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**GUIDELINES OF THE FINANCIAL INTELLIGENCE UNIT
FOR THE APPLICATION OF FINANCIAL SANCTIONS**

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1. Purpose of the guidelines

The purpose of these guidelines is to provide an overview of the requirements applicable to natural or legal persons in the application of international financial sanctions imposed by a United Nations (UN) Security Council resolution, a regulation of the Council of the European Union (EU), a regulation of the Government of the Republic of Estonia, or another legal act.

The guidelines were drawn up pursuant to the legislation of the Republic of Estonia and the EU, United Nations Security Council resolutions, the Financial Action Task Force (FATF) Recommendations of 2012¹ and the Methodology of 2022², guidelines of the Council of the European Union and the European Commission, and other guidance materials.

The guidelines can be used for assistance in the application of financial sanctions. In the event of a conflict between the guidelines and a legal act, the legal act shall prevail.

The obligations of persons with special obligations arising from sections 20–24 of the International Sanctions Act are not covered in the guidelines (except submission of notices). The Financial Intelligence Unit (FIU) has issued separate guidelines for persons with special obligations supervised by the FIU.

2. Sanctions

In subsection 1 of section 3 of the International Sanctions Act, an international sanction is defined as an essential tool of foreign policy aimed at supporting the maintenance or restoration of peace, international security, democracy and the rule of law, following human rights and international law, or achieving other objectives of the United Nations Charter or the Common Foreign and Security Policy of the European Union. The imposition of a sanction³ aims, *inter alia*, as an alternative to the use of force, to steer states, entities, groups, or persons to comply with the norms and principles of international law, to make the continuation of an undesirable activity as costly and inconvenient as possible, or to prevent the sanctioned party from engaging in unacceptable conduct. As a rule, such restrictive measures include various prohibitions: asset freezes, prohibitions on accessing funds and resources, restrictions on certain economic activities, restrictions on trade in certain goods and technology, travel bans, diplomatic measures, etc.

The sanctions imposed by the European Union, the United Nations Security Council, and the Government of the Republic of Estonia are binding in Estonia.

¹ The FATF Recommendations. <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatfrecommendations.html> (accessed 22 May 2026).

² The FATF Assessment Methodology. <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Fatf-methodology.html> (accessed 22 May 2026).

³ In European Union legislation and other documents, the term ‘restrictive measures’ is used in place of ‘sanctions’. Based on the terminology used in Estonian legislation and documents, the term ‘sanctions’ is used in these guidelines.

2.1. EU sanctions

The EU implements all sanctions imposed by the United Nations Security Council by incorporating them into EU law through regulations adopted by the Council of the European Union.

Autonomous sanctions of the EU are imposed by decisions of the Council of the European Union. In most cases, those restrictive measures are implemented through regulations of the Council of the European Union. The regulation sets out the precise scope of the measures and the detailed rules for their implementation. The Council decision and the corresponding regulation of the Council are usually adopted simultaneously.

Pursuant to Article 288 of the Treaty on the Functioning of the European Union, regulations of the EU are binding in their entirety and directly applicable in all Member States, including in Estonia.

In general, EU regulations provide⁴ that EU sanctions apply:

- within the territory of the EU, including in its airspace;
- on board any aircraft or vessel under the jurisdiction of an EU Member State;
- to nationals of EU Member States, whether located inside or outside the territory of the EU;
- to legal persons, entities or bodies incorporated or constituted under the law of a Member State inside or outside of the territory of the EU;
- to any legal person, entity or body in relation to business activities conducted wholly or partly within the territory of the EU.

Further information about EU sanctions is available on the websites of the EU institutions and bodies.⁵

2.2. UN sanctions

UN sanctions are imposed by resolutions of the Security Council. Pursuant to Article 25 of the United Nations Charter, decisions of the Security Council must be carried out by the Members of the organisation. Resolutions of the United Nations Security Council require Member States to ensure the application of sanctions. As an EU Member State, Estonia ensures their application through directly applicable EU regulations.

Pursuant to subsection 2 of section 8 and subsection (1¹) of section 9 of the International Sanctions Act, sanctions imposed by resolutions of the United Nations Security Council must, until they are transposed into EU law, be applied in Estonia without delay and directly on the basis of those resolutions. This means that, prior to the adoption of a regulation of the Council of the European Union implementing a resolution of the United Nations Security Council, the obligations and prohibitions laid down in that resolution are already binding and must be applied directly in Estonia by all natural and legal persons on the basis of the resolution. After

⁴ See, for example, Article 13 of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine.

⁵ See, for example: Council of the European Union. Why the EU adopts sanctions. <https://www.consilium.europa.eu/en/policies/why-sanctions/> (accessed 22 May 2026). European Union External Action. European Union sanctions. https://www.eeas.europa.eu/eeas/european-union-sanctions_en (accessed 22 May 2026).

entry into force of the respective regulation of the Council of the European Union, the EU sanctions must be complied with.

Resolutions of the United Nations Security Council generally provide⁶ that the obligation to apply sanctions is linked to the territory of the Member State and to persons present within that territory (*'nationals or individuals or entities within their territories'*).

Further information about sanctions of the United Nations Security Council can be found on the website⁷ of the United Nations Security Council.

2.3. Sanctions of the Government of the Republic

The sanctions of the Government of the Republic are a tool of foreign policy which, in addition to the aforementioned objectives for imposing an international sanction, may be imposed in order to protect the security or interests of Estonia. They are imposed by a regulation of the Government of the Republic on the basis of a proposal from the Ministry of Foreign Affairs. Where the designation of the list of sanctions subjects is provided for in the regulation of the Government of the Republic, the subjects are designated by a directive of the minister in charge of the policy sector.

The provisions on international sanctions are applied to the sanctions of the Government of the Republic taking account of the specifications specified in Chapter 4 of the International Sanctions Act.

As a regulation of the Government of the Republic is a legal act of Estonia, it is not necessary to specifically establish the scope of application of the sanction in the regulation (as is generally the case in other legislation and regulations). If the circle of persons who must comply with the regulation is intended to be restricted or specified, this is indicated in the respective regulation of the Government of the Republic.⁸

Further information about the sanctions of the Government of the Republic can be found on the website⁹ of the Ministry of Foreign Affairs.

3. International financial sanctions

In general, international financial sanctions are divided in two in the International Sanctions Act: targeted financial sanctions and sectoral financial sanctions.

⁶ See, for example, section 17 of Resolution 1970 (2011) of the United Nations Security Council (Peace and security in Africa).

⁷ United Nations Security Council. Sanctions information.

<https://www.un.org/securitycouncil/sanctions/information> (accessed 22 May 2026).

⁸ See, for example, section 2 of Regulation No. 93 of the Government of the Republic of Estonia of 29 September 2022 'Imposition of a sanction of the Government of the Republic for the prohibition on purchasing natural gas and liquefied natural gas in connection with the aggression of the Russian Federation in Ukraine, which is supported by the Republic of Belarus'.

⁹ Ministry of Foreign Affairs. Sanctions of the Government of the Republic of Estonia.

<https://vm.ee/en/activity/international-sanctions/sanctions-government-republic-estonia> (accessed 22 May 2026).

3.1. Targeted financial sanctions

Targeted financial sanctions (TFS) mean **freezing of funds and economic resources** of the subject of international sanctions (also together referred to as the ‘assets’ in these guidelines) **and prohibition on making funds or economic resources directly or indirectly available** to the subject of international sanctions.

- For example, several resolutions of the United Nations Security Council provide that Member States shall freeze without delay all funds and economic resources located within their territories that are directly or indirectly owned or controlled by individuals or entities listed in the annex to the relevant resolution or designated by the Committee established pursuant to the resolution, as well as by individuals or entities acting on their behalf or at their direction. In addition, all Member States shall ensure that neither their nationals nor any persons or entities within their territories make available any funds or economic resources to or for the benefit of individuals or entities listed in the annex to the resolution or designated by the Committee.

The obligation and prohibition referred to in clauses 1) and 2) of subsection 1 of section 14 of the International Sanctions Act constitute targeted financial sanctions.

Pursuant to the International Sanctions Act, the subject of a targeted financial sanction, i.e. a person with respect to whom the sanction must be applied, is:

- an association or group, a natural or legal person, entity or body **designated by name in a legal act imposing or implementing international sanctions** (referred to in these guidelines as a ‘listed person’) and with respect to whom an obligation to freeze funds and economic resources and a prohibition on making funds or economic resources available have been established. Such persons may not be related to criminal activity and may not themselves be aware of the restrictions imposed on them.
- persons related to a listed person in the cases and under the conditions provided for in the legal act imposing or implementing an international sanction. In legal acts imposing international sanctions, persons related to a listed person, to whom sanctions must also be applied, are generally persons or parties that are directly or indirectly, wholly or partially **owned or controlled by that person or that act at their direction**. The persons who are considered to be related to a listed person in a specific regime are determined in the relevant legal act imposing the international sanctions.¹⁰

The meaning of the terms ‘funds’ and ‘economic resources’ is also defined in the legal act imposing financial sanctions, and sanctions must always be applied in accordance with the legal act governing the specific regime. A commonly used definition of funds in legal acts¹¹ of the Council of the European Union and the Government of the Republic of Estonia is that funds mean financial assets and benefits of every kind, including, but not limited to:

- cash, cheques, claims on money, drafts, money orders, and other payment instruments;

¹⁰ For example, legal acts concerning EU autonomous sanctions regimes do not generally use the criterion ‘acting at the direction of’, but provide that funds and economic resources **owned, held or controlled** by a listed person must be frozen, and that it is prohibited to make funds or economic resources available, **directly or indirectly**, to a listed person.

¹¹ For example, point (g) of Article 1 of Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine.

- deposits with financial institutions or other entities, balances on accounts, debts and debt obligations;
- publicly- and privately-traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivatives contracts;
- interest, dividends or other income on or value accruing from or generated by assets;
- credit, right of set-off, guarantees, performance bonds or other financial commitments;
- letters of credit, bills of lading, bills of sale;
- documents showing evidence of an interest in funds or financial resources.¹²

In several legal acts¹³ of the EU and Government of the Republic of Estonia, **economic resources** are defined as assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services. In general terms, it may be said that the concept of economic resources covers almost all types of resources. This is also confirmed by the case-law of the Court of Justice of the European Union, according to which the terms 'funds' and 'economic resources' must be interpreted broadly.¹⁴

According to the document entitled 'EU Best Practices for the effective implementation of restrictive measures'¹⁵ ('EU Best Practices') of the Council of the European Union, the regulations imposing targeted financial sanctions override all incompatible contractual arrangements. The regulations shall apply notwithstanding any rights conferred by or obligations provided for in any contract entered into before their entry into force and shall preclude the completion of acts which implement contracts concluded before the entry into force of the regulations.

- For example, if a sanctions subject concluded a contract for the sale of goods produced by it prior to the imposition of sanctions, neither party may perform that contract once the sanctions take effect. That is, the seller may not deliver the goods, nor may the buyer make payment for them.

3.1.1. Ownership, control, and acting on behalf or at the direction

In regulations of the European Union and of the Government of the Republic imposing targeted financial sanctions, it is standard that assets **owned or controlled** by a listed person are also to be frozen and that it is prohibited to make funds or economic resources available, directly or indirectly, to a listed person. Therefore, when carrying out a transaction, it must be assessed

¹² The FATF definition of funds and definitions of other assets can be found in the FATF Methodology (<https://www.fatf-gafi.org/content/dam/fatf-gafi/methodology/FATF-Assessment-Methodology-2022.pdf.coredownload.inline.pdf>) p.182. EU definitions take these into account; however, in all cases, **persons applying sanctions must bear in mind that they are required to rely exclusively on the legal act governing the specific regime when determining the scope of 'funds' and 'economic resources' and must not apply sanctions to assets that are not defined in that legal act as subject to freezing.**

¹³ For example, point (3) of Article 1 of Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine.

¹⁴ See, for example, paragraph 69 of the judgment of the Court of Justice of 29 June 2010 in Case C 550/09.

¹⁵ Council of the European Union. Council document No ST 11623/2024. <https://data.consilium.europa.eu/doc/document/ST-11623-2024-INIT/en/pdf> (accessed 22 May 2026). If a sanctions regulation of the Government of the Republic is similar to a legal act of the Council of the European Union, and no other guidance has been issued with regard to that Government sanction, the principles set out in this document may also be relied upon when implementing and applying the Government sanction.

whether a legal person that is not itself a listed person may be owned or controlled by a listed natural or legal person.

Certain legal acts imposing sanctions also provide for an obligation to freeze the funds and economic resources of persons acting **on behalf or at the direction** of a listed person.

3.1.1.1. Ownership

According to the ‘EU Best Practices’, the criterion to be taken into account when assessing whether a legal person is owned by another person is the possession of 50% or more of the proprietary rights of an entity or having majority interest in it. If this criterion is satisfied, it is considered that the legal person is owned by the listed person or entity. When assessing ownership, the aggregated ownership of the entity should also be taken into account.

- For example, if one listed person owns 30% of the entity and another listed person owns 25% of the entity, the entity should be considered as owned by listed persons. The assets of that entity are to be frozen, and no funds or economic resources may be made available to it.

3.1.1.2. Control

According to the ‘EU Best Practices’, the criteria to be taken into account when assessing whether a legal person or entity is controlled by another person or entity, alone or pursuant to an agreement with another shareholder or other third party, could include, *inter alia*:

- having the right or exercising the power to appoint or remove a majority of the members of the administrative, management or supervisory body of such legal person or entity;
- having appointed solely as a result of the exercise of one’s voting rights a majority of the members of the administrative, management or supervisory bodies of a legal person who have held office during the present and previous financial year;
- controlling alone, pursuant to an agreement with other shareholders in or members of a legal person, entity or body, a majority of the voting rights of shareholders or members in that legal person or entity;
- having the right to exercise a dominant influence over a legal person or entity, pursuant to an agreement entered into with that legal person or entity, or to a provision in its Memorandum or Articles of Association, where the law governing that legal person or entity permits its being subject to such agreement or provision;
- having the power to de facto exercise the right to exercise a dominant influence referred to in point d, without being the holder of that right;¹⁶
- having the right to use all or part of the assets of a legal person or entity;
- managing the business of a legal person or entity on a unified basis, while publishing consolidated accounts;
- sharing jointly and severally the financial liabilities of a legal person or entity, or guaranteeing them.

If any of these criteria are satisfied, it is considered that the legal person is controlled by another person, unless the contrary can be established on a case-by-case basis.

¹⁶ Including, for example, by means of a front company.

3.1.1.3. Acting on behalf or at the direction

According to the ‘EU Best Practices’, while the notion of ‘acting on behalf or at the direction’ of a natural or legal person is distinct from those of ownership and control, its effects can be placed on an equal footing.¹⁷ In the absence of a definition that can be used to assess whether a person acted on behalf or at the direction of a listed person, the criteria to be taken into account could include, *inter alia*:

- a) the precise ownership/control structure, including links between natural or legal persons, entities or bodies;
- b) the nature and purpose of the transaction, coupled with the stated business duties of the legal person, entity or body;
- c) previous instances of acting on behalf or at the direction of the listed natural or legal person, entity or body;
- d) disclosure made by third parties obtained from credible, reliable and independent sources and/or factual evidence indicating that directions were given by the natural or legal person, entity or body.

3.1.2. Obligation to freeze assets

Freezing is, in essence, a measure by which a listed person is prevented from using funds or economic resources. In general terms, the target of the freezing measure is assets that *are already* owned or controlled by a listed person.

‘Freezing of funds’ is frequently defined in the regulations¹⁸ of the Council of the European Union and the Government of the Republic as preventing any move, transfer, alteration, use, access to, or dealing with funds in any way that would result in any change in their volume, amount, location, ownership, possession, character, destination or other change that would enable the funds to be used, including portfolio management.

- Freezing of economic resources is mostly defined in the regulations¹⁹ of the Council of the European Union and the Government of the Republic as preventing the use of economic resources to obtain funds, goods, or services, including by selling, hiring, or mortgaging them. According to the ‘EU Best Practices’, economic resources are frozen so as to prevent their use as a parallel or surrogate currency, and avoid circumvention of the freezing of funds.

The freezing of funds and economic resources does not affect ownership of those funds or resources. Frozen assets remain the property of the natural or legal persons who held ownership or other rights to them at the time of freezing; however, they may continue to be managed by third parties or under arrangements concluded by the relevant persons prior to the application of the freezing measure.

- For example, the sanctions subject remains the owner of assets held in a frozen account with a credit institution, but may not use those funds or carry out transactions with them.

¹⁷ See also paragraphs 77-79 of the judgement of the Court of Justice of 10 September 2019 in Case C-123/18.

¹⁸ For example, point (k) of Article 1 of Regulation (EU) No 267/2012 of the Council of the European Union of 23 March 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No 961/2010.

¹⁹ For example, point (h) of Article 1 of Regulation (EU) No 36/2012 of the Council of the European Union of 18 January 2012 concerning restrictive measures in view of the situation in Syria and repealing Regulation (EU) No 442/2011.

In the context of the obligation to freeze funds and economic resources, it is also important to note that it covers:

- all funds and economic resources of a sanctions subject, not only those that can be linked to a specific terrorist offence, conspiracy or threat;
- funds and economic resources held in joint ownership by a subject of sanctions. Funds and economic resources held in joint ownership by a subject of sanctions and a person who is not a subject of sanctions are to be frozen in their entirety in accordance with subsection 1 of section 15 of the International Sanctions Act.
- funds or economic resources derived from, or generated by, funds or economic resources owned or controlled by a sanctions subject.

Where a sanction is terminated or a person is removed from the sanctions list, their frozen funds and economic resources are to be released immediately.

3.1.3. Prohibition on making funds and economic resources available

The prohibition on making funds or economic resources available targets assets that could *potentially come* under the ownership or control of a listed person in the future.

- It is generally²⁰ prohibited to make funds available to a listed person, including by paying for goods and services, by means of a donation, by returning assets previously withheld on the basis of an agreement or by any other means.
- Making economic resources available to a listed person, including by way of gift, sale, barter, or returning economic resources held or controlled by a third party to a listed owner, is likewise generally prohibited. The term ‘making economic resources available’ has been interpreted by the Court of Justice as having a wide meaning²¹, and rather than denoting a specific legal category of act, it encompasses all the acts necessary under the applicable national law if a person is effectively to obtain full power of disposal in relation to the economic resource concerned. According to the ‘EU Best Practices’, assets which are only suitable for the personal use or consumption of a listed person are not considered ‘economic resources’ in the sense of the EU regulations and, therefore, making such assets available to a listed person is not prohibited. The provision of domestic utilities such as gas, electricity, water and telephone lines, is likewise not prohibited by the regulations, owing to their consumptive nature and consequent lack of transferability.

Funds or economic resources may not be made available, directly or indirectly, to a person listed either by the European Union or by Minister of Foreign Affairs on the basis of a regulation of the Government of the Republic. According to the ‘EU Best Practices’, making available of funds or economic resources to non-listed persons which are owned or controlled by a listed person will in principle be considered as making them indirectly available to the latter, unless it can be reasonably determined, on a case-by-case basis using a risk-based approach, taking into account all of the relevant circumstances, that the funds or economic resources concerned will not be used by or be for the benefit of that listed person.

²⁰ For exceptional cases, see Chapter 8 of these guidelines entitled ‘Exceptions to financial sanctions’.

²¹ See, for example, judgments of the Court of Justice of 11 October 2007 in Case C-117/06, of 29 June 2010 in Case C-550/09, and of 21 December 2011 in Case C-72/11.

- For example, it is prohibited to provide funds or goods to a legal person registered in Estonia that is owned by a listed person but is not itself listed, as this would constitute making funds or economic resources available to the listed person.

In the context of the prohibition on making funds and economic resources available, it must be taken into account that the prohibition may also extend to making them available to persons who are not sanctions subjects.

- For example, where payment for goods is made through intermediaries (e.g. distributors) who are not subjects of sanctions, but the seller, i.e. the ultimate recipient of the funds is a sanctions subject, the prohibition on making funds available also covers payments to those intermediaries. This means that payment for goods of a subject of sanctions is prohibited throughout the entire transaction chain.
- For example, where the buyer of goods is not a subject of sanctions, but the seller of goods is aware that the buyer will sell or transfer the goods to a subject of sanctions, the transaction may not be carried out, as it would constitute making economic resources available to a sanctions subject.

Therefore, where it is known that the ultimate recipient of funds or economic resources is a sanctions subject, their transfer to an intermediary also constitutes a violation of sanctions.

3.1.4. Special considerations during the period of direct application of a United Nations Security Council resolution

During the period, where a United Nations Security Council resolution has already been adopted but the corresponding regulation of the Council of the European Union has not yet been adopted, the United Nations Security Council resolution must be applied directly (see Subchapter 2.2.). ‘Funds’ and ‘economic resources’ are generally not defined in United Nations Security Council resolutions. Likewise, the obligation to freeze assets and the prohibition on making funds available are not further specified. During the period of direct application of a United Nations Security Council resolution, the FATF Recommendations of 2012²² must be followed with regard to the above.

In the glossary of those Recommendations, funds or other assets are defined as any assets, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such funds or other assets, including, but not limited to, bank credits, travellers cheques, bank cheques, money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends or other income on or value accruing from or generated by such funds or other assets, and any other assets which potentially may be used to obtain funds, goods or services.

In the sanctions context, the term freeze means a prohibition to transfer, converse, dispose or move any funds or other assets that are owned or controlled by listed persons or entities.

According to those Recommendations, funds or economic resources, as well as financial or other related services, may not be made available, directly or indirectly, in whole or in part, for the benefit of listed persons, persons owned or controlled by listed persons, or persons acting on behalf of, or at the direction of, listed persons.

²² The FATF Recommendations. <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatfrecommendations.html> (accessed 22 May 2026).

3.2. Sectoral financial sanctions

Sectoral financial sanctions are restrictions or prohibitions on certain activities.

The subject of a sectoral financial sanction is a natural or legal person, region or sector identified, either by name or by a general characteristic, in a legal act imposing international sanctions, to whom or to which a restriction on a specific activity applies.

Several sectoral financial sanctions imposed by the EU target persons identified on the basis of a general characteristic. In other words, the person to whom the sanction applies is not specified by name in the legal act imposing the sanction. Such general characteristics include, for example, nationality, country of residence, country of registration of a legal person, state ownership, etc.

- For example, a prohibition on accepting deposits from nationals of a certain country where the total value of deposits per credit institution exceeds a specified amount.
- For example, a prohibition on buying or selling transferable securities and money-market instruments under certain conditions.

In the International Sanctions Act, sectoral financial sanctions are specified in clauses 2¹–8 of section 1 of section 14:

- prohibition on financing prohibited goods or services;
- prohibition on granting a loan or credit;
- prohibition on opening and use of a deposit, payment, securities, or other account;
- prohibition of securities transactions;
- prohibition on concluding an insurance contract;
- prohibition of investment;
- prohibition on starting or continuing business relationships, consultancy or the provision of other financial services related to the activities listed above.

Sectoral financial sanctions are often specific to a particular financial service or sector and are used in both UN-imposed and autonomous EU sanctions regimes.

In addition to targeted financial sanctions, sectoral financial sanctions constitute one of the main tools for combating proliferation financing and the illegal handling of strategic goods. Proliferation financing means the provision of funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery, as well as related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention with national laws or international obligations.²³

The European Commission has provided interpretations and explanations concerning many sectoral financial sanctions in its frequently asked questions document.²⁴

²³ FATF. <https://www.fatf-gafi.org/media/fatf/documents/reports/Status-report-proliferation-financing.pdf>. (accessed 22 May 2026).

²⁴ Answers to frequently asked questions on sectoral financial sanctions under Council Regulation (EU) No 833/2014 can be found in Chapter C of the consolidated version. Used on 22 May 2026 at https://finance.ec.europa.eu/publications/consolidated-version_en.

4. Information and search of financial sanctions in force

International financial sanctions are applied in Estonia primarily on the basis of regulations of the Council of the European Union. Accordingly, information on a sanctions subject and the financial sanctions applicable to them can be found in the relevant Council regulation of the European Union, which sets out the content, scope and list of persons subject to the sanction. Council regulations of the EU are available on the website²⁵ of the Official Journal of the European Union. The EU Sanctions Map²⁶ provides an overview of all sanctions regimes applicable within the jurisdiction of the EU. It is linked to a database²⁷ maintained by the European Commission, which contains data on all persons included on sanctions lists.

Persons owned or controlled by, or acting on behalf of or at the direction of, a listed person are unlikely to be identified using the EU Sanctions Map search tool. Therefore, where no match is found for a specific natural or legal person using this tool, verification of the obligation to apply sanctions cannot be limited to that tool alone. In its frequently asked questions document, the European Commission has explained that, among other things, public sources may be relied upon when applying due diligence measures, including for the purpose of identifying control. This is particularly relevant in situations where a legal person is not itself listed, but a listed person exercises control over it.²⁸

During the provisional implementation of sanctions imposed by a United Nations Security Council resolution, i.e. before the adoption of the relevant Council Regulation of the European Union, the United Nations Security Council consolidated sanctions list, available on its website,²⁹ may be used. The content and scope of the applicable sanction are to be derived from the relevant resolution.³⁰

Pursuant to clause 10 of subsection 1 of section 4 of the International Sanctions Act, the Ministry of Foreign Affairs is obliged to inform the public in Estonia of all international sanctions, including financial sanctions. The Ministry of Foreign Affairs does so via its website³¹ and other information channels.

²⁵ Official Journal of the European Union. <https://eur-lex.europa.eu/oj/direct-access.html?locale=en> (accessed 22 May 2026).

²⁶ EU Sanctions Map. <https://www.sanctionsmap.eu/#/main> (accessed 22 May 2026).

²⁷ European Union. <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en> (accessed 22 May 2026).

²⁸ Response of the European Commission to the question ‘What do you recommend in terms of due diligence to EU operators?’ Used on 22 May 2026 at https://finance.ec.europa.eu/publications/consolidated-version_en. (accessed 22 May 2026).

²⁹ United Nations Security Council. <https://www.un.org/securitycouncil/content/un-sc-consolidated-list> (accessed 22 May 2026).

³⁰ United Nations Security Council. <https://main.un.org/securitycouncil/en/content/resolutions-0> (accessed 22 May 2026).

³¹ Ministry of Foreign Affairs. Changes in international sanctions. <https://www.vm.ee/tegevus/rahvusvahelised-sanktsioonid/muudatused-rahvusvahelistes-sanktsioonides> (accessed 22 May 2026).

5. Obligation to notify the Financial Intelligence Unit in the event of application or a suspected need to apply financial sanctions and the inspection obligation of the Financial Intelligence Unit

5.1. A person establishes that financial sanctions are to be applied

Where a natural or legal person **establishes** that (a) a person who has or is planning to have a business relationship with them is a subject of financial sanctions or (b) a transaction or act intended or carried out by that person violates financial sanctions,

- (i) they are to apply financial sanctions; and
- (ii) immediately notify the FIU thereof.

Persons are expected to act with at least ordinary diligence in order to prevent the completion of transactions and activities that violate sanctions.

The FIU must be notified immediately, preferably no later than two working days after the activity or circumstances are identified or suspicion arises.

When submitting a notification, the FIU recommends using the notice form established for the persons with special obligations by a regulation of the Minister of Finance and follow the guidelines laid down in that regulation. In addition to those guidelines, the FIU website provides explanatory guidelines, as well as a video³² explaining how to submit a notice; the notice may be submitted via a link³³ available on the website.

Further guidance on submitting notifications is set out in a directive of the Head of the FIU entitled 'Guidelines on the Characteristics of Suspicious Transactions'.³⁴

5.2. A person has doubts whether financial sanctions are to be applied

Where a natural or legal person **has doubts** as to whether (a) a person who has or is planning to have a business relationship with them is a subject of financial sanctions or (b) a transaction or act intended or carried out by that person violates financial sanctions,

- (i) they are to apply financial sanctions; and
- (ii) obtain additional information concerning the circumstances which enable to establish whether the transaction or act intended or carried out is in breach of financial sanctions.

Where there are grounds to believe that an activity or transaction may be in breach of financial sanctions, this possibility must be verified and measures must be taken to ensure the application of sanctions (for example, refusal to provide a service).

Where a natural or legal person (a) **on the basis of additional information identifies a subject** of financial sanctions or that a **transaction or act** intended or carried out by the person **violates financial sanctions** or (b) **additional information does not enable identification thereof**,

- (i) they are to apply financial sanctions; and
- (ii) immediately notify the FIU thereof.

³² Financial Intelligence Unit. Guidelines. <https://fiu.ee/en/guidelines-fiu/guidelines> (accessed 22 May 2026).

³³ Information system of the Financial Intelligence Unit. <https://rabis-web.fiu.ee/#/> (accessed 22 May 2026).

³⁴ Financial Intelligence Unit. Guidelines. <https://fiu.ee/en/guidelines-fiu/guidelines> (accessed 22 May 2026).

See Subchapter 5.1 on notifying the FIU.

Where a natural or legal person **establishes, on the basis of additional information**, that the person concerned **is not a subject of financial sanctions** or that the **transaction or act** intended or carried out by that person **does not violate financial sanctions**, they are not required to apply financial sanctions or notify the FIU.

5.3. Inspection obligation of the Financial Intelligence Unit

Upon receipt of a notification, the FIU will verify the following within ten working days:

- whether the person who has submitted the application or has been identified is a subject of financial sanctions or whether the transaction of the person is related to the subject of financial sanctions;
- whether it is a transaction or act violating financial sanctions;
- whether the financial sanctions have been applied lawfully.

The FIU will notify the submitter of the application of the results of the inspection within two working days.

6. Obligations of persons with special obligations to notify the Financial Intelligence Unit and the inspection obligation of the Financial Intelligence Unit

In case a person with special obligations **identifies** a person, who is a subject of financial sanctions or that the transaction or act intended or carried out by them is in breach of financial sanctions, the person with special obligations must, pursuant to subsection 1 of section 21 of the International Sanctions Act,

- (i) apply financial sanctions and
- (ii) immediately notify the FIU thereof.

Where a person with special obligations **has doubts** whether a person who has or is planning to have a business relationship with them is a subject of financial sanctions or that a transaction or act which is planned or carried out by them violates financial sanctions, the person with special obligations must, pursuant to subsection 2 of section 21 of the International Sanctions Act,

- (i) apply financial sanctions and
- (ii) the due diligence measures as follows:

1) collects additional information as to whether the person who has or intends to have the business relationship with them is a subject of financial sanctions or whether a transaction or act which is planned or carried out is in breach of financial sanctions and verifies it on the basis of supporting documents, data or information from a reliable and independent source;

2) collects additional information regarding the purpose and nature of the business relationship, transaction or act and verifies it on the basis of additional documents, data or information from a reliable and independent source.

Where, as a result of application of due diligence measures specified in subsection 2 of section 21 of the International Sanctions Act, the person with special obligations **identifies** a subject of the financial sanction or that the transaction or act which is planned or carried out by them violates financial sanctions, or where **additional information** obtained upon application of due diligence measures **does not enable to identify it**, as well as **in the case of the suspicion**

of violation of financial sanction specified in subsection 3 of this section, the person with special obligations informs the FIU thereof and of the financial sanction applied pursuant to subsection 4 of section 21 of the International Sanctions Act.

Where a person with special obligations **establishes, on the basis of additional information**, that the person concerned **is not a subject of financial sanctions** or that the **transaction or act** intended or carried out by that person **does not violate financial sanctions**, they are not required to apply financial sanctions or notify the FIU.

The form of the notice to be submitted to the FIU by persons with special obligations and the guidelines for submitting a notice are established by a regulation of the Minister of Finance. In addition to those guidelines, the FIU website provides explanatory guidelines, as well as a video³⁵ explaining how to submit a notice; the notice may be submitted via a link³⁶ available on the website.

Further guidance on submitting notices is set out in a directive of the Head of the FIU entitled 'Guidelines on the Characteristics of Suspicious Transactions'.³⁷

Upon receipt of a notice, the FIU will verify the following within ten working days:

- whether the person who has submitted the application or has been identified is a subject of financial sanctions or whether the transaction of the person is related to the subject of financial sanctions;
- whether it is a transaction or act violating financial sanctions;
- whether the financial sanctions have been applied lawfully.

The FIU will notify the submitter of the application of the results of the inspection within two working days.

7. Submission of reports by persons with special obligations to the Financial Intelligence Unit

Pursuant to subsection 1 of section 32¹ of the International Sanctions Act, persons with special obligations must submit reports to the FIU in order to ensure the transmission of data related to financial sanctions and the fulfilment of reporting obligations. The more detailed composition and provider of and procedure for submission of data in the reports is established by Regulation No 14 of the Minister of Finance of 28 March 2025³⁸.

Pursuant to the Regulation, persons with special obligations must submit reports to the FIU on frozen assets held by them and on any changes thereto.

Credit institutions and providers of virtual currency service must submit reports four times a year, for each completed quarter. Two reports must be submitted:

³⁵ Financial Intelligence Unit. Guidelines. <https://fiu.ee/en/guidelines-fiu/guidelines> (accessed 22 May 2026).

³⁶ Information system of the Financial Intelligence Unit. <https://rabis-web.fiu.ee/#/> (accessed 22 May 2026).

³⁷ Financial Intelligence Unit. Guidelines. <https://fiu.ee/en/guidelines-fiu/guidelines> (accessed 22 May 2026).

³⁸ Regulation of the Minister of Finance entitled 'Detailed composition, submitters of data, and procedure for submission of data in the reports submitted to the Financial Intelligence Unit by persons with special obligations'. <https://www.riigiteataja.ee/akt/102042025007> (accessed 22 May 2026).

- **a report on movements of funds in accounts frozen as a result of the application of an international financial sanction**, i.e. on funds credited to and payments made from frozen accounts during the reporting period. Credits to and payments from frozen accounts are permitted only in exceptional cases³⁹;
- **a report on frozen funds in their possession as a result of the application of an international financial sanction which are not already reflected in the report submitted under section 1.** In addition to freezing the accounts of the subjects of a sanction, credit institutions and providers of virtual currency service are also required to freeze any other funds that come into their possession. This occurs, in particular, where a subject of an international financial sanction attempts to make a payment to a client of a credit institution or a provider of virtual currency service. Credit institutions or providers of virtual currency service may not complete the transaction or return the funds, but are required to freeze such funds.

Other persons with special obligations will be submitting reports once a year, for each completed year. The report is submitted **on the funds and economic resources in their possession, frozen as a result of the application of international financial sanctions**.

On the basis of the reports submitted by persons with special obligations, the FIU fulfils its obligation to notify the European Commission and other relevant institutions of the application of financial sanctions and the amount of frozen assets in Estonia. In addition, the data received enables the verification of compliance with the obligation to apply financial sanctions, as well as compliance with the obligation to release assets following the expiry of the sanctions, and the proper use of authorisations granted for derogations from the sanctions.

Further guidance and explanations of the report fields are set out in the Regulation and its annexes. The report forms are available on the website⁴⁰ of the FIU.

8. Exceptions to financial sanctions

8.1. Authorisations for derogations

A person with respect to whom a financial sanction has been applied, or a person related to a transaction to which a financial sanction has been applied, has the right to apply to the FIU for issuing an authorisation, if the legal act imposing or implementing the international sanction provides for such derogations. This means that the FIU may grant an authorisation for a derogation from a financial sanction only where a Council Regulation of the European Union, a United Nations Security Council resolution,⁴¹ or a regulation of the Government of the Republic provides for the possibility for the competent authority of a Member State to grant, under certain conditions, an authorisation for a derogation.

- For example, legal acts of the United Nations, the Council of the European Union, and the Government of the Republic imposing targeted sanctions often provide for the possibility for States (competent authorities) to grant an authorisation for a derogation

³⁹ For exceptional cases, see Chapter 8 'Exceptions to financial sanctions' of these guidelines.

⁴⁰ Financial Intelligence Unit. Guidelines. <https://fiu.ee/en/guidelines-fiu/guidelines> (accessed 22 May 2026).

⁴¹ An application for an authorisation for a derogation on the basis of a United Nations Security Council resolution may be submitted only during the period in which the resolution has not yet been transposed into European Union law by a Council Regulation of the European Union.

permitting the release of certain frozen funds or economic resources, or the making available of certain frozen funds or economic resources, under such conditions as they deem appropriate, after having determined that the funds or economic resources concerned are necessary to satisfy the basic needs of listed persons and their dependent family members, including payments for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and utility charges.

- Also, in the case of a prohibition on the acceptance of deposits (a sectoral financial sanction) there may be a possibility to grant an authorisation for a derogation, for example when it is necessary for the official purposes of a diplomatic mission.

In addition to the possibilities to grant an authorisation for a derogation provided for in the legal acts imposing sanctions, a person who is not subject to a financial sanction, but whose funds and economic resources have been frozen pursuant to subsection 1 of section 15 of the International Sanctions Act, may, under subsection 2 of the same section apply to the FIU for authorisation to use their share of jointly owned property.

The recommended application form for an authorisation for a derogation from financial sanctions is provided in Annex 3 to these guidelines. The completed application form should be sent by email to info@fiu.ee. Pursuant to subsection 2 of section 13 of the International Sanctions Act, the FIU grants or refuses to grant an authorisation for a derogation within 30 days from the submission of the application. The time limit for the resolution of the application starts to run from the date of submission of all required documents and data. A precondition for granting the authorisation is the approval of the Ministry of Foreign Affairs. In certain cases, the granting of an authorisation must also be coordinated at the international level (at the UN or EU level). Therefore, an application for a derogation should be submitted to the FIU as early as possible prior to the completion of the transaction.

Pursuant to subsection 3 of section 13 of the International Sanctions Act, the FIU must give priority to the processing of an application for the granting of an authorisation for the provision of humanitarian aid.

8.2. Exemptions

It is not always necessary to grant an authorisation for a derogation from a financial sanction. In certain cases, the legal act imposing the sanction specifies situations in which the financial sanction does not have to be applied. In such cases, an authorisation from the FIU is not required. Such provisions are also referred to as exemptions.

- For example, as a rule, the prohibition on making funds available to a listed person shall not apply to the addition to frozen accounts of:
 - a) interest or other earnings on those accounts; or
 - b) payments due under contracts, agreements or obligations that were concluded or arose before the date on which the person was included in the sanctions list, provided that any such interest, other earnings and payments remain frozen in accordance with the freezing obligation.

9. Obligations of registrars

A registrar is the chief processor or authorised processor of a database belonging to the State Information System. Pursuant to subsection 1 of section 13¹ of the International Sanctions Act, the registrars of the following databases must refuse to make entries violating international sanctions, including financial sanctions:

- 1) register of the European patents valid in Estonia;
- 2) register of utility models;
- 3) register of trade and service marks;
- 4) land register;
- 5) register of ships;
- 6) the first register of bareboat chartered ships;
- 7) the second register of bareboat chartered ships;
- 8) database of beneficial owners;
- 9) register of non-profit organisations and foundations;
- 10) patent register;
- 11) national traffic register;
- 12) register of industrial designs;
- 13) Estonian register of securities;
- 14) aircraft register;
- 15) commercial register;
- 16) register of microcircuit topologies;
- 17) national register of geographical indications;
- 18) plant variety register.

From the perspective of financial sanctions, the above-mentioned registrars are required, in the course of their activities, to pay particular attention to the activity of the person carrying out a transaction or act, as well as of a person intending to carry out a transaction or act, and to circumstances indicating that a financial sanction may need to be applied to the person, transaction or act.

- The registrar shall not make an entry, for example, where an agreement has been concluded for the transfer of frozen assets on the basis of which ownership has been transferred to another person. A transaction violating international sanctions is void, which means that, at the time the application was submitted to the registrar, the ownership rights of the object of the transaction had not in fact changed.

Pursuant to subsection 4 of section 13¹ of the International Sanctions Act, the registrar assigns the person who, within the scope of their competence, organises the implementation of international sanctions and forwards their contact details to competent authorities, including the FIU. The registrar must ensure an operational framework that enables the effective application of financial sanctions.

Pursuant to subsection 3 of section 13¹ of the International Sanctions Act, the registrar is obliged to notify the FIU upon identifying a subject of financial sanctions or a service, transaction, or act that violates a financial sanction. It is recommended, in doing so, to use the FIU notice form established for persons with special obligations by a regulation of the Minister of Finance and to follow the guidelines laid down in that regulation.⁴²

⁴² See the links provided in Chapter 5 of these guidelines.

10. Rights of a person to whom, or in respect of a transaction with which, a financial sanction has been applied

10.1. Verification of the lawfulness of the application of a sanction

On the basis of section 17 of the International Sanctions Act, a person to whom, or in respect of a transaction with which, a financial sanction has been applied has the right to submit a request to the FIU, to verify whether the application of sanctions has been lawful.

The application, together with all relevant documents and evidence should be sent by email to info@fiu.ee.

Upon receipt of an application, the FIU will verify the following within ten working days:

- whether the person who has submitted the application or has been identified is a subject of financial sanctions or whether the transaction of the person is related to the subject of financial sanctions;
- whether it is a transaction or act violating financial sanctions;
- whether the financial sanctions have been applied lawfully.

The FIU will notify the submitter of the application of the results of the verification within two working days.

10.2. Authorisation for a derogation

A person to whom, or in respect of a transaction with which, a financial sanction has been applied has the right to apply to the FIU for an authorisation for a derogation, where the legal act imposing international sanctions provides for such derogations. For the application for authorisations for derogations, see Chapter 8 of these guidelines.

10.3. Removal from the sanctions list

If a person wishes to be removed from the **EU** sanctions list, they must submit an application to the Council of the European Union to the following address:

Council of the European Union
General Secretariat
RELEX.1
Rue de la Loi/Wetstraat 175
1048 Bruxelles/Brussel
BELGIQUE/BELGIË
Email: sanctions@consilium.europa.eu

The person may also turn to the General Court of the European Union.

If a person wishes to be removed from the **United Nations Security Council ISIL (Da'esh) & Al-Qaida Sanctions List**, they must submit an application to the following address:

United Nations

Office of the Ombudsperson to the ISIL (Da'esh) and Al-Qaida Sanctions Committee (DPPA)
UN PO Box 20
New York, NY 10017
United States of America
Phone: +1 212 963 2671
Email: ombudsperson@un.org

Detailed instructions can be found on the website⁴³ of the United Nations Security Council.

If a person wishes to be removed from any **other sanctions lists of the United Nations Security Council**, they must submit an application to the following address:

Focal Point for De-listing
Security Council Subsidiary Organs Branch
Room DC2 2034
United Nations
New York, N.Y. 10017
USA
Phone: +1 917 367 9448
Fax: +1 917 367 0460
Email: delisting@un.org

Detailed instructions can be found on the website⁴⁴ of the United Nations Security Council.

A person included in **the Government of the Republic sanctions list** may submit a request to the Ministry of Foreign Affairs for information on the reasons for their inclusion in the list, as well as an application for their removal from the list, in accordance with section 28 of the International Sanctions Act. A person included in the Government of the Republic sanctions list may also file an appeal with an administrative court in accordance with the procedure provided for in the Code of Administrative Court Procedure.

11. Obligation to apply sanctions, limitation of liability and violation of sanctions

International sanctions binding in Estonia must be applied immediately upon the entry into force of the legal act (i.e. a decision or regulation of the Council of the European Union, a resolution of the United Nations Security Council, or a regulation of the Government of the Republic imposing sanctions). Each person bears responsibility for independently determining whether a sanction must be applied to a transaction counterparty.

- For example, every person is required, prior to concluding a transaction, to verify that no sanction is to be applied to the counterparty and, where a situation requiring the application of a sanction arises, to refrain from carrying out the transaction or making the payment.

⁴³ United Nations Security Council. Al-Qaeda Sanctions List (1267).
https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list (accessed 22 May 2026).

⁴⁴ United Nations Security Council. De-listing requests.
<https://main.un.org/securitycouncil/en/sanctions/delisting/delisting-requests> (accessed 22 May 2026).

In addition to the obligation to apply sanctions, many regulations of the Council of the European Union imposing sanctions also establish an obligation for all natural and legal persons to submit, within two weeks of obtaining such information, information facilitating the implementation of the regulation to the competent authority of the Member State in which they are resident or established, and to cooperate with that authority in the verification of such information.⁴⁵ This includes information on frozen bank accounts and other details that may be useful, such as identifying data of listed persons or entities and, where available, information on incoming transfers resulting in the crediting of frozen accounts in accordance with the rules applicable to financial and credit institutions, attempts by clients or other persons to make funds or economic resources available to a listed person or entity without authorisation, and information indicating circumvention of freezing measures. Such information may be submitted to the FIU via the anonymous tip line, by using the email address vihje@fiu.ee or the relevant web form.⁴⁶

Pursuant to subsection 1 of section 6¹ of the International Sanctions Act, a person applying a sanction who acts in good faith in the belief that their actions are in compliance with the legal act imposing the sanction shall not be held liable to the person concerned. The application of international sanctions is in good faith in case the person, entity or body did not know and did not have to know that their action is not in compliance with the measures provided in the legislation imposing the international sanctions.

On the basis of subsection 2 of section 32 of the International Sanctions Act, in the case of a suspected violation of a financial sanction, the FIU may, by means of a precept, require the person concerned to provide additional information or suspend the transaction or acts suspected of being in violation, or order the person concerned to take measures necessary for the application of sanctions.

Pursuant to subsection 1 of section 7 of the International Sanctions Act, a transaction violating a sanction, i.e. a transaction in which the obligation laid down in the legal act imposing the sanction is not complied with or a prohibition laid down therein is violated, is void. This means that such a transaction has no legal effects from the outset and that anything received on the basis thereof must be returned. The only way to render a transaction violating a financial sanction valid is, pursuant to subsection 2 of section 7 of the International Sanctions Act, if the FIU grants an authorisation for a derogation retrospectively.⁴⁷ When granting such an authorisation, the FIU shall, among other things, take into account whether the conditions for granting the authorisation were met at the time the transaction was carried out and whether the delayed application for the authorisation is sufficiently justified.

Pursuant to subsection 1 of section 93¹ of the Penal Code, failure to comply with obligations provided by legislation implementing international sanctions or establishing sanctions of the Government of the Republic or violation of the prohibition is punishable by a pecuniary punishment or up to five years' imprisonment. Pursuant to subsection 3 of the same section, the same act, if committed by a legal person, is punishable by a pecuniary punishment.

⁴⁵ For example, paragraph 1 of Article 8j of Regulation No 765/2006 of the Council of the European Union of 18 May 2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine.

⁴⁶ Financial Intelligence Unit. Anonymous tip line. <https://fiu.ee/en/anonymous-tip-line-informing-about-suspicious-activity>

⁴⁷ See Chapter 8 of these guidelines for authorisations for derogations.

12. Functions of the Financial Intelligence Unit in relation to international financial sanctions

- Pursuant to section 18 of the International Sanctions Act, the FIU processes notices of the application of international financial sanctions and applications submitted for verification of the lawfulness of the application of financial sanctions.
- Pursuant to subsection 1 of section 11 of the International Sanctions Act, the FIU responds to inquiries related to international financial sanctions and issues administrative acts and performs actions provided in the legislation on imposition or implementation of international sanctions.
- Where the legal act implementing international sanctions allows for derogations from a financial sanction, the FIU grants, on the basis of subsection 2 of section 11 of the International Sanctions Act, authorisation for the application of a derogation.
- The FIU collects and submits data on the implementation of international sanctions in accordance with the procedure prescribed in the legislation imposing or implementing international sanctions on the basis of subsection 2¹ of section 11 of the International Sanctions Act.
- Pursuant to subsection 2 of section 16 of the International Sanctions Act, the FIU prepares and publishes, at least once a year, a consolidated overview of the implementation of financial sanctions in Estonia.
- On the basis of subsection 1 of section 30 of the International Sanctions Act, the FIU exercises state supervision over the compliance with the legislation establishing and implementing financial sanctions and with the requirements of the International Sanctions Act and legislation established on the basis thereof by a person with special obligations (except for persons with special obligations over whom supervision is exercised by another authority under the International Sanctions Act).
- On the basis of subsection 2 of section 32 of the International Sanctions Act, in the case of a suspected violation of a financial sanction, the FIU may, by means of a precept, require the person concerned to provide additional information or suspend the transaction or acts suspected of being in violation, or order the person concerned to take measures necessary for the application of sanctions.
- The FIU and the Financial Supervision Authority (Finantsinspeksioon) are bodies conducting extrajudicial proceedings in misdemeanours provided for in the International Sanctions Act.

Annex 1. Typologies and risk indicators of financial sanctions circumvention and sanctions violations

This annex is intended to serve as supporting material for identifying sanctions circumvention or violations. The annex was drawn up on the basis of various risk assessments, typologies and other information available to the FIU. The list of typologies and risk indicators of financial sanctions circumvention and sanctions violations provided herein is not exhaustive.

Some risk indicators may appear individually or in combination also in normal or lawful transactions, and therefore the list provided should be regarded as a supporting tool. When assessing transactions and risk indicators pointing to potential sanctions circumvention or violations, the assessment should always be based on the specific client, including its line of business and the region in which it operates, as well as the origin or destination of goods or services it buys or sells. Risk indicators may be similar to those indicating money laundering and terrorist financing, but the specific nature of sanctions must always be taken into account.

Whether additional measures must be taken in a specific situation where risk indicators are present shall be determined by each person with special obligations themselves, including on the basis of their risk appetite. However, where a possible situation for the application of a sanction is identified and, during the application of due diligence measures, the suspicion is not dispelled, the person is in any case obliged to apply the sanction.

Methods of concealing identity:

- Use of different name variations. The spelling of the name of the payer or payee is altered or abbreviated, spaces are added to the name, or the middle name is omitted.
- Use of false contact details (e.g. address).
- Carrying out transactions in the name of, or through, representatives, relatives or friends.
- Use of commonly used words in the names of legal persons with the aim of making the identification of a match in sanctions lists more difficult, as alerts generated by an automated screening tool (AST) may go unnoticed.

Methods of concealing the beneficial owner and risk indicators:

- Use of complex ownership structures and trusts, which may include offshore companies. The beneficial owners of such companies are difficult to identify, especially where the structure involves multiple legal persons.
- The company ownership structure includes companies incorporated in jurisdictions where beneficial ownership information is not disclosed or is difficult to ascertain, or in countries whose nationals are subject to sanctions.
- A large number of affiliated companies related to the company.
- A complex company structure that is not economically justified.

- Information on the company's structure is not available in official registers or publicly certified documents.
- The company is located at the same address as multiple other companies.
- Use of bearer shares and bearer bonds. The documentation for these instruments does not specify the beneficial owner. Formally, the owner of the company is the person holding the bearer share or bond certificate.
- Dilution of the ownership rights of a sanctions subject, i.e. reducing their shareholding in a company below 50%. A sanctions target often sells their majority stake to an affiliated company or a close person (family member, business partner, colleague, or friend). This may appear lawful, but it may be a formal arrangement and the sanctions target may still retain control over the company.
- Change of the company's beneficial owner immediately before or after the imposition of sanctions.
- Numerous transfers of shares from sanctions targets to companies not subject to sanctions, but which are linked to companies founded by the sanctions target (e.g. sharing the same registered address).
- Use of procurists, representatives, and nominee individuals. That is, someone else acts as if they were the company's owner, exercising control over the funds or the company. In some cases, it is only possible to obtain information about the company's representatives, but not about the actual beneficial owners.
- All communication takes place through a regular employee or representative; the company's CEO is never available.
- Links between the companies selling and buying the goods, such as the same owners or management.
- Signs of falsification in the documents related to the transaction.

Methods of manipulating transaction data:

- Transmitting transaction-related data in such a way that AST cannot identify a sanctions-target party to the transaction. Information that would make it possible to identify the parties has been removed or replaced. This is one of the most common methods of sanctions circumvention. Data modification or removal may take place without other transaction participants being aware of it.
- Rearranging data in transaction messages when it is assumed or known that there are data fields not controlled by the person with special obligations.
- Use of false data. For example, a bank identifier code from a country with a lower sanctions risk is used.

- Use of unusual combinations of characters in payment fields. For example, ‘%’, ‘&%’, ‘\$%’. Characters are also used that may look like letters but cannot be identified as letters by automated filters (e.g., ‘o’ and ‘0’).
- Use of explanations such as ‘no name’ or ‘on behalf of...’ in the payer or payee field.

Methods of circumventing financial sanctions and risk indicators related to different payment channels:

- Clients of virtual asset wallet service providers and payment institutions that apply insufficient customer due diligence measures, including allowing anonymous use of their services. For example, multiple virtual asset accounts may be accessed from a single mobile device. In addition, the use of virtual asset wallets is not regulated in all countries, and they are not subject to requirements that would help identify a sanctions target.
- Use of prepaid cards that can be purchased without the same due diligence measures applied to other payment cards. The users of the cards are not identified in the same way, and the cards provide anonymity. The source of funds deposited onto the cards and the history of their transactions may be concealed.
- The client’s transactions are linked to virtual currency addresses associated with a sanctions target.
- Use of hawala-type systems with the aim of concealing the illicit origin of assets. Such schemes are primarily associated with an attempt to conceal a high sanctions-risk country or region. Hawala may be used to hide the true payer or payee.
- Use of U-turn⁴⁸ payments with the aim of concealing the original source of funds or a high-risk jurisdiction.

Methods of circumventing financial sanctions and jurisdiction-related risk indicators:

- The payer indicating another nearby country or region as the address. For example, in a transaction related to Crimea, the payee’s or payer’s address is indicated as Russia or Ukraine.
- Leaving out a significant part of the address. For example, only the province name is indicated, while the country is omitted or replaced with another country.
- (Front) company operating in a region located near a sanctioned jurisdiction.
- The client’s counterparty conducting business in a high sanctions-risk country or region.
- Indicating the location of a freight forwarding company as the final destination of the goods

⁴⁸ A financial transaction in which, for example, a bank in country A conducts a transaction for the benefit of a bank in country B through a bank in a third country.

In the substantive assessment of the above risk indicators, various additional factors also play a role. For example, the following factors, among others, may be considered mitigating:

- a long-term business relationship combined with frequent contact with the client;
- a branch office or representative office in the relevant countries (national desks) or extensive experience relating to the relevant countries (language skills and political, socio-cultural, and regulatory background knowledge);
- a connection to the EU/EEA or equivalent third countries.

The following factors, among others, may increase the risk:

- exclusive rights of signature and general or special authorisations of third persons;
- structures established by third parties;
- involvement of countries with which the person with special obligations has no prior experience;
- recently established business relationships;
- limited contact with the client;
- an unclear purpose or an economically questionable structure at the client's request;
- deviation from the client's previously known needs (see business profile), i.e. unusual and incomprehensible structuring.

In addition to the information provided in this annex, we also recommend monitoring the analyses and typology reports published on the FIU website.⁴⁹

⁴⁹ Financial Intelligence Unit. Analysis. <https://fiu.ee/en/annual-reports-and-surveys-estonian-fiu/surveys> (accessed 22 May 2026).

Annex 2. Risk indicators which may indicate proliferation financing

This annex is intended primarily for persons with special obligations and has been prepared on the basis of various risk assessments, typologies, data available to the FIU, statistics, and findings identified during on-site inspections. The list of proliferation financing risk indicators set out herein is not exhaustive.

Some risk indicators may appear individually or in combination also in normal or lawful transactions, and therefore the list provided should be regarded as a supporting tool. When assessing transactions and risk indicators pointing to potential proliferation financing the assessment should always be based on the specific client, including its line of business and the region in which it operates, as well as the origin or destination of goods or services it buys or sells.

Whether additional measures must be taken in a specific situation where risk indicators are present shall be determined by each person with special obligations themselves, including on the basis of their risk appetite.

Sources of funds related to proliferation financing may be either legitimate or illegitimate. The risk is particularly elevated where the source of funds is legitimate, but there is an intention to conceal the specific goods or the end user.

Stages of proliferation financing

First stage (fundraising) – the proliferator raises funds. In addition to the proliferator’s own resources, these may originate from foreign financiers or criminal activity.

Second stage (concealment of funds) – the proliferator transfers funds into the international financial system. Where a country has been cut off from the international financial system as a result of sanctions, funds are transferred through multiple intermediaries. During the concealment stage, proliferators primarily rely on networks of companies (including front companies) and intermediaries to obscure any connection to a sanctioned state. Opaque ownership structures are also used to circumvent sanctions. Such activities, combined with the use of falsified documentation, enable proliferators to avoid detection of themselves and their transactions.

Third stage (procurement of materials and technology) – the proliferator uses the funds to pay for goods, materials, technology, and logistics required for weapons of mass destruction. Throughout this stage, international financial institutions are involved in executing the transactions. It is important to note that proliferation includes not only the purchase of complete weapons systems, but also individual goods and components that can be used in their development. This makes preventing proliferation more difficult.

Risk indicators related to proliferation financing include, *inter alia*, the following:

- The client is involved in the supply, sale, or purchase of dual-use goods, weapons of mass destruction, or military goods, particularly in higher-risk proliferation financing jurisdictions (including Iran, the Democratic People’s Republic of Korea, and the Russian Federation).

- The transaction counterparty is located in a higher-risk proliferation financing jurisdiction.
- The final destination of the imported/exported goods is unclear in the transaction documentation.
- The shipment route passes through countries with weak export control laws or where enforcement of export control regulations is weak.
- The transaction counterparties are individuals or entities located in countries with weak export control legislation or where export control laws are poorly enforced.
- The goods involved in the transaction are not typical for the country concerned.
- The shipment route indicated in the transaction does not correspond to normal trade patterns and is not commercially logical.
- The transaction involves financial institutions that have identified deficiencies in the prevention of money laundering and terrorist financing, as well as financial institutions domiciled in countries with weak export control laws or weak enforcement of export control regulations.
- Transaction documentation indicates that the declared value of the goods is undervalued compared to the transport costs.
- There are discrepancies in the transaction documentation regarding names, companies, addresses, destination, etc.
- The client's activities are inconsistent with the company profile, or the end-user information is inconsistent with the profile of the end-user company.
- The companies or individuals ordering the goods are from countries other than the stated end-user country.
- The information provided by the client, including in response to additional enquiries, is vague or incomplete.
- The companies or individuals involved in the transaction are connected to a diplomatic mission of North Korea.
- Indicators suggesting that the funds used in the transaction originate from cybercrime.
- The use of personal accounts of Iranian or North Korea nationals, or persons associated with them, to purchase dual-use goods.
- Transactions involving minerals (e.g. coal) where there are indicators that the minerals may originate from North Korea, or where the transport of the minerals raises suspicion of offshore ship-to-ship transfers.
- The transaction involves vessels that call at ports in North Korea.

- The transaction involves a company whose employees or members of the management body are nationals of North Korea.
- The transaction involves a legal person, natural person, vessel, or other party that has been referenced in UN Panel of Experts reports in the context of sanctions evasion or sanctions violations.
- The client's or counterparty's address is the same as, or similar to, the address of a listed person.

Annex 3. Recommended application form for an authorisation for a derogation from financial sanctions

SANCTIONS REGIME

Legal act (i.e. a regulation of the Council of the European Union, a resolution of the United Nations Security Council, or a regulation of the Government of the Republic) in respect of which the derogation is requested.	
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APPLICANT DETAILS

Name and registry code (for a legal person) or personal identification code (for a natural person) of the applicant.	
Name of the applicant's representative or contact person.	
Telephone number of the applicant's representative or contact person.	
Email address of the applicant's representative or contact person.	

APPLICABLE SANCTION

Restriction, i.e. the specific provision of the legal act that prohibits or restricts the transaction or activity for which the applicant seeks authorisation.	
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SANCTIONS SUBJECTS ASSOCIATED TO THE PLANNED TRANSACTION OR ACTIVITY

(Select appropriate.)

Name of the listed person	
Person owned or controlled by, or acting on behalf of or at the direction of, a listed person, and the person's registry code or date of birth. Details of the relationship with the listed person.	
Name of the person in respect of whom sectoral sanction is to be applied, and the person's registry code or date of birth of the person. Details of the grounds for applying the sanction.	

CIRCUMSTANCES OF THE PLANNED TRANSACTION OR ACTIVITY

(Select appropriate.)

What transaction, activity, payment or other action is proposed, and when is it intended to take place?	
Which resource is to be released, and where is it located (e.g. at which bank or in whose possession)?	
Which resource is intended to be made available to the sanctions subject?	
Ground(s) for requesting the derogation authorisation.	

LEGAL BASIS FOR THE DEROGATION AUTHORISATION

Provision of the legal act pursuant to which the derogation authorisation is requested.	
Explanation of how the facts and circumstances meet the conditions for granting a derogation authorisation laid down in the legal act.	

OTHER INFORMATION

Any other information relevant to the determination of the application.	
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SUPPORTING AND EVIDENTIARY DOCUMENTS ATTACHED TO THE APPLICATION

(Proof of authorisation of the applicant's representative, copies of contracts, invoices, payment orders and other supporting documents. Documents must be in Estonian or accompanied by an Estonian translation ⁵⁰)

Document name	Explanation of the relevance of the document

⁵⁰ By agreement with the FIU, the document may, in exceptional cases, be submitted without translation.