



Tax&Legal Highlights

Lithuania

Court of Justice of European Union issued the decision regarding the protection of depositors and investors of bankrupt bank "Snoras"

On 22 February 2018 the Court of Justice of the European Union (hereinafter referred to as "the Court of Justice") issued a decision where it provided explanations regarding issues raised by the Supreme Court of Lithuania related with the protection of the depositors and investors of the bank "Snoras".

The Court of Justice stated in its decision that persons who have concluded share and bond agreements with bank "Snoras" and who have transferred the monetary funds to accounts opened in the name of Snoras for the acquisition of these securities, but due to bank's insolvency did not become the owners of shares or bonds, have the right to claim the insurance compensations for depositors and investors from the state company "Deposit and Investment Insurance".

In addition, the Court of Justice mentioned that the former clients of bank "Snoras" themselves have to choose what type of legal protection and compensation they shall require from the state company "Deposit and Investment Insurance".

The rules on capital adequacy requirements of management companies have been changed

On 6 March 2018 on the basis of the ruling of the Board of the Bank of Lithuania the rules on capital adequacy requirements of the management companies have been changed.

According to the modified rules, the management companies will have to provide less information to the supervising authority. For example, it is no longer necessary to provide additional information about issued or received loans. In addition, the provisions on the procedure for calculating operational risk capital requirements have also been amended, which apply to management companies operating for less than 3 years.

Amendments of the rules will come into force from 1 May 2018.

Guidelines on good governance of collective investment undertakings intended for informed investors

On 19 March 2018 on the basis of the decision of the Director of the Supervision Service of the Bank of Lithuania the guidelines on good governance of collective investment undertakings intended for informed investors (hereinafter referred to as "CIUIII") were adopted. Guidelines include possible governance structures of CIUIII, guidance on aspects to be considered when choosing an appropriate governance structure for CIUIII and important peculiarities of separate management structures. The guidelines also briefly discuss decision-making principles, potential situations of conflict of interest and how these situations should be managed.

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