

Conditions Attached to Operations by Way of the Freedom of Establishment in Latvia

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

I. Credit Institution Supervision

The authority responsible for supervising the banking and e-money business in Latvia is Latvijas Banka. Its address and contact details:

Latvijas Banka

K. Valdemara iela 2A, Riga, LV-1050

Phone: +371 6702 2300

E-mail: info@bank.lv, single.passport@bank.lv

Official website: www.bank.lv

II. Administrative Procedure

According to the Commercial Law, a branch of a credit institution of a Member State has to be registered with the Latvian Register of Enterprises. The address and contact details of the Enterprise Register: <https://www.ur.gov.lv/en/contacts/>.

III. Legislative Requirements

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

1. Credit Institution Law

A Member State credit institution is entitled to engage in banking in Latvia under the freedom of establishment, as laid down in Section 12.¹, Paragraph 1, 2 and 3 of the Credit Institution Law.

Pursuant to Section 6, Paragraph 3, 4, 4.¹ and 5 of the Credit Institution Law, the laws and regulations of the Republic of Latvia regarding provision of statistical information and protection of the public interest, as well as the requirements of Paragraph 1 of the Section 34.² 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 12.¹, 37, 95 and 96, Chapter V, Section 108.¹ 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.

The regulation of Sections 59.² and 59.⁴ of the Credit Institution Law regarding transition of a body of property subject to separation, a body of assets or liabilities or a body of standard contracts entered into with a credit institution, of an undertaking or a part thereof, including a branch, into the ownership or use of another person, shall apply to the Latvian branch of a credit institution registered in another Member State.

Employees of a branch of a credit institution registered in another Member State shall also be subject to Section 34.⁵ of this Law regarding the requirements for employees of credit institutions.

In addition, according to the Section 44.¹ of this Law on Payment Services and Electronic Money, a credit institution shall provide information to the State Revenue Service (www.vid.gov.lv) as the manager of the account register in accordance with Sections 63.² and 63.³ 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

According to Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing credit institutions (including credit institutions exercising the freedom of establishment in Latvia) are the subject of this law and shall ensure AML/CFT requirements set by the Law, including obligation to establish an internal control system for the prevention of money laundering and terrorism and proliferation financing.

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

In addition, Latvijas Banka as a supervisory institution has issued several regulations in AML/CFT area applicable for branches. Additional information is available on the official website of Latvijas Banka:

<https://www.bank.lv/en/legislation/legislation-navigation>

3. 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) supervises the legality of the use of contract conditions from the point of view of consumer protection.

4. 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) 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.

5. Credit Register

The Credit Register is a national information system managed by Latvijas Banka. Information about the Credit Register is available on the official website of Latvijas Banka (www.bank.lv).

Data on the customer, customer's obligations and violations of such obligations, and data on the customer's guarantor, customer guarantor's obligations and violations of such obligations shall be entered in the Credit Register by the Credit Register participant. Credit Register participant shall provide information to the Credit Register and update this information. A credit institution registered in

Latvia and equivalent economic operator registered in another country that has opened a branch in Latvia is a Credit Register participant.

6. Parafiscal Charges

6.1. Payments to Latvijas Banka

According to Section 100.¹ of the Credit Institution Law a credit institution shall pay to Latvijas Banka for funding of the functions up to 0.033 per cent including from the average amount of assets of the credit institution per quarter. The specific Regulations are found at [Noteikumi par finanšu tirgus dalībnieku maksājumu apmēru un šo maksājumu aprēķināšanas un veikšanas kārtību \(likumi.lv\)](https://likumi.lv/tausta/en/noteikumi-par-finansu-tirgus-dalibnieku-maksajumu-apmeru-un-šo-maksajumu-apreķināšanas-un-veikšanas-kārtību)

6.2. Deposit Guarantees

The Deposit Guarantee Law is available on the official website of Latvijas Banka in English: 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.

Deposit Guarantee Fund protects the interests of depositors in case of liquidation or bankruptcy proceedings of the deposit taker. The funds have been accumulated from payments of deposit takers (i.e. credit institutions and credit unions). The provisions of The Deposit Guarantee Law shall not apply to a branch of Member State credit institutions, if regulatory enactments of this Member State provide for guarantees on deposits attracted by providing financial services in a Member State under the freedom of establishment and cover all deposits provided for by this Law.

7. 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) and is responsible for the payment of taxes according to the Latvian tax legislation.

According to the Financial Stability Fee Law, in addition to other taxpayers, a credit institution shall pay the financial stability fee.

8. Statistical information

8.1. Statistical information to Latvijas Banka

According to the Credit Institution Law, Latvijas Banka is entitled to request a branch of a credit institution registered in another Member State which has launched provision of financial services in the territory of the Republic of Latvia in accordance with the procedures laid down in this Law to provide information thereto on its activities in the territory of the Republic of Latvia for the needs of statistical information and supervision, and the information which is necessary for the recognition of a branch of a credit institution registered in another Member State as significant branch of the credit institution in the territory of the Republic of Latvia.

The relevant regulations and reporting forms are available on the official website of Latvijas Banka: www.bank.lv.

The Bank of Latvia collects, stores and process statistical data as well as develop, compile, analyse and disseminate statistics to ensure the fulfilment of its tasks. Laws and regulations regarding statistical data and procedure for compiling and submission of statistical reports are available on the official website of the Bank of Latvia: www.bank.lv.

9. 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 Competition Law; and
- The Law on Advertising.

Apart from that, we would like to note that credit institutions exercising the freedom of establishment in Latvia have to follow other requirements that have not been referred to above, but are provided for in the Latvian legislation applicable to branches of Member State credit institutions in Latvia.