associated with investments in enterprises, facilities and protection zones important to national security and economic sectors important to national security. Annexes of the Law introduce updated lists of enterprises important to national security following the establishment or reorganisation of some enterprises.

An unofficial English translation of the Law and the four related Annexes are available as [Annex A](#) of this document.

1. Scope

According to the Law, the screening procedure is structured around the following four pillars, representing different groups of assets. These include:

1. economic sectors important to national security (*Article 2 (4) and Article 6*);
2. protection zones of enterprises and facilities important to national security (*Article 2 (6) and Article 4*);
3. enterprises important to national security (*Annexes 1-3*);
4. facilities important to national security (*Annex 4*).

The Law establishes five economic sectors important to national security: 1) energy, 2) transport, 3) information technologies and telecommunications, other high technologies, 4) finance and credit and 5) military equipment. It should be noted that investments related only to specific economic activities in these sectors may be screened. The list of these activities is specified in the Resolution of the Government (No 556, 6 June, 2018). An unofficial English translation of the Resolution is available in [Annex B](#).

2. Screening procedure

A mandatory screening procedure is carried out in cases when an investor seeks to acquire (*Article 12(1)*):

- securities in enterprises important to national security;
- non-property rights granted by the securities (e.g. convertible bonds) of an enterprises important to national security;
- ownership or possession or any other rights to the facilities important to national security.

Investments in economic sectors important to national security or protection zones are not subject to the obligation to apply for the screening procedure. Also, only investments related to certain activities stipulated in the Resolution of the Government are subject to potential screening procedure. While no mandatory screening is required, the Law allows for ‘ex-post screening’ and establishes the corresponding procedure. The screening procedure may be started at each stage at the initiative of the entities responsible for the protection of national security, also the Government, Minister, Bank of Lithuania and other institutions laid down in the Law. The basis for such initiative is possession of reasonable data that the activities planned or carried out by such investor may pose a real threat to national security interests (*Article 12 (3)*).

The Commission for Coordination of Protection of Objects of Importance to Ensuring National Security (hereinafter referred to as ‘the Commission’) submits a conclusion on the investor’s conformity to national security interests. The Commission must submit this conclusion within 20 days provided such time limit is not extended for additional 5 days due to certain circumstances (*Article 12(11)*). If the Commission does not submit a conclusion within these time limits, the investor is automatically confirmed as conforming to national security interests (*Article 12(10)*). If the Commission concludes on the investor’s non-conformity to national security interests the final decision on the investor’s conformity to national security interests is made by the Government within 14 days (*Article 12(13)*). Detailed steps of the screening procedure are provided in *Article 12*. The criteria for the assessment of an investor’s conformity to national security interests are laid down in *Article 11*.

Decisions adopted by entities of public administration pursuant to this Law may be appealed to Vilnius Regional Administrative Court in accordance with the procedure laid down in the Law of the Republic of Lithuania on Administrative Proceedings (*Article 20*).

3. Body responsible for screening procedure

The Commission is formed and approved by the Government (*Article 19*). The activities of the Commission are coordinated by the Office of the Government. The Commission consists of the representatives of eight ministries, representatives of the Prosecutor General’s Office, the Special Investigation Service, and the State Security Department. The Commission follows the Rules of Procedure approved by the Government.

4. Proposed amendment to the entry in the list of measures reported for transparency under the National Treatment instrument

Lithuania proposes that the entry under item A. of the list of measures reported for transparency under the National Treatment instrument be framed as follows:

“A. Measures Reported for Transparency at the Level of National Government

I. Measures based on public order and essential security considerations

a. Investment by established foreign controlled enterprises

Investments that concern: securities in enterprises important to national security; non-property rights granted by the securities of an enterprises important to national security (e.g. convertible bonds); ownership or possession or any other rights to the

facilities or property of importance to ensuring national security are subject to mandatory review and approval. Investments in economic sectors important to national security or protection zones may be subjected to a review.

Authority: Law on the Protection of Objects of Importance to Ensuring National Security of the Republic of Lithuania

ANNEX A: LAW ON THE PROTECTION OF OBJECTS OF IMPORTANCE TO ENSURING NATIONAL SECURITY

10 October 2002 No IX-1132

(As last amended on 12 January 2018 No XIII-992)

Article 1. Objective and scope of the Law

1. The objective of this Law shall be to ensure that the objects of importance to ensuring the national security of the State (enterprises, facilities, property and economic sectors) and the property and territory within the protection zones of the enterprises, facilities and property of importance to ensuring national security (hereinafter: the 'protection zones') are protected against all risk factors that may pose a threat to national security interests and to eliminate the causes of and conditions for the emergence of such factors.

2. When including enterprises, facilities and property in the lists of enterprises of importance to ensuring national security and the List of Facilities and Property of Importance to Ensuring National Security, threats, dangers and risk factors to national security interests shall be assessed within the meaning of the National Security Strategy approved by the Seimas of the Republic of Lithuania.

3. The bodies of enterprises of importance to ensuring national security or of enterprises which manage, use or dispose of facilities and property of importance to ensuring national security as well the bodies of other enterprises which operate in the economic sector of strategic importance to ensuring national security shall be prohibited from adopting any decisions which are in conflict with the objective of this Law.

4. Decisions of the Government of the Republic of Lithuania whereby, in accordance with this Law, transactions, investments or economic and commercial activities may be restricted, suspended or annulled shall be adopted without prejudice to the obligations of the Republic of Lithuania assumed under the provisions of Articles 52 and 65 of the Treaty on the Functioning of the European Union (OJ 2016 C 202, p. 47).

5. Laws regulating separate legal forms and activities of legal persons of enterprises of importance to ensuring national security as well as other laws shall apply to the extent they do not contradict this Law.

Article 2. Definitions

1. **Category II enterprises of importance to ensuring national security** shall mean:

1) the public limited liability companies or private limited liability companies listed in Annex 2 to this Law which, according to their purpose or nature of activities, are of strategic importance to national security interests and whose shares carrying at least 2/3 of votes at the general meeting of shareholders are held by the State, a municipality or a state-owned company;

2) state-owned companies which have been transferred the right of ownership to the shares held by the State in the enterprise specified in point 1 of this paragraph.

2. **Investor** shall mean an investor from the Republic of Lithuania, a foreign investor or a third-country investor that:

1) seeks to acquire or has acquired the portion of shares or convertible debentures specified in this Law in an enterprise of importance to ensuring national security whose legal form is public limited liability company or private limited liability company;

2) seeks to acquire or has acquired the right to exercise non-property rights attached to the portion of shares of the enterprise of importance to ensuring national security specified in this Law by concluding an agreement on the transfer of the voting right;

3) has acquired or seeks to acquire the rights provided for in this Law to facilities and property of importance to ensuring national security or the property indicated in the security plan of an enterprise of importance to ensuring national security and the transfer of which is subject to the Government's approval;

4) has acquired or seeks to acquire securities of a legal person operating or being established in the economic sector of strategic importance to ensuring national security which carry the voting right at the meeting of participants of the legal person operating or being established in the economic sector of strategic importance to ensuring national security or the securities which may be exchangeable/convertible into the securities carrying the voting right at the meeting of participants of the legal person specified in this point;

5) by acquiring property or by other means, intends to carry out or carries out activities in the territory of the protection zone laid down in Article 4 of this Law, or that holds or seeks to acquire securities of a legal person

operating or being established in the territory of the protection zone laid down in Article 4 of this Law which carry the voting right at the meeting of participants of that legal person or the securities which may be exchangeable/convertible into the securities carrying the voting right at the meeting of participants of the legal person specified in this point.

3. **Investor from the Republic of Lithuania or a foreign investor** shall mean a citizen of the Republic of Lithuania or another Member State of the European Union (EU) or of a member of the North Atlantic Treaty Organization (NATO), the European Free Trade Association (EFTA) and/or the Organisation for Economic Co-operation and Development (OECD) or a legal person or organisation established in these states, except for the cases where 1/4 or more of the voting rights at the meeting of participants of such a legal person or another organisation are held by a third country, legal persons controlled by it or its citizens.

4. **Economic sector of strategic importance to ensuring national security** shall mean an area of activity of particular importance to the State and the public of the Republic of Lithuania upon cessation, disruption, restriction or abandonment of development whereof national security interests may be prejudiced.

5. **Enterprises of importance to ensuring national security** shall mean Category I enterprises of importance to ensuring national security, Category II enterprises of importance to ensuring national security and Category III enterprises of importance to ensuring national security.

6. **Facilities and property of importance to ensuring national security** shall mean the facilities being designed and constructed or the existing facilities and property indicated in Annex 4 to this Law which, in compliance with the provisions of this Law, must be protected from all risk factors likely to pose a threat to national security interests.

7. **National security interests** shall mean the vital and primary interests of national security within the meaning of the National Security Strategy, the development of the trans-European infrastructure and the essential public interests enshrined in the laws of the Republic of Lithuania, including the provision of the most important services of common interest, etc.

8. **Category I enterprises of importance to ensuring national security** shall mean:

1) the state enterprises, municipal enterprises, public limited liability companies or private limited liability companies listed in Annex 1 to this Law which, according to their purpose or nature of activities, are of strategic importance to national security interests and whose shares carrying all the votes at the general meeting of shareholders are held by the State, a municipality or a state-owned company;

2) state-owned companies which have been transferred the right of ownership to the shares in the enterprise specified in point 1 of this paragraph.

9. **Third country** shall mean a state other than any EU Member State or a member of NATO, the EFTA and/or the OECD.

10. **Category III enterprises of importance to ensuring national security** shall mean the public limited liability companies or private limited liability companies listed in Annex 3 to this Law which, according to their purpose or nature of activities, are of strategic importance to national security interests and whose shares carrying less than 2/3 of votes at the general meeting of shareholders are held by the State, a municipality or a state-owned company or the shares whereof are not held by the legal persons specified in this paragraph.

11. **Third-country investor** shall mean a third-country national or a legal person or another organisation established in a third country as well as a legal person or another organisation established in any EU Member State or in a member of NATO, the EFTA and/or the OECD in which 1/4 or more of the voting rights at the meeting of its participants are held by the third country, legal persons controlled by it or its citizens.

12. **State-owned company** shall mean a public limited liability company or a private limited liability company in which shares carrying over 1/2 of votes at the general meeting of shareholders are held by the State.

13. For the purposes of this Law, the concept 'persons acting in concert' shall be interpreted as defined in the Law of the Republic of Lithuania on Securities and the concept 'controlling person' shall be interpreted as defined in the Law of the Republic of Lithuania on Competition.

Article 3. Facilities and property of importance to ensuring national security

1. Facilities and property of importance to ensuring national security held by the right of ownership by the State or municipalities may, in accordance with the procedure laid down in laws, be transferred, except for the transfer of ownership rights, to an investor conforming to national security interests who may not sell the facilities and property transferred to him or otherwise transfer them into the ownership of other persons or pledge and otherwise restrict the rights in rem in respect of them, or use them as a guarantee, surety or in any other way to secure the discharge of obligations assumed by him or by other persons.

2. Facilities and property of importance to ensuring national security held by the right of ownership by enterprises or investors of importance to ensuring national security may be transferred only to an investor conforming to national security interests or, to secure the claims of such an investor, these facilities and property may be pledged or mortgaged, unless the rights set out in this paragraph are restricted by other laws.

3. The entities referred to in paragraph 1 and 2 of this Article that manage, use or dispose of facilities and property of importance to ensuring national security must ensure compliance with the requirements referred to in Articles 17 and 18 of this Law.

4. In compliance with the List of Facilities and Property of Importance to Ensuring National Security indicated in Annex 4 to this Law, the Government shall determine which specific facilities and property comprise the facilities and property of importance to ensuring national security.

Article 4. Protection zones of enterprises, facilities and property of importance to ensuring national security

1. Protection zones shall be established by the Government, having assessed the specific nature of enterprises, facilities and property of importance to ensuring national security as well as the need for protection based on risk factors. When preparing or revising territorial planning documents, the Ministry of Environment of the Republic of Lithuania and municipal administrations must take into account the protection zones established by the Government.

2. When adopting the decision specified in Article 12(14) of this Law confirming an investor's non-conformity to national security interests and seeing that additional measures are necessary in order to protect national security interests, also having additionally assessed the investor's status, activities, conduct and intentions as well as the seriousness and manifestation of a threat posed by his activities, the Government shall, by the same decision, have the right to suspend, in the protection zone, the activities of such an investor or a legal person whose securities specified in Article 2(2)(5) of this Law the investor has acquired which pose a threat to national security interests until the elimination of the threat to national security interests.

Article 5. Exercising of rights of operators managing facilities and property of importance to ensuring national security

The Government and state institutions, when adopting decisions and concluding agreements and the holders of shares of state-owned public limited liability companies, when adopting decisions, concluding agreements and exercising the non-property rights attached to the shares of an electricity transmission system operator, a liquefied natural gas terminal operator and a natural gas transmission system operator which are held by the State by the right of ownership, shall ensure that:

1) the electricity transmission system operator, the liquefied natural gas terminal operator and the natural gas transmission system operator, having assessed the functional purpose of the respective facilities and property of importance to ensuring national security, contribute to the implementation of the principal task of the energy system of the Republic of Lithuania, namely to provide Lithuanian consumers with electricity and/or heat and natural gas under the most favourable economic conditions for an unlimited period of time and in an independent, safe and reliable manner;

2) the power system of the Republic of Lithuania is capable of ensuring independent generation of electricity and be prepared for immediate connection to the electricity networks of continental Europe for synchronous operation as soon as electricity network interconnections are in place, technical measures are implemented and the actions required for the Republic of Lithuania to join the electricity networks of continental Europe are performed;

3) the natural gas transmission system operator in charge of safe and reliable activities and development of the gas transmission system of the Republic of Lithuania implements regional gas transmission system development projects which are significant for achieving the objectives of development of the European Union gas sector, diversifies the sources of gas supply, creates conditions for the maximum use of capacities of Klaipėda Liquefied Natural Gas Terminal and ensures safe and reliable operation of the natural gas system.

Article 6. Economic sectors of strategic importance to ensuring national security

1. Economic sectors of strategic importance to ensuring national security shall be as follows:

- 1) energy;
- 2) transport;
- 3) information technologies, telecommunications and other high technologies;

- 4) finance and credit;
- 5) military equipment.

2. The Government shall determine and specify the areas of economic activity which are to be considered a part of the economic sectors of strategic importance to ensuring national security referred to in paragraph 1 of this Article.

Article 7. Category I enterprises of importance to ensuring national security:

1. The transfer of any portion of shares of a Category I enterprise of importance to ensuring national security whose legal form is a private limited liability company or a public limited liability company shall be subject to approval by the Seimas. The right of ownership to shares of state-owned Category I enterprises of importance to ensuring national security whose legal form is a private limited liability company or a public limited liability company may be transferred in accordance with the procedure laid down by laws.

2. The reorganisation, conversion, restructuring or liquidation of Category I enterprises of importance to ensuring national security may be carried out only upon approval by the Commission for Coordination of Protection of Objects of Importance to Ensuring National Security (hereinafter: the ‘Commission’), which, in determining whether these actions are not in conflict with national security interests, shall assess the necessity of ensuring the operation of these enterprises as well as facilities of importance to ensuring national security owned or managed by these enterprises or the feasibility of their transfer to another enterprise of importance to ensuring national security.

3. Where the reorganisation, conversion or increase of the authorised capital, by way of distributing a new issue of shares or issuing convertible debentures, of a Category I enterprise of importance to ensuring national security whose legal form is a private limited liability company or a public limited liability company would result in the decrease in the portion of shares of the Category I enterprise of importance to ensuring national security held by the State, a municipality or a state-owned company in the authorised capital of the Category I enterprise of importance to ensuring national security, such reorganisation, conversion or increase of the authorised capital, by way of distributing a new issue of shares or issuing convertible debentures, must be approved by the Seimas.

4. Only an investor conforming to national security interests, acting independently or jointly with other persons acting in concert, may acquire shares which, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/4 or more of votes at the general meeting of shareholders of a Category I enterprise of importance to ensuring national security whose legal form is a private limited liability company or a public limited liability company or, by concluding an agreement on the transfer of the voting right, acquire the right to exercise non-property shareholder rights which, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/4 or more of the shares of the Category I enterprise of importance to ensuring national security specified in this paragraph.

5. Only an investor conforming to national security interests, acting independently or jointly with other persons acting in concert, may acquire convertible debentures of a Category I enterprise of importance to ensuring national security whose legal form is a private limited liability company or a public limited liability company which, upon converting them into shares, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/4 or more of votes at the general meeting of shareholders of the Category I enterprise of importance to ensuring national security specified in this paragraph.

6. When granting the right to exercise the voting right or granting a proxy to vote at the general meeting of shareholders, the holders or owners of shares which are the property of the State, a municipality or a state-owned company in Category I enterprises of importance to ensuring national security whose legal form is a private limited liability company or a public limited liability company must ensure that the persons granted the right to exercise the voting right or granted a proxy to vote at the general meeting of shareholders comply with the requirements and duties applicable to the holders or owners of shares specified in this paragraph themselves.

Article 8. Category II enterprises of importance to ensuring national security

1. The reorganisation, conversion, restructuring or liquidation of Category II enterprises of importance to ensuring national security may be carried out only upon approval by the Commission, which, in determining whether these actions are not in conflict with national security interests, shall assess the necessity of ensuring the operation of these enterprises as well as facilities of importance to ensuring national security owned or managed by these enterprises or the feasibility of their transfer to another enterprise of importance to ensuring national security.

2. Where the reorganisation, transfer of shares or increase of the authorised capital, by way of distributing a new issue of shares or issuing convertible debentures, of a Category II enterprise of importance to ensuring national security would result in such a decrease in the portion of shares held by the State in the Category II enterprise of

importance to ensuring national security that, after carrying out these actions, the shares held by the State would carry less than 2/3 of votes at the general meeting of shareholders of the Category II enterprise of importance to ensuring national security, such reorganisation, transfer of shares or increase of the authorised capital, by way of distributing a new issue of shares or issuing convertible debentures, must be approved by the Seimas.

3. Where the reorganisation, transfer of shares or increase of the authorised capital, by way of distributing a new issue of shares or issuing convertible debentures, of a Category II enterprise of importance to ensuring national security would result in such a decrease in the portion of shares held by a state-owned company in the Category II enterprise of importance to ensuring national security that, after carrying out these actions, the shares held by the state-owned company would carry less than 2/3 of votes at the general meeting of shareholders of the Category II enterprise of importance to ensuring national security, such reorganisation, transfer of shares or increase of the authorised capital, by way of distributing a new issue of shares or issuing convertible debentures, must be approved by the Government.

4. Only an investor conforming to national security interests, acting independently or jointly with other persons acting in concert, may acquire shares which, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/4 or more of votes at the general meeting of shareholders of a Category II enterprise of importance to ensuring national security or, by concluding an agreement on the transfer of the voting right, acquire the right to exercise non-property shareholder rights which, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/4 or more of the votes of the Category II enterprise of importance to ensuring national security specified in this paragraph.

5. Only an investor conforming to national security interests, acting independently or jointly with other persons acting in concert, may acquire convertible debentures of a Category II enterprise of importance to ensuring national security which, upon converting them into shares, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/4 or more of votes at the general meeting of shareholders of the Category II enterprise of importance to ensuring national security specified in this paragraph.

6. When granting the right to exercise the voting right or granting a proxy to vote at the general meeting of shareholders, the holders or owners of shares which are the property of the State, a municipality or a state-owned company in Category II enterprises of importance to ensuring national security must ensure that the persons granted the right to exercise the voting right or granted a proxy to vote at the general meeting of shareholders comply with the requirements and duties applicable to the holders or owners of shares specified in this paragraph themselves.

Article 9. Category III enterprises of importance to ensuring national security

1. Only an investor conforming to national security interests, acting independently or jointly with other persons acting in concert, may acquire shares which, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/3 or more of votes at the general meeting of shareholders of a Category III enterprise of importance to ensuring national security or, by concluding an agreement on the transfer of the voting right, acquire the right to exercise non-property shareholder rights which, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/3 or more of the votes of the Category III enterprise of importance to ensuring national security.

2. Only an investor conforming to national security interests, acting independently or jointly with other persons acting in concert, may acquire convertible debentures of a Category III enterprise of importance to ensuring national security which, upon converting them into shares, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/3 or more of votes at the general meeting of shareholders of the Category III enterprise of importance to ensuring national security.

Article 10. General provisions concerning investors

1. Natural persons, private and public legal persons and other organisations not posing a threat to national security interests may be investors.

2. Verification of an investor's conformity to national security interests shall be carried out and a decision thereon shall be adopted in accordance with the criteria set out in Article 11 of this Law and following the procedure laid down in Article 12 of this Law.

3. Other laws may provide for cases when, for safeguarding public security and public order or by applying counter-measures in respect of third countries, an investor from a specific third country may not be an investor.

4. Enterprises of importance to ensuring national security, state enterprises, municipal enterprises as well as state-owned companies shall conform to national security interests and verification of their conformity to national security interests shall not be carried out.

5. Legal persons of limited liability as well as those comparable in legal form to public limited liability companies or private limited liability companies from any EU Member State or a member of NATO, the OECD or the EFTA in which the central, regional and/or local authorities of these states hold the securities or shares, representing the capital, carrying over 1/2 of votes in these legal persons, international financial organisations of which the Republic of Lithuania is a member as well as other international financial institutions or organisations whose objectives, investment policies and activities do not pose a threat to national security shall conform to national security interests and verification of their conformity to national security interests shall not be carried out.

6. Investors from the Republic of Lithuania or foreign investors carrying out long-term activities in any EU Member State or a member of NATO, the OECD or the EFTA and having experience in a relevant area and real possibilities to implement the actions provided for in points 1-5 of Article 12(1) of this Law, except for the cases where an investor from the Republic of Lithuania, a foreign investor or a state in which it is established or by which it is controlled or a third country with which such an investor is associated operates in such a way that it poses risk factors, dangers or threats to national security interests, shall conform to national security interests and verification of their conformity to national security interests shall not be carried out.

7. Where an investor is a legal person or another organisation, it shall be considered that it conforms to national security interests provided that the legal person itself and persons controlling it conform to them.

8. An investor's transactions which are in conflict with national security interests shall be unlawful and invalid from the moment of conclusion thereof, except for the transactions referred to in Article 14 of this Law which are subject to the consequences provided for in Article 14 of this Law.

9. Acting independently or jointly with other persons acting in concert, an investor seeking to acquire shares which, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/4 or more of votes at the general meeting of shareholders of a legal person operating or being established in the economic sector of strategic importance to ensuring national security or in the territory of the protection zone or, by concluding an agreement on the transfer of the voting right, to acquire the right to exercise non-property shareholder rights which, together with the shareholding held by him or together with the shareholding held by other persons acting in concert, carry 1/4 or more of the votes of the legal person referred to in this paragraph and where, in all the cases set out in this paragraph, it may have an impact on critical infrastructure, critical technologies, the security of supply of critical resources, the access to sensitive information or the capacity to control sensitive information, must notify the Commission of the transactions intended to be concluded or actions intended to be carried out, as specified in this paragraph, in accordance with the procedure laid down in the Rules of Procedure of the Commission. The Government shall determine and specify what shall be considered as the critical infrastructure, critical technologies, the security of supply of critical resources, sensitive information and the capacity to control sensitive information as specified in this paragraph.

10. Members of the management bodies of enterprises of importance to ensuring national security and investors must comply with compulsory requirements or conditions set on the basis of this Law for enterprises of importance to ensuring national security or investment as well as requirements for the physical security and protection of activities and/or cyber security or any other requirements set by this Law for enterprises of importance to ensuring national security or investors and ensure proper compliance therewith.

Article 11. Criteria for the assessment of an investor's conformity to national security interests

An investor shall not conform to national security interests if:

1) at the moment of application to the Commission he is a dominant (within the meaning of the Law of the Republic of Lithuania on the Basics of National Security) importer of fossil energy resources of any kind into the Republic of Lithuania, a person controlled by such importer or related thereto by cooperation or partnership relations and where the Commission adopts a conclusion and the Government takes a decision that the dominance, control and relations referred to in this point are considered to be a threat to national security;

2) at the moment of application to the Commission he maintains or, in the past, maintained relations with institutions of foreign states or natural or legal persons from those states which increase the risk or pose a threat to national security;

3) at the moment of application to the Commission he maintains or, in the past, maintained links with organised groups, special services or groupings of foreign states related to international terrorist organisations or maintaining relations with persons suspected of membership thereof which increase the risk or pose a threat to national security;

4) he has, by an effective court judgment, been found guilty of a grave, serious or less serious crime under the Criminal Code of the Republic of Lithuania or of a crime under the criminal laws of foreign states which

corresponds to the elements of a grave, serious or less serious crime specified in the Special Part of the Criminal Code of the Republic of Lithuania or the person is subject to criminal prosecution for commission of such a crime and the investor's conviction for the committed crime has not expired or has not been expunged;

5) he has, by an effective court judgment, been found guilty of a crime/crimes against the independence, territorial integrity and constitutional order of the State of Lithuania and/or has, over the last 24 months, violated the provisions of this Law and other legal acts regulating the activities of objects of importance to ensuring national security;

6) he fails to provide proof of real possibilities to implement the actions provided for in points 1-5 of Article 12(1) of this Law;

7) the Commission notifies him of the envisaged verification of his conformity to national security interests (where verification is launched on the initiative of the entities referred to in Article 12(5)) of this Law and he fails, within the time limit specified in Article 12(6) of this Law, to submit to the Commission the documents and information specified in the Rules of Procedure of the Commission and, due to failure to submit such documents or information, a decision that the investor conforms to national security interests is not adopted by the Commission or the Government;

8) in compliance with other laws, as provided for by Article 10(3) of this Law, an investor from a specific third country may not be an investor;

9) there are other justified data concerning the investor's non-conformity to national security interests.

Article 12. Verification of investors' conformity to national security interests and adoption of decisions concerning the reorganisation, conversion and liquidation of an enterprise of importance to ensuring national security or concerning the property indicated in the security plan of an enterprise of importance to ensuring national security

1. Verification of an investor's conformity to national security interests must, save for the exceptions provided for in Article 10 of this Law, be carried out in the following cases:

1) when the investor transfers, in accordance with the procedure laid down by laws, facilities or property of importance to ensuring national security or, to secure his claims, these facilities or property are pledged or mortgaged, as provided for in Article 3(1) and (2) of this Law;

2) when the investor acquires the respective portions of shares in enterprises of importance to ensuring national security or when the investor concludes agreements on the transfer of the voting right and acquires the right to exercise non-property rights of an investor attached to the respective portion of shares, as provided for in Article 7(4), Article 8(4) and Article 9(1) of this Law;

3) when the investor acquires the respective portions of convertible debentures in enterprises of importance to ensuring national security, as provided for in Article 7(5), Article 8(5) and Article 9(2) of this Law;

4) when the investor transfers, in accordance with the procedure laid down by laws, the property indicated in the security plan of an enterprise of importance to ensuring national security, as provided for in Article 15(4) of this Law;

5) when, to secure the claims of the investor, the property indicated in the security plan of an enterprise of importance to ensuring national security is pledged or mortgaged, as provided for in Article 15(5) of this Law.

2. Before performing the actions specified in paragraph 1 of this Article, investors or the owners of the shares and convertible debentures specified in points 2 and 3 of paragraph 1 of this Article or the owners of the property specified in points 1 and 4 of paragraph 1 of this Article (hereinafter each of them separately referred to as an 'applicant') must apply to the Commission concerning verification submitting the documents and information specified in the Rules of Procedure of the Commission to be submitted together with the application and respectively may not perform any actions specified in paragraph 1 of this Article; also the controlling person of the shareholder may not change, as defined in paragraph 17 of this Article, until a decision on the investor is adopted confirming his conformity to national security interests.

3. Verification of an investor's conformity to national security interests, where an investor seeks to acquire or, after 1 November 2014, has acquired the securities of a legal person operating or being established in the economic sector of strategic importance to ensuring national security or in the territory of the protection zone, as specified in points 4 and 5 of Article 2(2) of this Law, or seeks to carry out activities or carries out activities in the economic sector of strategic importance to ensuring national security or in the territory of the protection zone or seeks to acquire property in the territory of the protection zone, shall be carried out on the initiative of the entities provided for in paragraph 5 of this Article if the circumstances referred to in Article 11 of this Law transpire or these entities have data that the activities planned to be carried out or being carried out by such an investor or the decisions adopted by

the bodies of the established legal person may pose a threat to national security interests or the investor does not conform to national security interests.

4. For the purpose of calculating the votes held by an investor and persons acting in concert, the procedure for counting votes held by the person, as laid down in the Law on Securities, shall be applied.

5. Verification of an investor's conformity to national security interests may be initiated by the Government, a minister, institutions ensuring national security, within the meaning of the Law on the Basics of National Security, the Bank of Lithuania, the Lithuanian Radio and Television Commission as well as a state or municipal executive body which is the holder of shares of a public limited liability company or a private limited liability company held by the State or a municipality by the right of ownership (where to these shares have been transferred by the right of trust) or which exercises the rights and duties of the owner of a state or municipal enterprise or a municipality in the territory whereof, which is within the protection zone, an investor seeks to carry out/carries out activities or to acquire property.

6. By applying to the institutions referred to in paragraph 7 of this Article, the Commission shall launch verification of an investor's conformity to national security interests not later than on the next working day following the receipt of an application from the investor or the applicant along with all the documents and information specified in the Rules of Procedure of the Commission to be submitted together with the application. Where the entities specified in paragraph 5 of this Article apply to the Commission for launching verification of an investor's conformity to national security interests, the Commission shall notify the investor about the envisaged verification of his conformity to national security interests, indicating that the investor must, within ten days from the receipt of such notification, submit to the Commission the documents and information specified in the Rules of Procedure of the Commission and shall launch verification of the investor's conformity to national security interests not later than on the next working day following the receipt of all the documents and information from the investor, as specified in the Rules of Procedure of the Commission. The Commission shall notify the investor and the applicant as well as the Government and the entity which has initiated verification of the investor's conformity to national security interests of the launched verification of the investor's conformity to national security interests on the same day. When submitting the information specified in this Article, the investor, the applicant or the entity specified in paragraph 5 of this Article may indicate in writing that this information constitutes a commercial/industrial secret or is confidential, while the Government or the Commission must ensure the confidentiality of such information.

7. In the course of verification of an investor's conformity to national security interests and implementation of the functions provided for in Article 19 of this Law, conclusions on the investor's conformity to national security interests shall be submitted to the Commission, within their remit, by the State Security Department of the Republic of Lithuania, the Ministry of Foreign Affairs of the Republic of Lithuania, the Ministry of the Interior of the Republic of Lithuania, the Police Department under the Ministry of the Interior of the Republic of Lithuania, the Prosecutor General's Office of the Republic of Lithuania and, by a decision of the Commission, by other institutions.

8. The institutions referred to in paragraph 7 of this Article shall submit their conclusions on an investor's conformity to national security interests not later than within 15 days from the receipt of a request to submit conclusions on an investor's conformity to national security interests to the Commission. Where the institutions do not submit conclusions within the set time limit, it shall be considered that the institutions have no information that the investor conforms to the criteria specified in points 1-6 and 9 of Article 11 of this Law.

9. At the written request of the institutions referred to in paragraph 7 of this Article, which must be submitted to the Commission not later than five days before the expiry of the time limit set in paragraph 8 of this Article for submitting conclusions, it may be extended up to five days if the chair of the Commission, having regard to the circumstance that the institutions need additional time for gathering data or information on the respective investor, agrees, by a reasoned decision, to extend this time limit.

10. Having assessed the investor's conformity to the criteria specified in Article 11 of this Law and the conclusions submitted by the competent public authorities on this issue, the Commission shall adopt a conclusion on the investor's conformity to national security interests, the requirements for the contents whereof are set in the Rules of Procedure of the Commission, not later than within 20 days from the date of launching verification of the investor's conformity to national security interests specified in paragraph 6 of this Article and shall notify the applicant, the investor and the entity which has initiated verification of the investor's conformity of it on the same day. Where the Commission fails to adopt a conclusion on the investor's conformity to national security interests within the time limits specified in this paragraph and in paragraph 11 of this Article or, upon adoption of such a conclusion, it is recognised that the investor conforms to national security interests, the conclusion shall, except for the case indicated in paragraph 16 of this Article, be considered as a final decision on the investor's conformity to national security

interests and the transaction or any other actions, in relation to conclusion or performance whereof the assessment of the investor's conformity to national security interests was requested, may be concluded and performed.

11. After the time limit for submitting conclusions by the institutions is extended due to the high volume of conclusions submitted by the institutions specified in paragraph 7 of this Article or in the cases indicated in paragraph 9 of this Article, the time limit for adoption of the conclusion by the Commission indicated in paragraph 10 of this Article may, by a reasoned decision of the chair of the Commission, be extended once for a period of up to five days, notifying the applicant, the investor and the entity which has initiated the investor's verification of the extension of verification of the investor's conformity to national security interests on the same day.

12. A conclusion on an investor's non-conformity to national security interests shall be submitted to the Government not later than on the next working day following its adoption, where necessary, along with recommendations on the full or partial investment ban, compulsory requirements or conditions to be set compliance with which would prevent such an investment from posing a threat to national security interests. When submitting the conclusion specified in this paragraph, it shall be accompanied by the conclusions of the institutions specified in paragraph 7 of this Article (if submitted), the applications submitted by the applicant, the investor or the entity which has initiated the investor's verification and other documents and information specified in the Rules of Procedure of the Commission. The applicant, the investor and the entity which has initiated the investor's verification shall be notified of the submission to the Government of the conclusion on the investor's non-conformity to national security interests.

13. On the basis of the Commission's conclusion and recommendations referred to in paragraph 12 of this Article, the final decision on an investor's conformity to national security interests, substantiated *de jure* and *de facto*, and, where necessary, on the full or partial investment ban and compulsory requirements or conditions to be set, as referred to in paragraph 12 of this Article, shall be adopted by the Government within 14 days from the receipt of the Commission's conclusion and recommendations referred to in paragraph 12 of this Article. The Commission shall notify the investor or the applicant and the entity which has initiated the investor's verification of the decision referred to in this paragraph not later than on the next working day following its adoption. Where the Government fails to adopt the decision on the investor's conformity to national security interests within the time limits specified in this paragraph, it shall be considered that the investor conforms to national security interests and the transaction or any other actions, in relation to conclusion or performance whereof the assessment of the investor's conformity to national security interests was requested, may be concluded and performed.

14. The Government's decision confirming an investor's non-conformity to national security interests shall imply that the investor's transactions or actions specified in paragraphs 1 or 3 of this Article are in conflict with national security interests and that the investor may not conclude the transactions and/or perform actions specified in paragraphs 1 or 3 of this Article until the causes posing a threat to national security interests indicated in the Government's decision are removed, provided that such causes may be removed, and the Government adopts a new decision confirming the investor's conformity to national security interests after having received the new conclusion and recommendations from the Commission, as referred to in paragraph 12 of this Article.

15. The causes posing a threat to national security interests indicated in points 2 and 3 of Article 11 of this Law shall be considered to be irremovable.

16. Verification of conformity to national security interests of persons who intend to acquire or have acquired a broadcasting licence and/or a re-broadcast content licence may be initiated by the Lithuanian Radio and Television Commission in exercising the rights and duties set for it by the Law on the Provision of Information to the Public. Such verification shall be *mutatis mutandis* subject to the provisions of this Law concerning verification of an investor's conformity to national security interests.

17. The provisions of this Law concerning verification of an investor's conformity to national security interests shall apply *mutatis mutandis* to a shareholder of an enterprise of importance to ensuring national security where he is a legal person that holds shares carrying over 1/3 of votes in the enterprise of importance to ensuring national security and the controlling person of that shareholder is envisaged to change. The shareholder specified in this paragraph shall be considered to be an investor whose conformity to national security interests must be assessed in accordance with this Article, except for the cases where such a shareholder meets the conditions set in this Law, in the presence of which verification of the investor's conformity to national security interests is not carried out.

18. If it is necessary to destroy the property indicated in the security plan of an enterprise of importance to ensuring national security, the enterprise of importance to ensuring national security which manages, uses or disposes of such property must apply to the Commission and submit to it an application for approval of destruction of the property as well as information about the property to be destroyed and the reasons for such destruction. The

Commission shall, within 20 days from the receipt of the application, prepare a conclusion on the destruction of the property specified in this paragraph. Where, in the conclusion specified in this paragraph, the Commission:

1) does not approve of the relevant destruction of the property indicated in the security plan of the enterprise of importance to ensuring national security, such a conclusion shall be regarded as a final decision on the relevant destruction of the property indicated in the security plan of the enterprise of importance to ensuring national security and such property may not be destroyed;

2) approves of the relevant destruction of the property indicated in the security plan of the enterprise of importance to ensuring national security, such a conclusion shall, not later than on the next working day, be submitted to the Government and to the enterprise of importance to ensuring national security which owns the property to be destroyed specified in this paragraph. When submitting the conclusion specified in this point to the Government, the Commission shall also submit all the relevant information (the application of the enterprise of importance to ensuring national security for approval of destruction of the property specified in this paragraph, information about the property to be destroyed and the reasons for such destruction, etc.). The Government shall, within 14 days from the receipt of the Commission's conclusion, adopt a decision to approve or disapprove of the destruction of the property specified in this paragraph and shall, not later than on the next working day from the adoption of the decision, notify thereof the enterprise of importance to ensuring national security which owns the property to be destroyed specified in this paragraph. Where the Government fails, within the time limits specified in this paragraph, to adopt the decision to approve or disapprove of the destruction of the property specified in this paragraph, it shall be considered that the Government approves of the destruction of the property specified in this paragraph and such property may be destroyed.

19. If it is necessary to reorganise, convert or restructure a Category I or Category II enterprise of importance to ensuring national security, the institution exercising the rights and duties of the owner of the enterprise or the holder of its shares must apply to the Commission and submit to it an application for approval of reorganisation, conversion or restructuring of this enterprise as well as the documents and information specified in the Rules of Procedure of the Commission about the envisaged reorganisation, conversion or restructuring and the reasons for such actions.

20. The Commission shall, within ten days from the receipt of the application referred to in paragraph 19 of this Article, adopt a decision to approve or disapprove of the reorganisation, conversion or restructuring of a Category I or Category II enterprise of importance to ensuring national security and shall, not later than on the next working day, notify thereof that enterprise and the institution exercising the rights and duties of the owner of the enterprise or the holder of its shares which have applied to the Commission. Where the Commission fails, within the time limits specified in this paragraph, to adopt the decision to approve or disapprove of the reorganisation, conversion or restructuring of the Category I or Category II enterprise of importance to ensuring national security specified in this paragraph, it shall be considered that the Commission approves of these actions and the reorganisation, conversion or restructuring of the Category I or Category II enterprise of importance to ensuring national security may be carried out unless the approval referred to in Article 7(3) or Article 8(2) of this Law is required.

21. Upon the Commission's request, Category I or Category II enterprises of importance to ensuring national security must, not later than within three working days from the Commission's request, submit to the Commission all the information necessary for the adoption of the decision referred to in paragraph 20 of this Article related to the reorganisation, conversion or restructuring of these enterprises. Due to the high volume of the information specified in this paragraph, the time limit indicated in paragraph 20 of this Article may, by a reasoned decision of the chair of the Commission, be extended once for a period of up to five days, notifying the entity which has submitted the application specified in paragraph 20 of this Article of the extension of the time limit on the same day.

Article 13. Verification of transactions' conformity to national security interests

1. Enterprises of importance to ensuring national security must, in accordance with the procedure laid down in the Rules of Procedure of the Commission, notify the Commission of the transactions intended to be concluded or substantial changes in the transactions already concluded where the value of the transaction exceeds ten per cent of the enterprise's annual income for the preceding financial year and shall have the right to apply to the Commission concerning verification of conformity to national security interests of their other transactions.

2. Category I and Category II enterprises of importance to ensuring national security must also notify the Commission of the transactions intended to be concluded or substantial changes in the transactions already concluded where:

1) the enterprise of importance to national security might incur additional expenses or losses the value whereof would exceed 2.5 per cent of the enterprise's annual income for the preceding financial year;

2) on the basis of the transaction, the other party to the transaction or third parties are granted the right to service, access or otherwise familiarise themselves with the essential information technologies, systems or infrastructure thereof as well as databases or data therein as provided for in the security plan of the enterprise.

3. After receiving the information specified in paragraph 1 and 2 of this Article about a transaction, the Commission shall, not later than within ten days, notify the enterprise of importance to national security whether it is intended to carry out verification of the transaction's conformity to national security interests. Where the Commission fails to launch verification within the time limit specified in this paragraph, it shall be considered that the transaction conforms to national security interests and such a transaction may be concluded or performed or any substantial change in the transaction already concluded may take effect.

4. Where enterprises of importance to ensuring national security fail to discharge the obligation specified in paragraph 1 and 2 of this Article, the President of the Republic, the Government or the State Security Department shall have the right to apply to the Commission concerning verification of conformity to national security interests of such a transaction or verification of such a transaction may be launched by the Commission on its own initiative.

5. Having received or being in possession of data that a transaction intended to be concluded by a Category I or Category II enterprise of importance to ensuring national security poses a threat to national security interests, the President of the Republic, the Government or the State Security Department may apply to the Commission concerning verification of conformity to national security interests of such a transaction. Verification of a transaction intended to be concluded by a Category I or Category II enterprise of importance to ensuring national security may be launched by the Commission on its own initiative.

6. The President of the Republic, the Government or the State Security Department and the Commission shall have the right to initiate verification of conformity to national security interests of a transaction concluded by a Category I or Category II enterprise of importance to ensuring national security after obtaining data that the transaction has been concluded with a person meeting at least one of the criteria stipulated in Article 11 of this Law and that such a transaction poses a threat to national security interests.

7. Verification of transactions' conformity to national security interests shall be *mutatis mutandis* subject to the procedure laid down in paragraphs 6-13 of Article 12 of this Law.

8. The Government's decision confirming that a transaction intended to be concluded does not conform to national security interests shall imply that the transaction may not be concluded until the causes posing a threat to national security interests indicated in the Government's decision are removed, provided that such causes may be removed, and the Government adopts a new decision confirming the transaction's conformity to national security interests after having received the new conclusion and recommendations from the Commission. The Government's decision confirming that the concluded transaction does not conform to national security interests shall imply that the transaction is in conflict with national security interests and is unlawful and invalid from the moment of entry into effect of the Government's decision confirming that the concluded transaction does not conform to national security interests, and where the transaction was concluded while failing to discharge the obligation specified in paragraph 1 and 2 of this Article or was concluded during its verification, from the moment of conclusion of the transaction.

Article 14. Restrictions on the voting right and other rights of an investor

1. Where an investor has acquired shares of an enterprise of importance to ensuring national security or, by concluding an agreement on the transfer of the voting right, has acquired the right to exercise non-property rights attached to the shares of that enterprise in violation of the requirements of this Law or the Government's decision has been adopted concerning the investor who has acquired shares of an enterprise of importance to ensuring national security confirming that the investor does not conform to national security interests, such an investor shall not have the right to attend and vote at the general meeting of shareholders of the enterprise of importance to ensuring national security whose shares he has acquired and shall not be entitled to exercise other non-property rights of the investor which would be attached to the portion of shares acquired in violation of this Law or granted by the agreement on the transfer of the voting right concluded in violation of this Law.

2. The consequences referred to in paragraph 1 of this Article shall apply also in the cases where the controlling person of the shareholder specified in Article 12(17) of this Law has changed in violation of the requirements of this Law or where the controlling person of the shareholder specified in Article 12(17) of this Law has changed irrespective of the Government's decision that the change in the controlling person of the shareholder specified in Article 12(17) of this Law would imply that the shareholder/investor specified in Article 12(17) of this Law does not conform to national security interests.

3. The voting right and other non-property rights shall be deemed acquired again on the day when the Government adopts, in accordance with the procedure laid down in this Law, a decision that an investor conforms to

national security interests after the circumstances on the basis of which the investor was recognised as not conforming to national security interests cease to exist. In order to prove that the circumstances specified in this paragraph have ceased to exist, the investor shall re-apply to the Commission concerning conformity to national security interests.

4. An investor or any other participant of an enterprise of importance to ensuring national security may transfer the voting right at the general meeting of shareholders of such an enterprise (provided that the enterprise has such a body) only to a person that conforms to national security interests.

Article 15. Management of enterprises of importance to ensuring national security, compulsory requirements and control of compliance therewith

1. Enterprises of importance to ensuring national security shall prepare the security plans of the enterprises of importance to ensuring national security providing for measures for physical, cyber and staff security and confidentiality of information. The security plans of the enterprises of importance to ensuring national security shall also indicate the property which is of importance to ensuring national security in the course of carrying out important activities.

2. The Government shall approve requirements for the security plan of an enterprise of importance to ensuring national security and a description of the procedure for its preparation. Having prepared the security plan of the enterprise of importance to ensuring national security, the enterprise of importance to ensuring national security shall coordinate it with the competent authorities specified in the description of the procedure for the preparation of the security plan of an enterprise of importance to ensuring national security approved by the Government and shall submit it for approval to the Government. The security plans of enterprises of importance to ensuring national security shall not be made public.

3. The Government, institutions authorised by it or the Commission shall have the right to adopt a decision on verification of compliance by enterprises of importance to ensuring national security with the security plan of an enterprise of importance to ensuring national security. After establishing that activities of importance to ensuring national security are organised and carried out in a manner posing a threat to national security interests, the Government shall obligate the management bodies of an enterprise of importance to ensuring national security to prepare a new security plan of the enterprise of importance to ensuring national security, to adjust the existing security plan of the enterprise of importance to ensuring national security and/or to take appropriate measures to ensure the proper implementation of the new, existing or adjusted security plan of the enterprise of importance to ensuring national security. The new or adjusted security plan of the enterprise of importance to ensuring national security must be coordinated and approved in accordance with the procedure laid down in paragraph 2 of this Article.

4. The property indicated in the security plan of an enterprise of importance to ensuring national security may, in accordance with the procedure laid down in laws, be transferred to an investor conforming to national security interests.

5. The property indicated in the security plan of an enterprise of importance to ensuring national security may be pledged or mortgaged only to secure the claims of an investor conforming to national security interests.

6. Members of the management bodies of enterprises of importance to ensuring national security shall not have the right to adopt decisions on the destruction of the property indicated in the security plan of an enterprise of importance to ensuring national security and to destroy such property without applying to the Government and obtaining its consent. The reconstruction, repair, maintenance and renovation/modernisation of the property indicated in the security plan of an enterprise of importance to ensuring national security shall not be considered as destruction of such property.

Article 16. Liquidation, bankruptcy proceedings and realisation of the assets of enterprises of importance to ensuring national security

1. A decision on the liquidation of an enterprise of importance to ensuring national security may be adopted only after the State of Lithuania, represented by the Government, declines pre-emptive acquisition of the enterprise of importance to ensuring national security under a purchase and sale contract, shares of that enterprise carrying 2/3 or more of votes at the general meeting of shareholders, its immovable property and/or facilities and property of importance to ensuring national security owned by it.

2. The immovable property of enterprises of importance to ensuring national security and/or the facilities and property of importance to ensuring national security owned by them may be realised in the course of the bankruptcy proceedings only after, pursuant to the description of the procedure approved by the Government specified in paragraph 7 of this Article, the entity indicated in that description submits a proposal to the State of Lithuania,

represented by the Government, regarding the pre-emptive acquisition of the property specified in this paragraph and after the State of Lithuania, represented by the Government, declines the acquisition of the property specified in this paragraph under the conditions indicated in that proposal.

3. The Government may assign the holder of shares of a public limited liability company or a private limited liability company held by the State or the institution exercising the rights and duties of the owner of a state enterprise to ensure that, in the case specified in paragraph 1 of this Article, the enterprise managed by such a holder or an institution acquires the enterprise of importance to ensuring national security under a purchase and sale contract, shares of that enterprise carrying 2/3 or more of votes at the general meeting of shareholders, its immovable property and/or the facilities and property of importance to ensuring national security owned by it or, in the case specified in paragraph 2 of this Article, its immovable property and/or facilities and property of importance to ensuring national security.

4. After receiving a proposal, in the cases specified in paragraph 1 and 2 of this Article, to acquire an enterprise of importance to ensuring national security under a purchase and sale contract, shares of that enterprise carrying 2/3 or more of votes at the general meeting of shareholders, its immovable property and/or the facilities and property of importance to ensuring national security owned by it (hereinafter: the 'proposal'), the Government shall, within five days from the receipt of the proposal, when submitting a proposal and the documents specified in the description of the procedure approved by the Government specified in paragraph 7 of this Article (where such documents are required to accompany the proposal), apply to the Commission regarding a conclusion whereby the Commission evaluates the proposal.

5. When evaluating the proposal, the Commission shall assess the necessity of ensuring the operation of enterprises of importance to ensuring national security as well as facilities of importance to ensuring national security owned or managed by these enterprises or the feasibility of their transfer to another enterprise of importance to ensuring national security and potential threats to national security interests in the event of non-performance of these actions. The Commission shall adopt a conclusion on the proposal and submit it to the Government not later than within 15 days from the receipt of the application and proposal from the Government.

6. Having additionally assessed the necessity of ensuring the operation of the enterprises of importance to ensuring national security specified in the proposal as well as facilities of importance to ensuring national security owned or managed by these enterprises or the feasibility of their transfer to another enterprise of importance to ensuring national security and potential threats to national security interests in the event of non-performance of these actions, also having assessed the Commission's conclusion specified in paragraph 5 of this Article, the Government shall adopt a decision on the acquisition of the enterprise of importance to ensuring national security under a purchase and sale contract, shares of that enterprise carrying 2/3 or more of votes at the general meeting of shareholders, its immovable property and/or the facilities and property of importance to ensuring national security owned by it not later than within ten days from the receipt of the Commission's conclusion specified in paragraph 4 of this Article. For the purpose of determining the value of the acquired property, the time limit indicated in this paragraph may, by a decision of the Government, be extended for five days.

7. In the cases specified in paragraph 1 and 2 of this Article, the procedure for exercising the right of priority, submission of a proposal and documents to be submitted together with the proposal (specifying which documents are to be submitted), the cases and bases for performance and non-performance of valuation of the property offered for acquisition in the proposal, acquisition and refusal to acquire the enterprise of importance to ensuring national security under a purchase and sale contract, shares of the enterprise of importance to ensuring national security carrying 2/3 or more of votes at the general meeting of shareholders, its immovable property or the facilities and property of importance to ensuring national security owned by it (indicating the cases of decisions to acquire or refusal to acquire), as specified in these paragraphs, shall be established by the Government to the extent this is not regulated by the Law of the Republic of Lithuania on the Bases of Property and Business Valuation.

8. The provisions of paragraph 1 and 2 of this Article shall not apply to liquidation and bankruptcy as well as realisation of the assets of Category I enterprises of importance to ensuring national security whose legal form is a state enterprise or a municipal enterprise.

Article 17. Conformity requirements for persons applying for or holding a position in enterprises of importance to ensuring national security

1. The Government or an institution authorised by it shall establish a list of positions held by persons (including members of collegial supervisory bodies, members of management bodies and single-person management bodies of enterprises of importance to ensuring national security) working at enterprises of importance to ensuring national security and/or with facilities of importance to ensuring national security, also persons who, by virtue of the

functions or duties assigned to them, would be authorised to access, unaccompanied, the enterprises, facilities and property specified in this paragraph or to adopt decisions concerning the operation of these facilities and property (hereinafter: the 'List of Positions'), indicating the positions subject to conformity to the criteria specified in paragraph 2 of this Article by persons being appointed or having been appointed.

2. The conformity to the criteria specified in this paragraph of persons being appointed or having been appointed to the positions specified in the List of Positions shall be verified in accordance with the procedure established by the Government and such persons may not hold the positions specified in the List of Positions in the presence of the following circumstances:

1) the person has, by an effective court judgment, been found guilty of a serious or grave crime, irrespective of whether his conviction has expired or has been expunged;

2) the person has, by an effective court judgment, been found guilty of a less serious crime and has an unexpired or unexpunged conviction;

3) the person has been adjudicated as incapacitated or of limited legal capacity in any area or the person is subject to compulsory medicinal treatment;

4) due to the interests hostile to the Republic of Lithuania, the person collaborates or has collaborated, or maintains or has maintained relations with an intelligence or security service of a foreign state or with persons collaborating or maintaining relations with an intelligence or security service of a foreign state;

5) the person participates or has participated in the activities of a terrorist organisation or a terrorist group or maintains or has maintained relations with a person belonging to a terrorist organisation or group;

6) the person is subject to preventive measures in accordance with the Law of the Republic of Lithuania on Organised Crime Prevention;

7) the person has, within the last three years, been entered into the records of a healthcare establishment because of alcohol or drug addiction;

8) the person has, within the last three years, been convicted more than once of an administrative offence related to the use of alcohol, narcotic, psychotropic or other psychoactive substances;

9) the person suffers from mental disorders likely to pose a threat to the safety of the infrastructure of strategic importance to ensuring national security specified in point 1 of Annex 4 to this Law. The Government or an institution authorised by it shall approve the list of mental disorders likely to pose a threat to the safety of the infrastructure of strategic importance to ensuring national security specified in point 1 of Annex 4 to this Law;

10) the person refuses to give consent to undergo verification by the institutions referred to in paragraph 5 of this Article to the head or the collegial body of the enterprise of importance to ensuring national security or the institution exercising the rights and duties of the owner of the enterprise that is appointing or has appointed the person to the positions specified in the List of Positions or to any other entity that is, in accordance with the powers granted to it, appointing or has appointed the person to the position (hereinafter: the 'appointing entity');

11) the institutions referred to in paragraph 3 of this Article note other circumstances due to which the person poses a threat to national security interests and may not hold the positions specified in the List of Positions.

3. The information specified in points 1, 2, 4, 5, 6, 8 and 11 of paragraph 2 of this Article shall be furnished by the institutions authorised by the Government at the request of the appointing entity (prior to appointment) or at their own initiative (whenever the respective circumstances transpire). The information specified in points 3, 7 and 9 of paragraph 2 of this Article, accompanied by the supporting documents issued by the competent authorities shall be supplied by the persons applying for the positions specified in the List of Positions themselves.

4. The appointing entity submitting the application must, together with a written application to furnish information about the person appointed to the position specified in the List of Positions, submit to the institution authorised by the Government the consent of the person appointed to the position specified in the List of Positions to undergo verification.

5. The information specified in paragraph 2 of this Article about the person being or having been appointed to the position specified in the List of Positions shall be furnished by the institution authorised by the Government not later than within 20 calendar days from the receipt of the written application to furnish information about the person being or having been appointed to the position specified in the List of Positions referred to in paragraph 3 of this Article. This time limit may, by a reasoned decision of the Government, be extended for not longer than 30 calendar days where the person appointed to the position specified in the List of Positions is a foreign citizen or a stateless person residing outside the Republic of Lithuania, notifying about the extension of the time limit the appointing entity that has submitted the written application to obtain information about the person appointed to the position specified in the List of Positions. Where the information is not furnished within the time limit specified in

this paragraph, it shall be considered that the person has the right to be appointed to or hold the position specified in the List of Positions.

6. The appointing entity may use the information furnished in accordance with the procedure laid down in this Article only when adopting a decision on the suitability of the person applying for or holding the position specified in the List of Positions. The appointing entity may not transfer or otherwise disclose to third parties the information obtained in accordance with the procedure laid down in this Article about the person applying for or holding the position specified in the List of Positions.

7. Having assessed the entirety of the information furnished in accordance with the procedure laid down in this Article and having adopted a decision not to appoint the person to the position specified in the List of Positions, the appointing entity must, within three days, notify the person thereof and familiarise him, against his signature, with the information furnished by the institution authorised by the Government, except for the part of it that contains classified information.

8. The provisions of this Article shall apply *mutatis mutandis* to the heads of managing contractors or contractors and persons in charge of works who are authorised to access, unaccompanied, the facilities and property of importance to ensuring national security indicated in sub-points a and b of point 1 of Annex 4 and sub-points c-l of point 2 of Annex 4 to this Law comprising infrastructure of strategic or significant importance to ensuring national security.

9. The provisions of this Article shall not apply to Category III enterprises of importance to ensuring national security and facilities and property of importance to ensuring national security held by the right of ownership or managed by these enterprises.

10. The provisions of this Article setting forth conformity requirements for holding the positions specified in the List of Positions shall apply to persons to the extent these requirements are not regulated by special laws.

Article 18. Safety of enterprises, facilities and property of importance to ensuring national security

1. Having assessed the characteristics of activities of legal persons and the purpose and use of facilities, the Government or an institution authorised by it shall establish requirements for the physical security and protection of activities and/or cyber security of enterprises of importance to ensuring national security and of facilities and property of importance to ensuring national security to the extent they are not regulated by the Law of the Republic of Lithuania on Cyber Security.

2. Nuclear facilities shall be subject to the safety requirements established in the Law of the Republic of Lithuania on Nuclear Energy, the Law of the Republic of Lithuania on Nuclear Safety, the Law of the Republic of Lithuania on the Management of Radioactive Waste and the Law of the Republic of Lithuania on Radiation Safety.

3. The heads of enterprises of importance to ensuring national security or of legal persons that manage facilities and property of importance to ensuring national security by the right of ownership or trust or use such facilities and property under a lease or loan for use contract shall be in charge of implementation of the protection and safety requirements referred to in paragraph 1 of this Article as well as the employee conformity requirements set forth in Article 17 of this Law.

4. The Government shall approve the list of Category I and Category II enterprises of importance to ensuring national security and the facilities and property of importance to ensuring national security owned or managed by them the physical security whereof is ensured by institutions within the area of management of the Minister of the Interior of the Republic of Lithuania. The heads of enterprises of importance to ensuring national security shall be in charge of organising the physical security of enterprises of importance to ensuring national security and the facilities and property of importance to ensuring national security which are not included in the list specified in this paragraph.

Article 19. Commission

1. The Commission shall be formed and the description of its rules of procedure shall be approved by the Government. The Government may assign the Prime Minister to approve the composition of the Commission. State politicians and civil servants of political (personal) confidence may not be members of the Commission.

2. At the request of an interested party or at its own initiative, the Commission shall:

1) carry out verification of conformity to national security interests of investors and persons who intend to acquire or have acquired a broadcasting licence and/or a re-broadcast content licence and adopt a decision or submit its conclusions or recommendations to the Government;

2) at the request of the Government or the Seimas, submit recommendations on the amendment of the List of Facilities and Property of Importance to Ensuring National Security indicated in Annex 4 to this Law;

3) at the request of the Government, submit recommendations on facilities of importance to ensuring national security, their protection and establishment of protection zones;

4) at the request of the Government or the Seimas, submit recommendations on the amendment of the List of Category I Enterprises of Importance to Ensuring National Security indicated in Annex 1 to this Law;

5) adopt a decision on the recognition of objectives, investment policies and activities of an international financial institution or organisation as conforming to national security interests and recognition of the international financial institution or organisation as not posing a threat to national security and non-performance of verification of its conformity to national security interests;

6) in the cases provided for by this Law, adopt decisions to approve or disapprove of the reorganisation or conversion of a Category I and Category II enterprise of importance to ensuring national security into a legal person of any other legal form or their liquidation;

7) at the request of a privatisation institution, the Privatisation Commission or the Government, submit recommendations on the privatisation of shares of enterprises of importance to ensuring national security;

8) submit conclusions on the destruction of the property of an enterprise of importance to ensuring national security indicated in the security plan of the enterprise of importance to ensuring national security;

9) submit recommendations on the positions to be included in the List of Positions, as well as on requirements for the physical security and protection of activities of enterprises of importance to ensuring national security or of facilities and property of importance to ensuring national security;

10) submit information, opinions, conclusions and recommendations on other measures necessary for ensuring national security interests related to the protection of objects of importance to ensuring national security;

11) submit recommendations to the Government on the preparation of a new plan of an enterprise of importance to ensuring national security or adjustment or implementation of the existing one.

Article 20. Judicial review of decisions adopted in the course of application of this Law

Decisions adopted by entities of public administration pursuant to this Law may be appealed against to Vilnius Regional Administrative Court in accordance with the procedure laid down in the Law of the Republic of Lithuania on Administrative Proceedings. Such an appeal must be considered not later than within 45 days from the admission thereof and an appeal against a decision of the administrative court of first instance – not later than within 30 days from the admission thereof.

Annex 1 to the Law on the Protection of Objects of Importance to Ensuring National Security

List of Category I Enterprises of Importance to Ensuring National Security

1. An enterprise, except for a project implementing company provided for in the Law of the Republic of Lithuania on the Nuclear Power Plant, which carries out the construction, operation and decommissioning of a nuclear facility/facilities, except for Maišiagala Radioactive Waste Storage Facility, and supervision of a closed disposal facility/facilities for radioactive waste.
2. An enterprise which manages, by the right of trust, Klaipėda State Seaport (its land, water area, quays, hydrotechnical facilities, navigation tracks, channels and other infrastructures).
3. An enterprise which, on a centralised basis, accumulates and manages the stocks of petroleum products and oil in the Republic of Lithuania.
4. An enterprise which provides the services of air traffic management, communication, navigation and surveillance, aeronautical information and search and rescue coordination.
5. An enterprise which manages, by the right of trust, inland waterways of state significance.
6. An enterprise which manages, by the right of trust, Vilnius, Kaunas and Palanga international airports.
7. An enterprise which administers the main registers of the Republic of Lithuania (the Register of Legal Entities and the Real Property Register and Cadastre).
8. An enterprise which carries out the functions of an operator of the Secure State Data Transmission Network.
9. An enterprise which provides services of civil air transport at Šiauliai military airfield.
10. Public drinking water suppliers and waste water managers which are appointed in accordance with the procedure laid down in the Law of the Republic of Lithuania on Drinking Water Supply and Waste Water Management.
11. An enterprise which manages, by the right of trust, Lithuanian state forests.

Annex 2 to the Law on the Protection of Objects of Importance to Ensuring National Security

List of Category II Enterprises of Importance to Ensuring National Security

1. Private limited liability company EPSO-G (UAB “EPSO-G”).
2. Private limited liability company Lietuvos energija (UAB “Lietuvos energija”).
3. Public limited liability company Lietuvos energijos gamyba (AB “Lietuvos energijos gamyba”).
4. Public limited liability company LITGRID (AB “LITGRID”).
5. Public limited liability company Energijos skirstymo operatorius (AB “Energijos skirstymo operatorius”).
6. The national investor provided for in the Law of the Republic of Lithuania on the Nuclear Power Plant.
7. Public limited liability company Amber Grid (AB “Amber Grid”).
8. The designated supplier provided for in the Law of the Republic of Lithuania on Liquefied Natural Gas Terminal.
9. Private limited liability company Lietuvos dujų tiekimas (UAB “Lietuvos dujų tiekimas”).
10. Operator of the liquefied natural gas terminal.
11. Public limited liability company Klaipėdos nafta (AB “Klaipėdos nafta”).
12. Public limited liability company Lietuvos geležinkeliai (AB “Lietuvos geležinkeliai”).
13. Public limited liability company Giraitė ginkluotės gamykla (AB “Giraitės ginkluotės gamykla”).
14. Public limited liability company Jonavos grūdai (AB “Jonavos grūdai”);
15. Public limited liability company Lietuvos radijo ir televizijos centras (AB “Lietuvos radijo ir televizijos centras”).
16. Public limited liability company Lietuvos paštas (AB “Lietuvos paštas”).
17. Private limited liability company Geoterma (UAB “Geoterma”).
18. Public limited liability company Detonas (AB “Detonas”).

Annex 3 to the Law on the Protection of Objects of Importance to Ensuring National Security

List of Category III Enterprises of Importance to Ensuring National Security

1. Public limited liability company ORLEN Lietuva (AB “ORLEN Lietuva”).

2. Public limited liability company Achema (AB “Achema”).
3. The project implementing company provided for in the Law of the Republic of Lithuania on the Nuclear Power Plant.
4. Public limited liability company Telia Lietuva (AB “Telia Lietuva”).

Annex 4 to the Law on the Protection of Objects of Importance to Ensuring National Security

List of Facilities and Property of Importance to Ensuring National Security

1. Infrastructure of strategic importance to ensuring national security:
 - a) nuclear energy facilities, except for Maišiagala Radioactive Waste Storage Facility;
 - b) aerodromes located at Vilnius, Kaunas and Palanga international airports and at Šiauliai International Airport/military airfield, Jonava aerodrome (at Rukla), Kazlų Ruda aerodrome, Pajuosčio aerodrome, S. Dariaus and S. Girėno aerodrome and Šilutė aerodrome;
 - c) roads of national importance;
 - d) public railway infrastructure and other facilities and property necessary for ensuring smooth rail transport operation;
 - e) hydrotechnical facilities, quays, navigation tracks and channels, navigation equipment and other infrastructures of Klaipėda State Seaport;
 - f) airspace management systems, air traffic flows management systems, air traffic services systems, communication systems, navigation systems, surveillance system devices, aeronautical information services systems;
 - g) IT hardware and software of the state enterprise the Centre of Registers, software platforms and data of the main state registers and state information systems in which critical information is processed.
2. Infrastructure of significant importance to ensuring national security:
 - a) drinking water supply and/or waste water management infrastructure belonging by the right of ownership or otherwise managed and/or used by public drinking water suppliers and waste water managers;
 - b) polders and related structures in Klaipėda and Šilutė District municipalities and Pagėgiai municipality;
 - c) infrastructure of the liquefied natural gas terminal, as defined in the Law of the Republic of Lithuania on Liquefied Natural Gas Terminal;
 - d) the Lithuanian power system control centre managed by the Lithuanian transmission system operator for electricity (including electricity transmission system management and data and power system management IT hardware and software and real-time software platforms) and the reserve management centre;
 - e) the dispatching centre of the Lithuanian natural gas transmission system managed by the Lithuanian natural gas transmission system operator;
 - f) electricity transmission lines with a voltage of at least 330 kV and electricity transmission interconnections with power systems of foreign states (electricity transmission lines, switchyards and converter stations) necessary for carrying out the function of electricity transmission;
 - g) the Lithuanian Power Plant;
 - h) Kruonis Pumped Storage Plant (Kruonio hidroakumuliacinė elektrinė);
 - i) Kaunas Hydroelectric Power Plant (Kauno Algirdo Brazausko hidroelektrinė);
 - j) natural gas transmission system pipelines managed by the Lithuanian natural gas transmission system operator (other than the part of pipelines primarily used in the context of local distribution of natural gas, with a view to its delivery to customers), main technical equipment of gas compressor stations and cross-border gas metering stations (natural gas transmission pipelines, compressors and turbines) necessary for carrying out the function of natural gas transmission;
 - k) the state-controlled oil terminal located in the territory of Klaipėda State Seaport and appurtenances thereof necessary for the activities of the oil terminal;
 - l) the state-controlled oil terminal located in the town of Subačius and appurtenances thereof necessary for the activities of the oil terminal;
 - m) Būtingė Oil terminal and appurtenances thereof;
 - n) aerodromes according to the list approved by the Government’s resolution.

ANNEX B: RESOLUTION CONCERNING THE ESTABLISHMENT OF A LIST OF ECONOMIC ACTIVITIES REGARDED AS PART OF ECONOMIC SECTORS OF STRATEGIC IMPORTANCE TO ENSURING NATIONAL SECURITY

Government of the Republic of Lithuania

Resolution concerning the establishment of a list of economic activities regarded as part of economic sectors of strategic importance to ensuring national security

6 June 2018 No 556

Pursuant to Article 6(2) of the Law on the Protection of Objects of Importance to Ensuring National Security of the Republic of Lithuania, the Government of the Republic of Lithuania resolves:

To establish a list of economic activities regarded as part of economic sectors of strategic importance to ensuring national security:

1. Energy sector:

- 1.1. manufacture of refined petroleum products;
- 1.2. collection and management of radioactive waste and spent fuel;
- 1.3. electricity production if at least one electricity producing installation of an entity engaged in electricity generation is of 100 MW or of a higher capacity, or the total power capacity of electricity producing installations possessed by this entity is 100 MW or more;
- 1.4. sale of electricity;
- 1.5. distribution of electricity to at least 10000 users;
- 1.6. wholesale of electricity; the supply of electricity to at least 1000 non-household customers and/or at least 10000 household customers;
- 1.7. Dispatching of the electricity system of the Republic of Lithuania; dispatching of the distribution networks;
- 1.8. transportation of natural gas through the natural gas transmission system (high pressure pipelines and installations);
- 1.9. natural gas transportation through the natural gas transmission system to at least 10000 customers;
- 1.10. the supply activity carried out by the designated supplier provided for in the Law on Liquefied Natural Gas Terminal of the Republic of Lithuania;
- 1.11. stockpiling and management of petroleum products and oil stocks of the State;
- 1.12. LNG terminal operation;
- 1.13. thermal energy supply to at least 10000 consumers;
- 1.14. operation and decommissioning of a nuclear facility;
- 1.15. activities of oil product terminals.

2. Transport sector:

- 2.1. Construction of roads and railways of national significance;
- 2.2. construction of bridges and tunnels;
- 2.3. service activities relating to air transport;
- 2.4. repair and maintenance of aircraft and spacecraft;
- 2.5. geographical and cartographic information activities;
- 2.6. repair and maintenance of seagoing vessels;
- 2.7. management, use and disposal of public railway infrastructure;
- 2.8. Management, use and disposal of railway service facilities owned by the State of Lithuania;
- 2.9. carriage of passengers and goods by rail;
- 2.10. transportation of non-standard/oversize cargoes by road, rail, sea and air;
- 2.11. warehousing and storage of fuel, food and medication in distribution logistics stores;
- 2.12. hire of containers and mobile platforms;
- 2.13. maritime cargo operations at the Port of Klaipėda.

3. Information technology and telecommunications and other high-tech sector:

- 3.1. manufacture of electronic components;
- 3.2. manufacture of mounted electronic boards;
- 3.3. manufacture of computers and peripheral devices;
- 3.4. manufacture of communication equipment;
- 3.5. manufacture of Global Positioning System devices (GPS);
- 3.6. installation of antennas and communication systems;
- 3.7. wholesale of information and communication technology (ICT) equipment;
- 3.8. other software publishing;
- 3.9. wired communication services;
- 3.10. wireless communication services;
- 3.11. satellite communication services;
- 3.12. data processing, hosting and related activities;
- 3.13. web portal services;
- 3.14. radio broadcasting;
- 3.15. television broadcasting.

4. Finance and credit sectors:

- 4.1. acceptance of deposits and other repayable funds;
- 4.2. mortgage loans and consumer credit;
- 4.3. payment services;
- 4.4. issuance of electronic money;
- 4.5. investment services;
- 4.6. operator of a regulated market activities;
- 4.7. management of investment funds, investment companies, pension funds or investment companies with variable capital;
- 4.8. central securities depository activities;
- 4.9. activities of the operator of the crowdfunding platform and activities of the common lending platform operator;
- 4.10. insurance and reinsurance activities.

5. Military equipment sector, including the production, trade, maintenance and repair of military equipment.

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