

# Conditions Attached to Operations by Way of the Freedom to Provide Services in Latvia

A credit institution of the Member State intending to provide financial services in Latvia via the freedom to provide services shall take account of the essential provisions required by Latvian legislation.

Laws and other regulation are available on the official website: [www.likumi.lv](http://www.likumi.lv). Most of them are also available in English. Laws directly related to credit institutions are also available on the official website of Latvijas Banka: [www.bank.lv](http://www.bank.lv).

The information below is not exhaustive and is provided for general information purposes only and should not be regarded as a substitute for seeking legal advice.

## 1. Legislation of credit institutions

A credit institution is entitled to engage in banking business in Latvia under the freedom to provide services, as laid down in Section 12.<sup>1</sup>, Paragraph 4 and 5 of the Credit Institution Law.

The laws and regulations of the Republic of Latvia regarding provision of statistical information and protection of public interest, as well as the requirements of Paragraph 1 of the Section 34.<sup>2</sup> in the field of credit risk management with regards to application of the borrower-based measures in the creditworthiness assessment process of natural persons and Sections 12.<sup>1</sup>, 37, 95 and 96, Chapter V, Section 108.<sup>1</sup> and Chapter XVI of the Credit Institution Law shall be binding on a credit institution registered in another Member State which is entitled to provide financial services in the Republic of Latvia.

Further information regarding the borrower-based measures is available on the official website of Latvijas Banka.

Chapter V (Section 60-74.<sup>3</sup>) of the Credit Institution Law contains provisions pertaining to relationships between credit institutions and clients.

To accentuate, *inter alia*, according to the Section 63 of the Credit Institution Law credit institution shall provide information to the following extent set in the abovementioned section of the law to Latvijas Banka, the Financial Intelligence Unit of Latvia, courts, the person directing proceedings in accordance with the procedure laid down in the Criminal Procedure Law, persons performing investigative field work, bailiffs, notaries who examine inheritance matter, the information technologies security incidents response institution and other state institutions and officials.

According to the Section 44.<sup>1</sup> of the Law on Payment Services and Electronic Money, a credit institution shall provide information to the State Revenue Service ([www.vid.gov.lv](http://www.vid.gov.lv)) as the manager of the account register in accordance with Sections 63.<sup>2</sup> and 63.<sup>3</sup> of the Credit Institution Law and in accordance with the procedures and within the amount laid down in the Account Register Law.

## 2. AML/CFT and Sanctions

The credit institution providing services in the Republic of Latvia via freedom to provide services shall comply with the AML/CFT Law (Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, hereinafter – AML/CFT Law) based on the risk and the amount of the activity conducted in the Republic of Latvia. The AML/CFT Law and Latvijas Banka Regulations setting the AML/CFT requirements are applicable to the credit institutions providing services in Latvia to ensure the compliance with the EU legal acts in the AML/CFT area.

AML/CFT Law, *inter alia*, is also available at the official website of Latvijas Banka: <https://www.bank.lv/en/legislation/legislation-navigation>

Law on International Sanctions and National Sanctions of the Republic of Latvia states that requirements provided in the Law applies to every person.

## 3. Deposit Guarantees

The Deposit Guarantee Law is available on the official website of Latvijas Banka in English: [www.bank.lv](http://www.bank.lv). Operations of deposit guarantee scheme in Latvia comply with the provisions of Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes.

The provisions of The Deposit Guarantee Law shall not apply to foreign banks operating under the freedom to provide services if regulatory enactments of these States provide for guarantees on deposits attracted by providing financial services

in a Member state without opening a branch and cover all deposits provided for by this Law, moreover, the guaranteed consideration shall not be less than the minimum guaranteed consideration prescribed by European Community legal enactments.

## 4. Consumer Protection

The Consumer Rights Protection Law applies to all contracts concluded between consumers and service providers (credit institutions). Pursuant to the Consumer Rights Protection Law, a consumer is a natural person who expresses a wish to purchase, purchases or might purchase, or use goods or a service for a purpose, which is not related to his or her economic or professional activity. The Consumer Rights Protection Centre ([www.ptac.gov.lv](http://www.ptac.gov.lv)) supervises the legality of the use of contract conditions from the point of view of consumer protection.

## 5. Data Protection

Data protection is regulated by the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

The Data State Inspectorate ([www.dvi.gov.lv](http://www.dvi.gov.lv)) is a data supervisory authority within the meaning of the General Data Protection Regulation and carries out the tasks in the area of data processing specified in the General Data Protection Regulation and Personal Data Processing Law.

## 6. Taxes

According to the Law on Taxes and Fees, a Member State credit institution has to be registered with the State Revenue Service ([www.vid.gov.lv](http://www.vid.gov.lv)) and is responsible for the payment of taxes according to the Latvian tax legislation.

## 7. Other Provisions

Furthermore, Latvijas Banka would like to draw your attention to the following general legislation:

- The Law on the Financial Instruments Market;
- The Civil Law;
- The Commercial Law;
- The Competition Law; and
- The Law on Advertising.