COMMITTEE OF EXPERTS ON THE EVALUATION OF ANTI-MONEY LAUNDERING MEASURES AND THE FINANCING OF TERRORISM (MONEYVAL)

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Progress report - Annexes[1]

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(Unofficial translation by the Financial and Capital Market Commission)

Annex 1 Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing

Chapter I
General Provisions

Article 1. Terms Used in this Law
The following terms are used in this Law:

1) funds – financial resources or assets of any other kind, whether corporeal or incorporeal, movable or immovable;
2) financial resources – financial instruments or payment instruments (cash or non-cash), documents (on paper or in an electronic form) that are held by a person either in ownership or possession and entitle the person to any benefit thereof, as well as precious metals in ownership or posession;
3) business relationship – a relationship between a person subject to this Law and a customer that is initiated as a result of the economic or the professional activities of the person subject to this Law and has an element of duration at the establishment of the relationship;
4) customer – a legal or a natural person or an association thereof to which a person subject to this Law provides services or sells goods;
5) beneficial owner – a natural person:
a) who owns or directly or indirectly controls at least 25 percent of the share capital or voting rights of a merchant or exercises other control over the merchant's operation,
b) who, directly or indirectly, is entitled to the property or exercises a direct or an indirect control over at least 25 percent of a legal arrangement other than a merchant. In the case of a foundation, a beneficial owner shall be a person or a group of persons for whose benefit the foundation has been set up. In the case of political parties, societies and cooperative societies, a beneficial owner shall be the respective political party, society or cooperative society,
c) for whose benefit or in whose interest a business relationship is established,
d) for whose benefit or in whose interest a separate transaction is made without establishing a business relationship in the meaning of this Law;
6) credit institution – a bank or an electronic money institution registered in the Republic of Latvia, another member state or a third country, or a branch or a representative office of a bank or an electronic money institution of a member state or a third country;
7) financial institution – a merchant, a branch or a representative office registered with the commercial register or a merchant (other than a credit institution) registered with the respective register of another member state or a third country that has been established to provide one or several financial services as defined by the Credit Institution Law. A financial institution shall be:
a) an insurance merchant that provides life insurance and a private pension fund,
b) a life insurance intermediary,
c) an investment brokerage firm,
d) an investment management company,
e) a capital company that engages in buying and selling cash foreign currency,
f) other duly authorised provider of money transmission and remittance services;
8) legal arrangement – a legal person or an association of persons with an independent legal capacity and capability;
9) external accountant – a person that agrees to provide or provides accounting services to a customer on the basis of a written contract (except a job contract) with the customer;

10) legal arrangement and company service providers – a legal or a natural person that has a business relationship with a customer and provides the following services:
a) assists in establishing a legal arrangement,
b) acts as or arranges for another person to act as a director or a secretary of a merchant or other legal arrangement, a partner of a partnership or in a similar position,
c) provides a registered office address, a correspondence address, a business address, and other similar services to a legal arrangement,
d) acts or arranges for another person to act as a trustee in accordance with an express authorisation or a similar legal document,
e) represents or arranges for another person to represent a shareholder or a member of a commercial company whose financial instruments are not listed on a regulated market, and who is subject to disclosure requirements in conformity with the European Union legislative provisions or equivalent international standards;
11) member state – a Member State of the European Union or a country of the European Economic Area;
12) third country – a country other than a member state;
13) supervisory and control authority – a public institution or a professional organisation taking measures to supervise and control the compliance with the requirements of this Law;
14) list of indicators of unusual transactions – a list approved by the Cabinet of Ministers containing the indicators of transactions that may evidence a possible laundering of proceeds from criminal activity (money laundering), terrorist financing or an attempt thereof;
15) shell bank – a credit institution, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and is not providing financial services, and which has no supervisory authority. Persons shall be considered a shell bank when they provide services equivalent to those of a credit institution, provide money remittance services on order of third persons, and which have no supervisory and control authority except the cases when such remittances are provided by electronic money institutions or they are provided within a group of commercial companies that are treated as such by the Law on Financial Conglomerates or among commercial companies that have the same beneficial owner;
16) unusual transaction – a transaction corresponding to at least one indicator from the list of indicators of unusual transactions;
17) suspicious transaction – a transaction that gives rise to suspicion of laundering of proceeds from criminal activity (money laundering) or of terrorist financing or an attempt thereof, or of any other criminal offence related thereto.

Article 2. Purpose of this Law
This Law aims at preventing laundering the proceeds from criminal activity (money laundering) and terrorist financing.

Article 3. Persons Subject to this Law
(1) This Law shall apply to the following persons engaging in economic or professional activity:
1) credit institutions;
2) financial institutions;
3) tax advisors, external accountants, sworn auditors un commercial companies of sworn auditors,
4) sworn notaries, sworn advocates, other independent legal professionals when they act in the name and for the benefit of their customers to assist in the planning and execution of a transaction, to participate in any transaction or to perform other professional activity related to transactions for the benefit of their customer in the following cases:
a) buying or selling of real estate, shares in the capital of a commercial company,
b) managing a customer's money, financial instruments and other funds,
c) opening or managing all kinds of accounts with credit institutions or financial institutions,

d) creating, managing or ensuring the operation of legal arrangements, making investments necessary for creating, managing or ensuring the operation of legal arrangements;
5) legal arrangement and company service providers,
6) persons acting in the capacity of agents or intermediaries in real estate transactions,
7) organisers of lotteries and gambling,
8) persons providing money collection services,
9) other legal or natural persons involved in trading real estate, transport vehicles, items of culture, precious metals, precious stones and articles thereof or other goods, acting as intermediaries in the said transactions or providers of services, where the payment is made in cash in lats or another currency in the amount equivalent to or exceeding 15 000 euros at the exchange rate set by the Bank of Latvia on the transaction day, whether the transaction is executed in a single operation or several linked operations. Where the transaction is made in a foreign currency whose official exchange rate is not set by the Bank of Latvia, the exchange rate that is published on the first business day of the current week in the information source indicated by the Bank of Latvia shall be used for the calculation.
(2) The person subject to this Law shall ensure that its structural units, branches, representative offices and subsidiaries in third countries, when providing financial services, comply with the requirements equivalent to the requirements established in this Law as to customer identification, due diligence and record keeping without prejudice to the legal norms and generally accepted practice of the respective country.
(3) Where the regulatory provisions of a third country prevent from observing the requirements that are equivalent to those of this Law as to customer identification, due diligence and record keeping, the person subject to this Law shall notify to this effect the supervisory and control authority in the Republic of Latvia and ensure that additional measures are taken to mitigate the risks related to the prevention of laundering the proceeds from criminal activity (money laundering) and of terrorist financing.
(4) In order to prevent the activities related to laundering the proceeds from criminal activity (money laundering) and terrorist financing, the persons not indicated in Paragraph 1 hereof, including public institutions, derived public persons and institutions thereof shall also have a duty to comply with the requirements of this Law as to reporting unusual or suspicious transactions. Legal defence mechanisms applied to the persons subject to this Law shall apply to the persons indicated in that Paragraph.

Article 4. Proceeds from Criminal Activity
(1) The proceeds shall be recognised as derived from criminal activity where:
1) a person, directly or indirectly, acquires ownership or possession of them as a result of a criminal offence,
2) in other cases specified by the Criminal Procedure Law.
(2) “Proceeds from criminal activity” shall mean “criminally acquired property and financial resources”as used in the Criminal Procedure Law.
(3) In addition to the property and resources as set out in the Criminal Procedure Law, the proceeds from criminal activity shall also mean the funds that belong to a person or that are, directly or indirectly, controlled by a person who:
1) is included in the list of persons who are suspected of being involved in terrorist activities that is compiled by countries or international organisations recognised by the Cabinet of Ministers;
2) may reasonably be suspected of the execution of or participation in a terrorist-related criminal offence on the basis of information available to bodies performing investigatory operations, pre-trial investigation institutions, the Office of the Prosecutor or the court.
(4) The Office for the Prevention of Laundering of Proceeds Derived from Criminal Activity (hereinafter, the Financial Intelligence Unit) shall notify the persons subject to this Law and their supervisory and control authorities of the persons referred to in Paragraph 3 hereof.
(5) The proceeds from criminal activity shall be recognised as such in due course of the Criminal Procedure Law.

Article 5. Laundering the Proceeds from Criminal Activity (Money Laundering) and Terrorist Financing

(1) Laundering the proceeds from criminal activity (money laundering) shall mean the following activities provided that they have been committed for concealing or disguising the illicit origin of such proceeds or assisting any other person who is involved in the committing of such activity to evade the legal liability of his/her action:

1) converting the proceeds from criminal activity into other valuables, changing their location or ownership;

2) concealing or disguising the true nature, source, location, disposition, movement or ownership of the proceeds from criminal activity;

3) acquiring the proceeds from criminal activity for ownership, possession or use knowing, at the time of acquiring such rights that the proceeds were derived from criminal activity;

4) participating in any of the activities mentioned in Subparagraphs 1, 2 and 3 of Paragraph 1 hereof.

(2) Money laundering shall be recognised as such even where the criminal offence, which is defined by the Criminal Law and results in a direct or indirect acquisition of the proceeds derived thereby, was committed outside the Republic of Latvia and according to the local legislation the person committing such criminal activity is held criminally liable.

(3) Terrorist financing shall mean the activities as defined by the Criminal Law.

Chapter II
Internal Control

Article 6. Duty to Establish an Internal Control System

(1) By developing appropriate policies and procedures, any legal person subject to this Law shall establish and document an internal control system for the prevention of money laundering and terrorist financing that is commensurate with its operations.

(2) An internal control system is a set of measures that includes actions for ensuring compliance with legal requirements by allocating adequate resources and training the staff with the aim of averting, to the extent possible, the involvement of a person subject to this Law in money laundering or terrorist financing.

(3) When establishing an internal control system, credit institutions, insurance companies and investment brokerage firms shall follow the requirements for the establishment of the internal control system as set out in the Credit Institution Law, the Law on the Financial Instruments Market, Law on Insurance Companies and Supervision Thereof and the regulatory provisions developed by reference to these laws.

(4) The requirements of Paragraphs 1, 2 and 3 of this Article shall not apply to the persons subject to this Law as referred to in Subparagraph 9 of Paragraph 1 of Article 3 hereof.

Article 7. Internal Control System

(1) When developing an internal control system, a person subject to this Law shall establish at least the following:

1) the customer identification procedure;

2) the procedure for money laundering and terrorist financing risk assessment as to a customer, his/her country of residence (registration), economic or personal activity, services used and transactions made;

3) the procedure and scope of customer due diligence based on the money laundering and terrorist financing risk assessment carried out by the persons subject to this Law to fulfil the minimum requirements of customer due diligence as set out in this Law and other regulatory provisions;

4) the procedure whereby a customer's transactions are monitored based on the money laundering and terrorist financing risk assessment carried out by the persons subject to this Law;

5) the procedure whereby unusual and suspicious transactions are identified and the procedure whereby any person subject to this Law refrains from executing a suspicious transaction;

6) the procedure whereby unusual and suspicious transactions are reported to the Financial Intelligence Unit;

7) the procedure whereby data and records on customer identification, due diligence and transaction monitoring are stored;
8) the rights, duties and responsibility of the staff while observing the requirements of this Law.
(2) The Financial and Capital Market Commission shall establish the methodology for assessing the risks associated with money laundering and terrorist financing to be followed by credit institutions and financial institutions, excluding capital companies that buy and sell cash foreign currency.
(3) In addition to the requirements set out in Paragraph 1 hereof, credit institutions and financial institutions, excluding capital companies that buy and sell cash foreign currency, shall establish the reporting duty of the person responsible for the prevention of money laundering and terrorist financing, on a regular basis, to the board on the functioning of the internal control system preventing money laundering and terrorist financing in the respective credit institution or financial institution.

Article 8. Improving the Internal Control System
A person subject to this Law shall assess the efficiency of the internal control system on a regular basis in view of additional risks that may arise as a result of the introduction and development of new technologies and, if necessary, take measures to improve the efficiency of the internal control system.

Article 9. Staff Training
A person subject to this Law shall ensure that its employees who are responsible for compliance with this Law are aware of the risks associated with money laundering and terrorist financing, know the regulatory provisions on preventing money laundering and terrorist financing, and train its employees on a regular basis to improve their skills in identifying indicators of unusual transactions and suspicious transactions and accomplishing the measures prescribed by the internal control system.

Article 10. Appointing the Employees Responsible for Compliance with the Law
(1) A legal person subject to this Law shall appoint a structural unit or one or several employees to be entitled to take decisions and be directly responsible for compliance with this Law. Within 30 days after obtaining the status of a person subject to this Law, the person subject to this Law shall make a notification about appointing such structural unit or employee to the Financial Intelligence Unit and its supervisory and control authority.
(2) In addition to the requirements set out in Paragraph 1 hereof, credit and financial institutions, excluding capital companies that buy and sell cash foreign currency, shall appoint a board member who shall be responsible for the prevention of money laundering and of terrorist financing in the respective credit or financial institution.
(3) A legal person subject to this Law, its supervisory and control authority, the Financial Intelligence Unit and officials and employees thereof shall be prohibited from disclosing to third persons any data available to them about the persons or employees of the structural units referred to in Paragraph 1 hereof.
(4) A person that is responsible for ensuring compliance with this Law in a credit institution or an insurance merchant that provides life insurance shall not have been convicted for committing a crime.

Chapter III
Customer Identification and Due Diligence

Article 11. Duty to Identify Customer
(1) A person subject to this Law shall identify a customer before establishing a business relationship.
(2) The person subject to this Law shall also identify a customer before each occasional transaction when not establishing the business relationship within the meaning of this Law where:
1) the amount of a transaction or the total amount of several apparently linked transactions is equivalent to 15 000 euros or more at the exchange rate set by the Bank of Latvia on the transaction day;
2) a transaction corresponds to at least one of the indicators in the list of unusual transactions or gives rise to a suspicion of money laundering, terrorist financing or an attempt thereof;

3) there are doubts about the veracity of the previously obtained identification data .
(3) Where at the execution of a transaction it is not possible to establish whether the amount of the transaction will be equivalent to 15 000 euros or more, a customer shall be identified as soon as it becomes known that the amount is equivalent to 15 000 euros or more at the exchange rate set by the Bank of Latvia on the transaction day.
(4) Where the risks associated with money laundering and terrorist financing are low and no enhanced customer due diligence is needed according to this Law and in order not to interrupt the normal conduct of a transaction, a customer may be identified and the beneficial owner established at inception of the business relationship, as soon as this becomes possible, but prior to executing the first transaction.
(5) Where no enhanced customer due diligence is needed according to this Law, an insurance merchant that provides life insurance and a life insurance intermediary shall be entitled to identify a customer and establish the beneficial owner after the establishment of a business relationship or prior to the payment of the insurance premium, or before the beneficiary of the insurance premium has enforced the rights established in the insurance policy.

Article 12. Identification of Natural Persons
(1) Natural persons shall be identified by verifying their identity on the basis of a personal identification document in which the following information is provided:
1) regarding a resident: the name, the surname, the personal identity number;
2) regarding a non-resident: the name, the surname, the date of birth, the number of the personal identification document and the date of issue, the issuing country and the authority which issued the document .
(2) Natural persons, non-residents, who have personally appeared before the persons subject to this Law in Latvia shall be identified only by the document valid for immigration into Latvia .
(3) Natural persons, non-residents, who have not personally appeared before the persons subject to this Law in Latvia (non face-to-face customers) shall be identified in their country of residence by using the domestic passport of the respective country, other document that evidences the person's identity and is accepted by the respective country or a document that is valid for immigration into the country where the person is being identified.
(4) Sworn notaries shall identify natural persons in due course of the Notariate Law.

Article 13. Identification of Legal Persons
(1) Legal persons shall be identified by requesting that they:
1) produce documents evidencing their establishment or legal registration;
2) notify of the registered office address of the customer;
3) identify the persons entitled to represent them in the relationship with the person subject to this Law; a document evidencing the rights of those persons to represent the legal person or a copy such document shall be obtained.
(2) A person subject to this Law shall be entitled to identify a legal person by obtaining the information required in Paragraph 1 hereof from a publicly available source that is reliable and independent.
(3) Sworn notaries shall identify legal persons in due course of the Notariate Law.

Article 14. Making Copies of Personal Identification Documents
(1) At inception of a business relationship or executing the transactions referred to in Article 11 hereof, a credit institution and a financial institution shall make copies of the documents on the basis of which a customer was identified.
(2) Where the information identifying a customer, a legal person, was obtained in the manner set out in Paragraph 2 of Article 13 hereof, the credit institution and the financial institution shall make records of the information referred to in Paragraph 1 of Article 13 hereof and of the information sources.

Article 15. Prohibition from Keeping Anonymous Accounts
Credit institutions and financial institutions shall be prohibited from opening and keeping anonymous accounts (of customers that have not been identified).

Article 16. Duty to Apply Customer Due Diligence Measures
A person subject to this Law shall apply customer due diligence measures in the following cases:
1) before establishing a business relationship, including before opening an account and accepting money or other funds for keeping or possession;
2) when there is a suspicion of money laundering or of terrorist financing, regardless of the exemptions referred to in Articles 26 and 27 hereof;
3) when there are doubts about the veracity of previously obtained customer identification data.

Article 17. Customer Due Diligence
(1) In the framework of a business relationship, customer due diligence is a set of measures based on risk assessment whereby the person subject to this Law:
1) establishes information on the beneficial owner;
2) obtains information on the purpose and intended nature of the business relationship;
3) after entering into the business relationship monitors the business relationship;
4) ensures that the documents, data and information obtained during customer due diligence are properly kept and updated on a regular basis.
(2) When establishing the extent and the procedure of customer due diligence, a person subject to this Law shall take into account the risks associated with money laundering and terrorist financing in respect of a customer's residence (registration) country, legal form, type of operation, services used or transactions made.
(3) The obligations set out in this Law in respect of customer due diligence shall apply to a legal arrangement irrespective of whether it has the status of a legal person.

Article 18. Establishing the Beneficial Owner
(1) A person subject to this Law shall establish the beneficial owner:
1) for customers, legal persons, to which enhanced customer due diligence shall apply;
2) for all customers where it is known or there is a suspicion that the transaction is executed in the interest or on order of another person.
(2) A person subject to this Law shall establish the beneficial owner by obtaining the information referred to in Paragraph 1 of Article 12 hereof in one of the following ways:
1) obtaining a statement signed by the customer about the beneficial owner;
2) using data or documents from information systems of Latvia or of other countries;
3) establishing itself the beneficial owner in cases when data on the beneficial owner cannot be obtained otherwise.

Article 19. Obtaining Information on the Purpose and Intended Nature of the Business Relationship
At inception of a business relationship, a person subject to this Law, based on the money laundering and terrorist financing risk assessment, shall obtain and make records of information on the purpose and intended nature of the business relationship, including information on the services that the customer intends to use, the origin of the customer's funds, the intended number and volume of transactions, the customer's economic or personal activity for which the customer will use the respective services.

Article 20. Monitoring a Business Relationship after Its Establishment
(1) After establishing a business relationship, a person subject to this Law, based on the money laundering and terrorist financing risk assessment, shall perform the following:
1) update information on a customer's economic or personal activity;

2) monitor transactions on a regular basis to ensure that they are not unusual or suspicious.
(2) When monitoring a business relationship, any person subject to this Law shall pay particular attention to the following:
1) unusually large and complex transactions or mutually linked transactions, which have no apparent economic or visible lawful purpose, and are not typical for a customer;
2) transactions involving persons from third countries that, in accordance with the opinion of international organisations, shall be considered as countries and territories where there are no effective regulatory provisions for combating money laundering and terrorist financing or that have refused to cooperate with international organisations in the area of preventing money laundering and terrorist financing.

Article 21. Prohibition from Cooperating with Shell Banks
(1) A person subject to this Law shall be prohibited from executing transactions with shell banks.
(2) The establishment and operation of shell banks shall be prohibited in the Republic of Latvia.

Article 22. Enhanced Customer Due Diligence
(1) Enhanced customer due diligence are activities that are based on the risk assessment and are carried out in addition to customer due diligence, with the aim of:
1) establishing the beneficial owner and making sure that the person indicated as the beneficial owner in accordance with Article 18 hereof is the beneficial owner of the customer;
2) ensuring enhanced monitoring of the customer's transactions.
(2) A person subject to this Law shall perform enhanced customer due diligence in the following cases:
1) at inception of a business relationship with a customer who has not been physically present during the identification procedure (non-face to face customers);
2) at inception of a business relationship with a politically exposed person;
3) when starting cross-border credit institution relationship with respondents from third countries.
(3) For the purposes of this Law, a politically exposed person (PEP) is a natural person who:
1) is entrusted with one of the following prominent public functions in another member state or a third country: the head of the state, a member of the parliament, the head of the government, a minister, a deputy minister or an assistant minister, a state secretary, a judge of the supreme court, a judge of the constitutional court, a board or a council member of the court of auditors, a member of the council or of the board of a central bank, an ambassador, a *chargé d'affaires*, a high-ranking officer of the armed forces, a member of the council or of the board of a state-owned capital company, as well as a person who has resigned from the position of a prominent public function within one year;
2) is a parent, a spouse and a person equivalent to a spouse, a child, his/her spouse or a person equivalent to a spouse of the persons referred to in Paragraph 1 hereof. A person shall be treated as equivalent to a spouse provided that the laws of the respective country contain a provision for such status;
3) is publicly known to have a business relationship with any person referred to in Paragraph 1 hereof or a joint ownership with such person of the share capital in a commercial company, and a natural person that is a sole owner of a legal arrangement that is known to be established for the benefit *de facto* of any person referred to in Paragraph 1 hereof;
(4) Credit institutions and financial institutions that are supervised by the Financial and Capital Market Commission in accordance with this Law shall also perform enhanced customer due diligence in respect of the categories of customers established by the Commission.
(5) For credit institutions and financial institutions that are supervised by the Financial and Capital Market Commission in accordance with regulatory provisions, the Commission shall establish the minimum extent of the enhanced customer due diligence in respect of various categories of customers, the procedure for enhanced monitoring of customer transactions, and the indicators for the services provided by the credit and financial institutions and for the customer transactions that require enhanced customer due diligence when credit institutions and financial institutions uncover them.

Article 23. Physical Absence of a Customer during the Identification Procedure (Non-Face to Face Customers)

(1) Where at inception of a business relationship a customer has not been identified by a person subject to this Law, its employee or authorised person, the person subject to this Law shall take any of the following steps:

1) obtain additional documents or information evidencing the customer's identity;

2) perform additional verification or certification of submitted documents or obtain a statement of a credit institution or a financial institution registered in another member state to the effect that the customer has a business relationship with that credit institution or financial institution;

3) ensure that the first payment in the course of the business relationship is carried out through an account opened in the customer's name with a credit institution to which the requirements of this Law or of the European Union legislative provisions on the prevention of money laundering and of terrorist financing apply;

4) require that the customer is present when executing the first transaction.

(2) When a person other than an employee of the person subject to this Law is authorised to identify a customer, the person subject to this Law shall be responsible that the customer identification is performed in accordance with the requirements of this Law.

Article 24. Cross-Border Correspondent Banking Relationship

(1) At inception of a correspondent banking relationship with a credit institution and an investment brokerage firm (respondent institution) that are registered and operate in a third country, a credit institution shall take the following measures:

1) gather information on the respondent institution to understand fully the nature of its business and determine from publicly available information its reputation and the quality of supervision;

2) assess the respondent institution's controls for the prevention of money laundering and of terrorist financing when starting a business relationship;

3) obtain approval from the board or a specially authorised member of the board before starting a new correspondent relationship;

4) document the responsibilities of each institution in respect of the prevention of money laundering and of terrorist financing;

5) ascertain that the identity of the customers who have direct access to the accounts of the correspondent financial institution ("payable-through accounts") is verified and the enhanced customer due diligence measures are performed and the respondent institution is able to provide relevant customer due diligence data upon request .

(2) A credit institution shall ensure that it does not enter into, or continue, correspondent banking relationship with a credit institution or an investment brokerage firm that are known to have a business relationship with shell banks.

Article 25. Business Relationship with a Politically Exposed Person

(1) At inception of a business relationship with a customer, a person subject to this Law, on the basis of the procedures based on risk assessment, shall determine whether the customer or the beneficial owner of the customer is a politically exposed person (PEP).

(2) On the basis of risk assessment, the internal control system of a person subject to this Law shall ensure the possibility to determine that a customer that was not a PEP at inception of a business relationship becomes a PEP after the establishment of the business relationship.

(3) Where a customer or a beneficial owner of the customer is a PEP, a person subject to this Law shall take the following measures:

1) obtain approval from the board or a specially authorised member of the board before entering into a business relationship. The condition referred to in this Paragraph shall apply to the legal persons subject to this Law;

2) take measures and make records thereof to determine the origin of the customer's money or other funds used in his/her transactions.
(4) When maintaining a business relationship with a PEP, a person subject to this Law shall monitor the customer's transactions on a regular basis.

Article 26. Exceptions to Customer Due Diligence
(1) A person subject to this Law shall be entitled not to apply customer due diligence in the cases when a customer is :
1) a credit institution or a financial institution registered in the Republic of Latvia or a member state, except a capital company that buys and sells cash foreign currency, or a provider of money transmission and remittance services;
2) a credit institution or a financial institution (except capital companies that buy and sell cash foreign currency, and providers of money transmission and remittance services) that is registered in a third country which imposes requirements equivalent to those of the European Union regulatory provisions with respect to the prevention of money laundering and of terrorist financing;
3) the Republic of Latvia, a derived public person, an institution of the Republic of Latvia or of an indirect administration or a capital company controlled by the central or a local government representing a low risk of money laundering and of terrorist financing;
4) a merchant whose shares are admitted to trading on the regulated market of one or several member states or of a third country, where the information disclosure requirements applying to that merchant are equivalent to those of the European Union legislative provisions;
5) a person in whose name acts a notary or other independent legal professional from a member state or a third country that imposes requirements equivalent to those of the European Union legislative provisions for the prevention of money laundering and of terrorist financing, provided that these persons are supervised for compliance with those requirements and information about this person is available upon request of the person subject to this Law with whom a business relationship is started;
6) any other person that represents a low risk of money laundering and of terrorist financing.
(2) The customers referred to in Subparagraphs 3 and 6 of Paragraph 1 hereof shall be regarded as representing a low risk of money laundering and of terrorist financing, where they meet the following criteria:
1) they have performed public administration assignments in accordance with the European Union legislative provisions;
2) the information identifying them is publicly available, transparent and reliable;
3) both their operations and accounting methods are transparent;
4) at the European Union or a member state level, there are procedures whereby their operations are controlled.
(3) In other cases not referred to in Paragraph 2 hereof customers shall be recognised as representing a low risk of money laundering and terrorist financing, provided that they comply with the following criteria:
1) they are persons subject to this Law;
2) the information identifying them is publicly available, transparent and reliable;
3) the persons providing financial services have a licence (permit) for the provision of financial services;
4) the persons are subject to the supervision by competent public authorities in respect of the compliance of their operations with regulatory provisions.
(4) The Cabinet of Ministers shall approve the list of third countries that impose the requirements for the prevention of money laundering and of terrorist financing that are in line with the requirements of the European Union legislative provisions.
(5) When taking a decision not to perform customer due diligence, a person subject to this Law shall obtain information and make records to the effect that the customer complies with the exemptions listed in Paragraph 1 hereof.

(6) In the cases mentioned in Paragraph 1 hereof a person subject to this Law shall be entitled not to comply with the requirements of Paragraph 1 of Article 14 hereof.

Article 27. Special Exemptions from Customer Due Diligence

(1) Insurance merchants that provide life insurance and insurance intermediaries shall be entitled not to apply customer due diligence in respect of life insurance policies, where the annual insurance premium does not exceed an amount that, at the exchange rate set by the Bank of Latvia on the transaction day, is equivalent to 1 000 euro or a single premium does not exceed 2 500 euros.

(2) Private pension funds shall be entitled not to apply customer due diligence in respect of the contributions to pension plans that may not be used by the customer as collateral and in respect of the contributions to pension plans that are made by way of deduction from wages.

(3) Electronic money institutions shall be entitled not to apply customer due diligence in the following cases:

1) the maximum amount stored in an electronic device does not exceed the amount equivalent to 150 euros and the device cannot be recharged,

2) where the device can be recharged, the total amount transacted on the electronic device during the calendar year does not exceed the amount equivalent to 2 500 euros.

(4) A person subject to this Law shall be entitled not to apply customer due diligence when providing services that comply with the following indicators:

1) a transaction has a written contractual base;

2) a transaction is made on a bank account which is opened by a credit institution registered in a member state or a third country and which is subject to the requirements equivalent to those of the European Union legislative provisions in respect of the prevention of money laundering and of terrorist financing;

3) a transaction does not comply with the indicators contained in the list of indicators of unusual transactions;

4) a transaction does not give rise to suspicion or no information evidencing money laundering, terrorist financing or an attempt thereof is available;

5) the total amount of a transaction is less than 15 000 euros at the exchange rate set by the Bank of Latvia as at the transaction day;

6) the proceeds from executing a transaction cannot be used for the benefit of third parties, except in the case of death, disablement, survival to a predetermined advanced age, or similar events;

7) where, when executing the transaction, it is not possible to convert funds into financial instruments or insurance or other claims, or where the conversion is possible, the following conditions shall be observed:

a) proceeds from the transaction are utilised only in a long term (not earlier than in five years),

b) the subject of the transaction cannot be used as collateral,

c) during the validity of the transaction no accelerated payments are made, the cession of the right to a claim is not feasible and no early termination takes place.

Article 28. Obtaining the Information Necessary for Customer Due Diligence and a Customer's Liability

(1) To comply with the requirements of this Law, a person subject to this Law shall be entitled to request from customers and customers shall have a duty to provide truthful information and documents necessary for customer due diligence, including information and documents on the beneficial owners, transactions, economic and personal activities of customers and beneficial owners, the financial standing and the origin of money or other funds.

(2) Where a person subject to this Law fails to obtain truthful information and documents that are needed for compliance with the requirements set out in Articles 11 and 17 hereof to the extent that would permit the persons subject to this Law to carry out an inspection on its merits, the person subject to this Law shall terminate the business relationship with the customer and require that the customer meets his/her liabilities before maturity. In these cases the person subject to this Law shall take a decision on

terminating the business relationship also in respect of other customers who have the same beneficial owners or requiring these customers to meet their liabilities before maturity.
(3) The requirements set out in Paragraph 2 hereof shall not apply to tax advisors, external accountants, sworn auditors, commercial companies of sworn auditors, sworn notaries, sworn advocates and other independent legal professionals in the course of defending or representing that customer in pre-trial criminal proceedings or judicial proceedings, or providing advice on instituting or avoiding judicial proceedings.

Article 29. Recognising and Accepting the Results of Customer Identification and Customer Due Diligence

(1) A person subject to this Law shall be entitled to recognise and accept the results of customer identification and customer due diligence performed by credit institutions and financial institutions other than capital companies that buy and sell cash foreign currency and providers of money transmission and remittance services in a member state and a third country provided that the requirements in respect of the prevention of money laundering and of terrorist financing as enforced in these countries are equivalent to those of this Law.
(2) A person subject to this Law shall be entitled to recognise and accept the results of customer identification and customer due diligence as made by credit institutions and financial institutions and referred to in Paragraph 1 hereof, even if the extent of obtained information and underlying documents differ from the requirements of this Law.
(3) A person subject to this Law shall be responsible for compliance with the requirements of this Law also in those cases when customer identification and customer due diligence are made using the results of customer identification and customer due diligence that are performed by the credit institutions and financial institutions referred to in Paragraph 1 hereof.
(4) Upon request of a person subject to this Law that has been contacted by a customer, the credit institutions and financial institutions referred to in Paragraph 1 hereof shall, without delay, produce to the person subject to this Law all information and copies of documents obtained as a result of customer identification and customer due diligence, where after the receipt of the request the customer's agreement for passing the information and documents referred to in this Article to the person subject to this Law has been obtained.
(5) Reliance of a person subject to this Law on the results of customer identification and customer due diligence shall be without prejudice to the duty to monitor the customer’s business relationship on a continuing basis.

Chapter IV
Reporting of Unusual and Suspicious Transactions

Article 30. Reporting Duty

(1) A person subject to this Law shall have a duty:
1) to report to the Financial Intelligence Unit any unusual transaction without delay;
2) to report to the Financial Intelligence Unit any suspicious transaction without delay;
3) within seven days of receipt of a written request by the Financial Intelligence Unit provide it with additional information and documents, necessary for fulfilling its functions as set out in this Law, about the customer or the transaction, the origin and further movement of funds, that is available to the person subject to this Law, has been reported by other persons subject to this Law or has been the subject of the information exchange with the bodies and institutions referred to in Article 62 hereof, whereas other transactions of that customer may be reported with the agreement of the prosecutor general or specially authorised prosecutor. In view of the extent of the information and documents to be submitted, the deadline for meeting the requirement may be extended with the consent of the Financial Intelligence Unit;

(2) The Cabinet of Ministers shall issue provisions establishing the list of indicators of unusual transactions and the procedure whereby unusual and suspicious transactions are reported and approve the reporting form.
(3) The requirements of Paragraph 1 hereof and Chapter V of this Law shall not apply to tax advisors, external accountants, sworn auditors, commercial companies of sworn auditors, sworn notaries, sworn advocates and other independent legal professionals in the course of defending or representing that customer in pre-trial criminal proceedings or judicial proceedings, or providing advice on instituting or avoiding judicial proceedings.
(4) Reports shall be submitted in writing or electronically.
(5) The Financial Intelligence Unit shall not be entitled to disclose data about the persons reporting unusual or suspicious transactions. This restriction shall not apply to the cases mentioned in Paragraph 1 of Article 56 hereof.
(6) Not later than on the next business day a person subject to this Law shall register the reports submitted to the Financial Intelligence Unit and ensure that supervisory and control authorities have access to these reports.

Article 31. Content of the Report
The report submitted by a person subject to this Law to the Financial Intelligence Unit shall contain the following:
1) customer identification data;
2) a description of any planned, notified, advised, started, delayed, executed or confirmed transaction and identification data of the persons involved, the transaction volume, the time and place for executing or notifying the transaction, and copies of documents where a person subject to this Law has the documents evidencing the transaction;
3) the grounds for considering the transaction suspicious by the person subject to this Law or the indicator of an unusual transaction to which the transaction corresponds.

Chapter V
Refraining from Executing a Transaction and Suspending a Transaction

Article 32. Refraining from Executing a Transaction
(1) A person subject to this Law takes a decision to refrain from executing one or several linked transactions or debit operations of a particular type on the customer's account where the transaction is related or may be reasonably suspected of being related with money laundering or terrorist financing.
(2) A person subject to this Law shall notify the Financial Intelligence Unit of its refraining from executing a transaction without delay, not later than on the next business day in due course of Article 31 hereof.
(3) Not later than 60 days of receiving a report about refraining from executing a transaction, but in exceptional cases during an additional term that is established by the prosecutor general or a specially authorised prosecutor as necessary for receiving the required information from a foreign country, the Financial Intelligence Unit shall take one of the following measures:
1) issue an order to suspend the transaction or the particular debit operation on the customer's account where:
a) pursuant to Paragraph 3 of Article 4 hereof money or other funds are recognised as derived from criminal activity. In that case the transaction or the particular debit operation on the customer's account shall be suspended for the time indicated in the order, but no longer than for six months;
b) on the basis of information available to the Financial Intelligence Unit there is a suspicion of committing a criminal offence, including that of money laundering or an attempt thereof. In that case the transaction shall be suspended for the time indicated in the order, but no longer than for 45 days.
2) notify in writing the person subject to this Law to the effect that a further refraining from executing the transaction is not motivated and shall be terminated;

3) not later than on the 60th day of receiving a report about refraining from executing a transaction, notify in writing the person subject to this Law of the additional term established by the prosecutor general or a specially authorised prosecutor referred to in Paragraph 3 hereof.
(4) When receiving the order referred to in Subparagraph 1 of Paragraph 3 hereof, a person subject to this Law shall suspend a transaction or a particular debit operation on the customer's account for the time indicated in the order, notify in writing the customer to this effect and send a copy of the order to the customer explaining the appeal procedure**.**
(5) The Financial Intelligence Unit shall repeal the order issued in due course of Subparagraph 1 of Paragraph 3 hereof on suspending a transaction or a particular debit operation on the customer's account where the customer provides motivated information on the legal origin of money or other funds. The customer shall submit this information to the person subject to this Law that shall submit it to the Financial Intelligence Unit without delay.
(6) The Financial Intelligence Unit shall be entitled to issue an order to repeal the suspension of a transaction or a particular debit operation on a customer's account before the deadline set out in the initial order.
(7) Where the order is not repealed, the Financial Intelligence Unit shall submit information to pre-trial investigation institutions or the Office of the Prosecutor within 10 business days in due course of Article 55 hereof.
(8) A person subject to this Law shall no longer refrain from executing a transaction or a particular debit operation on a customer's account where:
1) upon expiration of the deadline referred to in Paragraph 3 hereof the person subject to this Law does not have the order issued by the Financial Intelligence Unit to suspend the transaction or the particular debit operation on the customer's account and does not have a written statement about the additional term established by the prosecutor general or a specially authorised prosecutor;
2) has received the written statement referred to in Subparagraph 2 of Paragraph 3 hereof;
3) by the deadline referred to in Subparagraph 1.a) or 1.b) of Paragraph 3 hereof, has not received a decision or an order issued by the pre-trial investigation institution, the Office of the Prosecutor or the court as set out in other regulatory provisions that is a basis for suspending a transaction or a particular debit operation on the customer's account.

Article 33. Orders to the State Information System Manager
(1) In the cases referred to in Subparagraph 1 of Paragraph 3 of Article 32 hereof, the Financial Intelligence Unit shall be entitled to issue an order to the state information system manager to take measures within his/her competence to prevent the re-registration of the property during the time indicated in the order.
(2) The state information system manager shall execute the order without delay and notify the Financial Intelligence Unit of the manner and results of execution.
(3) Where the Financial Intelligence Unit has not repealed the order, it shall submit information to pre-trial investigation institutions or the Office of the Prosecutor in due course of Article 55 hereof within 10 business days of its issuance.

Article 34. The Procedure Whereby Orders of the Financial Intelligence Unit Are Appealed
(1) The orders issued by the Financial Intelligence Unit in the cases laid down by this Law and in compliance with the provisions of this Law may be contested to a specially authorised prosecutor by the deadlines set out in this Law either by persons whose transactions and particular debit operations on accounts have been suspended or a restriction has been issued to the state information system manager as to the re-registration of the funds belonging to them, or by their authorised representatives.
(2) The persons referred to in Paragraph 1 hereof may contest the decision of a specially authorised prosecutor to the prosecutor general whose decision shall be final.

Article 35. Deadlines for the Submission of Complaints
The persons referred to in Paragraph 1 of Article 34 hereof shall be entitled to submit a complaint for an order issued by the Financial Intelligence Unit within 30 days of the day when they receive the copy of the order.

Article 36. Exemption from Refraining from Executing a Suspicious Transaction
(1) Where a person subject to this Law cannot refrain from executing a transaction that may be reasonably suspected to be related to money laundering or terrorist financing, or where refraining from executing such transaction may serve as an indication for the persons involved in money laundering or terrorist financing to avert from liability, the person subject to this Law shall be entitled to execute the transaction and notify the Financial Intelligence Unit in due course of Article 31 hereof.
(2) Paragraph 1 hereof shall not apply to transactions by persons in respect of which the United Nations Security Council or the European Union established financial restrictions.
(3) A credit institution shall be entitled to make payments from accounts of the persons suspected of committing or participating in a criminal offence related to terrorism or money laundering, where in respect of these accounts the credit institution has taken a decision to refrain from executing particular debit operations or has received an order from the Financial Intelligence Unit to refrain from executing particular debit operations in the cases specified by the European Union legislative provisions.

Chapter VI
Record Keeping and Exempting the Persons Subject to this Law from Liability

Article 37. Keeping and Updating Customer Due Diligence Documents
(1) A person subject to this Law shall make records of customer identification and customer due diligence measures and, upon request of the supervisory and control authority or the Financial Intelligence Unit, shall present these documents to its supervisory or control institutions or submit copies of documents to the Financial Intelligence Unit.
(2) A person subject to this Law shall keep the following for at least five years after the termination of the business relationship:
1) copies of documents evidencing customer identification data;
2) information about customers and their accounts;
3) statements about the beneficial owner;
4) correspondence, including by electronic mail;
5) other documents, including in an electronic form, obtained during customer due diligence.
(3) In separate cases, upon an order of the Financial Intelligence Unit, the deadline referred to in Paragraph 2 hereof may be extended to more than five years, but it shall not exceed six years.
(4) A person subject to this Law shall be entitled to process electronically the data obtained as a result of customer identification and customer due diligence about customers, their representatives and beneficial owners.
(5) Sworn notaries shall keep customer due diligence documents in accordance with the requirements of the Notariate Law.

Article 38. Prohibition from Disclosing the Fact of Reporting
(1) A person subject to this Law shall be prohibited from notifying the customer, the beneficial owner and other persons, except supervisory and control authorities, to the effect that information about the customer or his/her transaction (transactions) has been submitted to the Financial Intelligence Unit and that this information is or may be analysed or pre-trial criminal proceedings performed in relation to the committing of a criminal offence, including that of money laundering, terrorist financing or an attempt thereof.

(2) The prohibitions referred to in Paragraph 1 hereof shall not apply to information exchange between the persons subject to this Law of member states or third countries that enforce equivalent requirements for the prevention of money laundering and of terrorist financing, where those persons belong to one group. One group shall be a legal arrangement that has a single owner, management or control institution.
(3) The prohibitions referred to in Paragraph 1 hereof shall not apply to information exchange between tax advisors, external accountants, sworn auditors, commercial companies of sworn auditors, sworn notaries, sworn advocates and other independent legal professionals of a member state or a third country that imposes requirements for the prevention of money laundering and of terrorist financing equivalent to those of this Law, where they perform their professional activities as employees of a single legal person or acting within a single group.
(4) The prohibition referred to in Paragraph 1 hereof shall not apply to credit institutions, financial institutions, tax advisors, external accountants, sworn auditors, commercial companies of sworn auditors, sworn notaries, sworn advocates and other independent legal professionals in respect of exchange of information in cases when the following conditions exist:
1) two or more persons subject to this Law are involved in a transaction;
2) one and the same customer is involved in a transaction;
3) the persons subject to this Law that are involved in a transaction are registered or operate in a member state or a third country that imposes requirements for the prevention of money laundering and of terrorist financing equivalent to those of this Law;
4) the persons subject to this Law that are involved in a transaction belong to the same professional category and exercise equivalent duties in respect of professional secrecy and personal data protection;
5) exchanged information is used solely for the prevention of money laundering and of terrorist financing.

Article 39. Permission to Disclose the Fact of Reporting
(1) The person subject to this Law shall be entitled to notify the customer of the fact that it refrained from executing a transaction and notified the Financial Intelligence Unit to this effect.
(2) The Financial Intelligence Unit shall notify the person subject to this Law:
1) either of the fact that information was submitted to pre-trial investigation institutions or the Office of the Prosecutor in due course of Article 55 hereof,
2) or of the fact that information referred to in Subparagraph 1 hereof with respect to refraining from executing the transaction cannot be disclosed.

Article 40. Exempting the Persons Subject to this Law from Liability
(1) Compliance with the requirements of this Law by the person subject to this Law shall not be regarded as a breach of the norms governing the professional activity or of the requirements by supervisory and control authorities.
(2) Where, in due course of this Law, a person subject to this Law has reported to the Financial Intelligence Unit in good faith, whether money laundering, terrorist financing or an attempt thereof or other criminal offence related thereto is proven or not during the course of pre-trial criminal proceedings or in the court and irrespective of the provisions of the mutual agreement between a customer and the person subject to this Law, disclosure of information to the Financial Intelligence Unit shall not constitute disclosure of confidential information and shall not incur legal, including civil, liability.
(3) Where a person subject to this Law has refrained from executing a transaction in good faith in accordance with Article 32 hereof, discontinued business relationship or requested fulfilment of liabilities before maturity in accordance with Paragraph 2 of Article 28 hereof, refraining from or delaying a transaction, discontinuing a business relationship or requesting fulfilment of liabilities before maturity shall not incur legal, including civil, liability on the person subject to this Law.
(4) Where tax advisors, external accountants, sworn auditors, commercial companies of sworn auditors, sworn notaries, sworn advocates and other independent legal professionals prevent the customer from getting involved in a criminal activity, this shall not constitute disclosure of confidential information and shall not incur legal, including civil, liability on the person subject to this Law**.**

(5) Where the Financial Intelligence Unit has issued an order for the suspension of a transaction in accordance with the requirements of this Law, this shall not incur legal, including civil, liability on the person subject to this Law irrespective of the outcome of the suspension of the transaction.

Chapter VII
Special Provisions Applicable to Credit Institutions and Financial Institutions
Article 41. Availability of the Information Necessary for Compliance with the Requirements of this Law

(1) To assess compliance of a person with the requirements of Paragraph 4 of Article 10 hereof, credit institutions and insurance merchants that provide life insurance shall be entitled to request and, free of charge, receive information from the Penal Register on an employee and a person wishing to start a job-related contractual relationship with the credit institution or the insurance merchant about his/her conviction for a criminal offence, irrespective of whether the conviction is cancelled or removed.

(2) In order to fulfil the duties as set out in this Law, credit institutions and insurance merchants that provide life insurance shall be entitled to request and, free of charge, receive information from the following:

1) the Register of Enterprises of the Republic of Latvia: information on a customer, its beneficial owners and representatives, counterparties to transactions and their beneficial owners, and also on the persons who have expressed willingness to start business relationship with the credit institution or the insurance merchant, their beneficial owners and representatives, on the spouses of those persons and the first degree relatives, to assure of the identity of the customers or their representatives and of the fact that the property status of the customer's beneficial owner evidences that the person might be the beneficial owner of the particular customer, in order to assess the necessity to notify the Financial Intelligence Unit of a suspicious transaction or to refrain from executing a suspicious transaction and to establish whether insolvency proceedings or legal protection proceedings is not instituted against the customer;

2) the State Social Insurance Agency: information on the employer and the social insurance payments for the last five years of a customer, his/her beneficial owners and representatives, of the persons who have expressed willingness to start business relationship with the credit institution or the insurance merchant, their beneficial owners and representatives to assure that the transactions made by those persons are consistent with their income level and that they have submitted truthful information about heir job-related contractual relationship to the credit institution or the insurance merchant;

3) the Invalid Documents Register: information on a customer, his/her beneficial owners and representatives, and on a person who has expressed willingness to start business relationship with the credit institution or the insurance merchant, his/her beneficial owners and representatives, to assure that the personal identification documents presented by these persons have not been recognised invalid;

4) the Penal Register: information on the conviction for a criminal offence of an economic nature that has not been cancelled or removed of a customer, his/her beneficial owners and representatives, and of a person who has expressed willingness to start business relationship with the credit institution or the insurance merchant, his/her beneficial owners and representatives, when performing the customer's money laundering and terrorist financing risk assessment and also in cases when the necessity to notify the Financial Intelligence Unit of a suspicious transaction or to refrain from executing a suspicious transaction is assessed;

5) the State Unified Computerised Land Register: information on the real estate belonging or having belonged to a customer and his/her beneficial owner, counterparties to transactions and their beneficial owners, and to a person who has expressed willingness to start business relationship with the credit institution or the insurance merchant, his/her beneficial owners and representatives, spouses of the said persons and the first degree relatives, to assure that the information available to the credit institution or the insurance merchant on the transactions with real estate executed by the customer is in compliance with the information in the land register and that the property status of the customer's beneficial owner evidences that the person might be the beneficial owner of the particular customer as well as in cases

when the necessity to notify the Financial Intelligence Unit of a suspicious transaction or to refrain from executing a suspicious transaction is assessed;
6) the State Register of Vehicles: information on the vehicles belonging or having belonged to a customer, his/her beneficial owners, counterparties to transactions and their beneficial owners and to a person who has expressed willingness to start business relationship with the credit institution or the insurance merchant, his/her beneficial owners and representatives, spouses and the first degree relatives of these persons, to assure that the information available to the credit institution or the insurance merchant on the transactions with vehicles made by the customer is in compliance with the data in the State Register of Vehicles and that the property status of the beneficial owner of the customer evidences that this person might be the beneficial owner of the particular customer;
7) the Population Register: information on the personal identification data (name, surname and personal identity number) of a customer, his/her beneficial owners and representatives, and of a person who has expressed willingness to start business relationship with the credit institution or the insurance merchant, his/her beneficial owner and representatives, to check the identity of these persons and information on the spouses and the first degree relatives of these persons, to assure of their personal identity, establish mutually linked customers and make the assessment of the money laundering and terrorist financing risk.
(3) Information received in due course of Paragraphs 1 and 2 hereof shall be used only to perform the functions as set out in this Law.

Article 42. Rights to Perform Identification after the Opening of an Account
A credit institution shall be entitled to open an account before identifying the customer and establishing the beneficial owner, where, according to the requirements of this Law, it is entitled not to apply enhanced customer due diligence to such customers and it is ensured that a customer cannot make any transactions on the account before the completion of customer due diligence.

Article 43. Discontinuing a Business Relationship
(1) Where it is not possible to identify a customer and establish the beneficial owner as set out in this Law, a credit institution and a financial institution shall be prohibited from servicing the account of such person, establish a business relationship or make any transactions, or they shall discontinue the business relationship and report to the Financial Intelligence Unit where the suspicion of money laundering or of terrorist financing arises.
(2) Where, in the cases referred to in Paragraph 2 of Article 28 hereof, a credit institution on its own initiative discontinues the business relationship with a customer by closing his/her respective accounts, the credit institution or the financial institution, on the customer's order, shall remit the financial resources of these accounts to the customer's current account with another credit institution or to the account from which it previously received the financial resources and notify the Financial Intelligence Unit to this effect.
(3) Where a customer has opened a financial instrument account with a credit institution or a financial institution, the credit institution or the financial institution, in the cases referred to in Paragraph 2 of Article 28 hereof, when discontinuing the business relationship with that customer, shall close the customer's financial instrument account and sell the financial instruments of the account for their market value. The acquired financial resources shall be used by the credit institution or the financial institution as set out in Paragraph 2 hereof.
(4) Where a credit institution and a financial institution discontinues the business relationship with a customer or requests that the customer fulfils the liabilities ahead of maturity in the cases and according to the procedure set out in this Law, this shall not incur legal, including civil, liability on the credit institution and the financial institution.

Article 44. Information Exchange Among Credit Institutions and Financial Institutions
(1) To achieve the goals of this Law, a credit institution, upon request of a correspondent bank registered in a member state, shall submit to it information and documents acquired during identification and due

diligence of customers, beneficial owners or authorised persons in respect of the transaction made with the intermediation of the correspondent bank.
(2) To achieve the goals of this Law, a credit institution and a financial institution shall be entitled, directly or through the intermediation of an institution authorised by them, to exchange information referred to in Paragraph 1 hereof about their customers or persons with whom the business relationship has not been started or has been discontinued in due course of this Law.
(3) No legal, including civil, liability shall be incurred on a credit institution and a financial institution for the disclosure of information as set out in Paragraphs 1 and 2 hereof. The data obtained in due course of Paragraphs 1 and 2 hereof shall be treated as confidential.
(4) To achieve the goals of this Law, a credit institution, a financial institution or its authorised institution shall be entitled to establish, maintain and electronically process personal data, establish and maintain personal data processing systems about customers and persons with whom the business relationship has not been started or has been discontinued in due course of this Law, and about beneficial owners and authorised persons in respect of such persons. In these cases, the rights of the data subject, as referred to in the Law on Safeguarding the Natural Person Data, to request data processing information, including about the goals, recipients, sources, right to access own personal data and request that the data be amended, destroyed, processing discontinued or prohibited, shall not apply.

Chapter VIII
Rights and Duties of a Supervisory and Control Authority
Article 45. The Supervisory and Control Authorities of the Persons Subject to this Law
(1) Compliance of the persons subject to this Law with the requirements of this Law shall be monitored and controlled by the following supervisory and control authorities:
1) the Financial and Capital Market Commission in respect of credit institutions, insurance merchants that provide life insurance, private pension funds, life insurance intermediaries, investment brokerage firms, investment management companies and other providers of money transmission and remittance services;
2) the Latvian Council of Sworn Advocates in respect of sworn advocates;
3) the Latvian Council of Sworn Notaries in respect of sworn notaries;
4) the Latvian Association of Certified Auditors in respect of sworn auditors and commercial companies of sworn auditors;
5) the Ministry of Transport in respect of the State joint-stock company “Latvijas Pasts”;
6) the Bank of Latvia in respect of the capital companies that have a licence issued by it for buying and selling cash foreign currency;
7) the Lotteries and Gambling Supervisory Inspection in respect of the organisers of lotteries and gambling;
8) the State Assay Supervision Inspectorate in respect of legal or natural persons engaged in trading and intermediation of precious metals, precious stones and gems and articles thereof;
9) the State Inspection for Heritage Protection in respect of natural or legal persons that make transactions with the items included in the list of state protected cultural heritage monuments;
(2) The State Revenue Service shall supervise the following persons subject to this Law that are excluded from Paragraph 1 hereof:
1) tax advisors, external accountants;
2) independent legal professionals when they act in the name of their customers to assist in the planning or execution of a transaction, to participate in any transaction or to perform other professional activity related to transactions or confirm a transaction for the benefit of the customer, and the transaction is:
a) buying or selling real estate, an enterprise;
b) managing a customer’s money, financial instruments and other funds;
c) opening or managing all kinds of accounts with credit institutions or financial institutions;
d) creating, managing or ensuring the operation of legal arrangements, making investments necessary for creating, managing or ensuring the operation of legal arrangements;
3) legal arrangement and company service providers;

4) persons acting in the capacity of agents or intermediaries in real estate transactions;
5) other legal or natural persons trading in real estate, transport vehicles and other articles, acting as intermediaries in such transactions or providing services in relation to such transactions, where the payment is made in cash in lats or other currency and the amount, at the exchange rate set by the Bank of Latvia on the transaction day, is equivalent to 15 000 euros or more, whether the transaction is made as a single operation or several linked operations. Where the transaction is made in a foreign currency whose official exchange rate is not set by the Bank of Latvia, the exchange rate that is published on the first business day of the current week in the information source indicated by the Bank of Latvia shall be used for the calculation.
(3) The persons subject to this Law as referred to in Paragraph 2 hereof shall notify in writing the type of their activities to the territorial unit of the State Revenue Service in view of their registered office address or declared residence address within 10 business days of starting their operation .

Article 46. Duties of a Supervisory and Control Authorities
(1) A supervisory and control authority shall have the following duties:
1) to list and register the persons subject to this Law to be supervised;
2) to train the employees of the persons subject to this Law under its supervision and control in respect of the prevention of money laundering and of terrorist financing;
3) in accordance with the established methodology, to perform regular inspections to assess the fulfilment by the persons subject to this Law of the requirements of this Law, take a decision to prepare an inspection statement and apply sanctions where violations are detected;
4) to report to the Financial Intelligence Unit unusual and suspicious transactions uncovered during inspections that had not been reported to the Financial Intelligence Unit by the person subject to this Law;
5) on request of the Financial Intelligence Unit, to provide it with methodological assistance for fulfiling the functions assigned to it by this Law;
6) to apply or urge other competent authorities to apply the sanctions, as set out in other regulatory provisions, for the violation of such provisions and control the measures taken to remedy the violations;
7) on its own initiative or on request, to exchange information with foreign institutions whose responsibilities are in essence the same, ensuring data confidentiality and their application only for mutually agreed purposes;
8) every year by February 1, to compile and submit to the Financial Intelligence Unit the statistical information on the measures taken in the previous year in respect of the supervision and control of the persons subject to this Law;
9) to take the necessary administrative, technical and organisational measures to ensure that the information obtained while fulfilling the requirements of this Law is protected, prevent unauthorised access to information or unauthorised amending, disseminating or destroying of information. The manager of the supervisory and control authority shall establish the procedure whereby information is registered, processed, stored and destroyed. The supervisory and control authority shall keep information for at least five years;
10) to exchange information with the supervisory and control authorities of other countries that perform equivalent functions to take measures for reducing the possibility of money laundering and terrorist financing.
(2) The Latvian Council of Sworn Notaries, the Latvian Council of Sworn Advocates and the Latvian Association of Certified Auditors shall exercise supervision and control for the fulfilment of the requirements of this Law pursuant to the procedure set out in the regulatory provisions governing their activities. These organisations shall have the following duties:
1) to develop the procedure whereby a set of measures is developed in respect of the persons subject to this Law for ensuring compliance with the requirements of this Law;
2) to ensure training for the employees of the persons subject to this Law under its supervision and control in respect of the prevention of money laundering and terrorist financing;

3) to apply or urge other competent authorities to apply the sanctions, as set out in other regulatory provisions, for the violation of the requirements of this Law.

Article 47. Rights of a Supervisory and Control Authority

(1) A supervisory and control authority shall have the following rights:

1) to visit the premises that belong to or are used by the persons subject to this Law under its supervision or control and are connected with their economic or professional activities and carry out inspections there;

2) to request that the persons subject to this Law under its supervision or control submit information related to the fulfilment of the requirements of this Law, request to produce original documents, review and get copies or duplicates thereof, get relevant explanations and perform activities to prevent or reduce the possibility of money laundering or terrorist financing;

3) to prepare statements evidencing the violations of the requirements of this Law and the facts related thereto;

4) to establish the deadline by which the persons subject to this Law shall remedy the detected violations of the requirements of this Law and control the fulfilment of the remedial measures;

5) to publish statistical information on the violations of the requirements of this Law and sanctions applied;

6) to request that public and derived public person institutions submit any information available to them for the fulfilment of the responsibilities as set out in this Law;

7) to issue proposals to the persons subject to this Law for the fulfilment of their responsibilities as set out in this Law.

(2) The Financial and Capital Market Commission shall be entitled to issue regulatory provisions for the supervision and control of the prevention of money laundering and terrorist financing and establish binding requirements for credit institutions and financial institutions, excluding capital companies that engage in buying and selling cash foreign currency (currency exchange), for the fulfilment of their responsibilities set out in this Law in respect of the establishment of an internal control system, of the identification of the beneficial owner and of assuring that the person indicated as the beneficial owner is the beneficial owner in respect of the customer, of the supervision of the transactions made by the customer and of knowing the customer's economic activity.

Article 48. Prohibition from Disclosing Information

(1) The supervisory and control authorities of the persons subject to this Law and their officials and employees shall not be entitled to notify the persons subject to this Law, the beneficial owners as well as other persons to the effect that information about a customer and unusual or suspicious transaction has been submitted to the Financial Intelligence Unit and this information is or may be analysed or a pre-trial criminal proceedings performed in relation to the committing of a criminal offence, including money laundering, terrorist financing or an attempt thereof.

(2) The prohibition referred to in Paragraph 1 hereof in respect of the supervisory and control authorities shall not apply in the cases when information is submitted to a pre-trial investigation institution, the Office of the Prosecutor or the court, and the cases when the person subject to this Law has refrained from executing a transaction.

Article 49. Exempting a Supervisory and Control Authority from Liability

Reporting to the Financial Intelligence Unit in due course of this Chapter shall not constitute the disclosure of confidential information and shall not incur legal liability on the supervisory and control authorities of the persons subject to this Law, their officials and employees, whether a criminal offence, including money laundering, terrorist financing or an attempt thereof or other criminal offence related thereto is proven in pre-trial criminal proceedings or court, or not.

Chapter IX
The Financial Intelligence Unit
Article 50. Legal Status of the Financial Intelligence Unit
(1) The Financial Intelligence Unit is a specially established public institution that, pursuant to this Law, exercises control of unusual and suspicious transactions and obtains, receives, makes records, processes, compiles, stores, analyses and provides to a pre-trial investigation institution, the Office of the Prosecutor and the court information that may be used for the prevention, uncovering, pre-trial criminal proceedings or adjudicating money laundering, terrorist financing or an attempt thereof or other criminal offence related thereto.
(2) The Financial Intelligence Unit shall operate under the supervision of the Office of the Prosecutor.
(3) The Prosecutor General shall establish the structure and draw the list of positions within the Financial Intelligence Unit in accordance with the allocated state budget resources.
(4) The Prosecutor General shall appoint the director of the Financial Intelligence Unit for the term of four years and dismiss him/her. The director of the Financial Intelligence Unit shall recruit and dismiss the employees of the Financial Intelligence Unit. The Cabinet of Ministers shall determine the remuneration of the employees of the Financial Intelligence Unit.
(5) The director and the employees of the Financial Intelligence Unit shall comply with the requirements of the Law on the State Secret to receive a special permission necessary for the access to strictly secret information.

Article 51. Duties and Rights of the Financial Intelligence Unit
(1) The Financial Intelligence Unit shall have the following duties:
1) to receive, compile, store and analyse the reports of the persons subject to this Law and information that is obtained otherwise to detect whether such information may be attributed to money laundering, terrorist financing, or other criminal offence related thereto;
2) to provide to an investigation institution, the Office of the Prosecutor and the court information that may be used for the prevention, uncovering, pre-trial criminal proceedings or adjudicating money laundering, terrorist financing or an attempt thereof or other criminal offence related thereto;
3) to analyse the quality of reports and their application efficiency, and notify the person subject to this Law to this effect;
4) to make analysis and research of the techniques of money laundering, terrorist financing and an attempt thereof, improve the methods whereby these activities are prevented and discovered;
5) in due course of this Law, to cooperate with international and foreign institutions that engage in the prevention of money laundering and terrorist financing;
6) to provide supervisory and control authorities with information on the characteristic techniques for obtaining the proceeds from criminal activity, laundering such proceeds and financing terrorists and characteristic locations to enhance the measures that would reduce the possibility of money laundering and of terrorist financing, ensure training of the employees of supervisory and control authorities in relation to the prevention of money laundering and of terrorist financing;
7) to provide to the persons subject to this Law and their supervisory and control authorities the information referred to in Paragraph 4 of Article 4 hereof and ensure that it is updated;
8) on request by supervisory and control authorities, to submit information within their competence about the statistics, quality and application efficiency of the reports submitted by the persons subject to this Law;
9) in view of the information available to it, to provide to the persons subject to this Law, supervisory and control authorities, pre-trial investigation institutions and the Office of the Prosecutor recommendations for reducing the possibilities of money laundering and terrorist financing;
10) to publish information about its performance, indicating the number of cases investigated and of persons brought to criminal prosecution during the previous year, the number of persons convicted for the criminal offence of money laundering or of terrorist financing and the volume of suspended and seized funds;

11) to notify supervisory and control authorities on the detected violations of the requirements of this Law by the persons subject to this Law;
12) to compile and submit to the Advisory Board of the Financial Intelligence Unit the statistical information set out in Subparagraph 8 of Paragraph 1 of Article 46 hereof.
(2) The Financial Intelligence Unit shall have the following rights:
1) in the cases specified in this Law, to issue orders to the persons subject to this Law to suspend a transaction or a particular debit operation on a customer's account;
2) in the cases specified in this Law, to issue orders to the state information system manager to take measures for preventing the re-registration of funds;
3) to issue orders to the persons subject to this Law to extend the deadline for storing the documents obtained during the customer identification and due diligence;
4) to request and receive information from the persons subject to this Law, public and derived public persons and institutions thereof;
5) to provide information to pre-trial investigation institutions, the Office of the Prosecutor, the court, supervisory and control authorities;
6) exchange information with foreign institutions that exercise equivalent duties.

Article 52. Responsibility of the Financial Intelligence Unit
Where the orders set out in this Law are issued in due course of this Law, the consequences thereof shall not incur legal, including civil, liability on the Financial Intelligence Unit and its officials.

Article 53. Information Protection at the Financial Intelligence Unit
(1) Information available to the Financial Intelligence Unit shall be used only for the purposese of this Law and in due course of this Law. An employee of the Financial Intelligence Unit who has used such information for other purposes or disclosed it to the persons who are not entitled to receive that information shall be held criminally liable in due course of the Criminal Law.
(2) Information obtained at the Financial Intelligence Unit as a result of the procedure supervised by the Prosecutor General or specially authorised prosecutors shall not be disclosed to the bodies performing investigatory operations, pre-trial investigation institutions, the Office of the Prosecutor or the court or used for their needs.
(3) The Financial Intelligence Unit shall take the necessary administrative, technical and organisational measures to ensure that information is protected, prevent unauthorised access to information and protect it from modification, dissemination or destroying. The Financial Intelligence Unit shall keep information on transactions for at least five years. Processing of the information received by the Financial Intelligence Unit is not included in the personal data processing register of the Data State Inspectorate.

Chapter X
Cooperation between the Financial Intelligence Unit and Public and Local Government Institutions

Article 54. The Duty to Cooperate for Public and Local Government Institutions
All public and local government institutions shall have a duty to provide the Financial Intelligence Unit, in due course established by the Cabinet of Ministers, with the requested information that is necessary to fulfil its functions. When exchanging information with the Financial Intelligence Unit, the person who processes data shall be prohibited from disclosing to other natural or legal persons the fact of information exchange and the content of information, except in the cases when information is provided to pre-trial investigation institutions, the Office of the Prosecutor or the court.

Article 55. Cooperation between the Financial Intelligence Unit and Pre-Trial Investigation Institutions, the Office of the Prosecutor or the Court
The Financial Intelligence Unit shall submit information to pre-trial investigation institutions, the Office of the Prosecutor or the court, where this information creates reasonable suspicion that the respective

person has committed a criminal offence, including that of money laundering, terrorist financing or an attempt thereof.

Article 56. Satisfying the Request for Information

(1) On request, the Financial Intelligence Unit shall provide information to a body performing investigatory operations, a pre-trial investigation institution or the Office of the Prosecutor**,** where the legacy and motivation of the request has been assessed and accepted by the Prosecutor General or specially authorised prosecutors, and to the court, where the request complies with the requirements of this Law, where at least one of the following has been initiated in respect of the criminal offence as set out in Article 5 hereof:

1) criminal proceedings have been instituted in due course of the Criminal Procedure Law;

2) an investigatory records case has been initiated in due course of the Investigatory Operations Law.

(2) On request by the State Revenue Service, the Financial Intelligence Unit shall provide to it information available to it that, in accordance with regulatory provisions, is necessary to verify the declarations of public officials and, in accordance with other laws, is necessary to verify the declarations of other natural persons, where there is a reasonable suspicion that the public official or other natural person has disclosed false information about his/her property status or income.

Article 57. Responsibility for Requesting Information

(1) The person requesting information and a specially authorised prosecutor who accepts the request shall be responsible for the motivation for requesting information.

(2) The Financial Intelligence Unit may publish the provided information as soon as the respective person is brought to trial in a criminal case.

Article 58. Using of Information

The public institutions referred to in this Chapter shall use the information provided to them by the Financial Intelligence Unit only for the purposes it has been received for.

Chapter XI
Advisory Board of the Financial Intelligence Unit

Article 59. The Tasks of the Advisory Board

The Advisory Board shall be set up to facilitate the operation of the Financial Intelligence Unit and coordinate its cooperation with pre-trial investigation institutions, the Office of the Prosecutor, the court and the persons subject to this Law, and its tasks shall be as follows:

1) to coordinate the cooperation of public institutions, the persons subject to this Law and their supervisory and control authorities for the fulfilment of the requirements of this Law;

2) to develop proposals for the needs of the Financial Intelligence Unit to perform its tasks as set out in this Law;

3) to prepare and submit to the Financial Intelligence Unit proposals on amendments to the list of indicators of unusual transactions;

4) on request by the Prosecutor General or on its own initiative, to notify the Prosecutor General on the performance of the Financial Intelligence Unit and submit proposals for its improvement.

Article 60. Composition of the Advisory Board

(1) The Advisory Board shall be comprised of the following:

1) two representatives appointed by the Minister of Finance, of which one shall be from the State Revenue Service;

2) one representative appointed by each of the following:

a) the Minister of Interior,

b) the Minister of Justice,

c) the Bank of Latvia,
d) the Financial and Capital Market Commission,
e) the Association of Latvian Commercial Banks,
f) the Latvian Insurers Association,
g) the Latvian Association of Certified Auditors,
h) the Latvian Council of Sworn Notaries,
i) the Latvian Council of Sworn Advocates,
j) the Supreme Court.
(2) Meetings of the Advisory Board shall be chaired by the Prosecutor General.
(3) The Advisory Board invites the director of the Financial Intelligence Unit and experts to its meetings.
(4) The Financial Intelligence Unit shall ensure the record keeping of the Advisory Board.

Chapter XII
Coordination of the Prevention of Money Laundering and Terrorist Financing

Article 61. The Coordinating Body
(1) The Financial Sector Development Council shall be the coordinating body and shall coordinate and improve the cooperation of public institutions and the private sector in the prevention of money laundering and terrorist financing.
(2) The Cabinet of Ministers shall determine the composition, functions, tasks, rights, the decision-making procedure and the work organisation of the Financial Sector Development Council.

Chapter XIII
International Cooperation

Article 62. Information Exchange
(1) On its own initiative or on request, the Financial Intelligence Unit shall be entitled to exchange information on the issues of the control of the movement of terrorist-related funds with authorised foreign institutions that exercise duties equivalent in essence to those referred to in Paragraph 1 of Article 50 and in Article 51 hereof and with foreign or international institutions combating terrorist financing, where:
1) data confidentiality is ensured and data is used only for mutually agreed purposes;
2) it is guaranteed that information is used only for preventing and detecting offences that are subject to criminal punishment in Latvia.
(2) To exchange information with the institutions and bodies referred to in Paragraph 1 hereof, the Financial Intelligence Unit shall be entitled to sign cooperation contracts and agree on the procedure for the exchange of information and the content of information. In addition to the restrictions laid down in Paragraph 1 hereof, the Financial Intelligence Unit shall be entitled to set other restrictions and conditions for using the information provided by it to the authorised foreign institutions and international institutions, and request information on the use of such information. Information is provided for analysis, and the consent of the Financial Intelligence Unit shall be necessary in accordance with the requirements of Paragraph 1 hereof to pass it further.
(3) The Financial Intelligence Unit shall be entitled to refuse, fully or in part, from the exchange of information or from giving its consent to passing information further in the following cases:
1) this may harm the sovereignty, security, public order or other national interests of Latvia;
2) there are reasonable grounds to believe that a person will be prosecuted or punished because of his/her race, religion, citizenship, ethnic origin or political opinions;
3) this would be explicitly incommensurate in respect of the legal interests of the Latvian state or of a person;
4) a person that is included in the list of persons suspected for involvement in terrorist activities that is compiled by the countries or international organisations recognised by the Cabinet of Ministers,and has committed a criminal offence in the territory of the country that has requested exchanging or passing

further of information, is the citizen of that country and has not committed a criminally punishable offence in Latvia.
(4) The Financial Intelligence Unit may request that the institutions of other countries that are not referred to in Paragraph 1 hereof submit information that is needed to analyse the received reports on unusual or suspicious transactions.
(5) The Financial Intelligence Unit shall submit information to foreign investigation institutions and courts in due course of international contracts on mutual legal assistance in criminal cases and via the public institutions of the Republic of Latvia indicated therein; this information shall refer only to offences that are criminally punishable in the Republic of Latvia, where the international contracts on mutual legal assistance in criminal cases do not establish otherwise.

Article 63. Issuing of Orders
(1) On request of authorised institutions of other countries or international institutions preventing terrorism, the Financial Intelligence Unit shall be entitled to issue orders in due course of Chapter V hereof.
(2) The Financial Intelligence Unit shall be entitled to issue an order where the information in the request creates reasonable suspicion that a criminal offence is taking place, including a criminal offence of money laundering, of terrorist financing or of an attempt thereof, and where such order would be issued if a report on unusual or suspicious transactions was received in due course of this Law.

Transitional Provisions
1. With this Law taking effect, the Law “On the Prevention of Laundering of Proceeds Derived from Criminal Activity" (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1998, No. 3, 2000, No. 14, 2002, No. 16, 2004, No. 2, 2005, No. 13, 2006, No. 12) shall become ineffective.
2. The persons subject to this Law shall perform customer identification and establish the beneficial owner, as set out in this Law, in respect of those customers with whom the business relationship is valid and this has not been done, by January 1, 2009 the latest, or discontinue the business relationship by that date.
3. The following documents shall be effective until the date the new provisions by the Cabinet of Ministers become effective, but not after January 1, 2009:
1) Provisions No. 213 of June 2, 1998 of the Cabinet of Ministers "Provisions on the Remuneration System of the Employees of the Financial Intelligence Unit",
2) Provisions No. 497 of December 29, 1998 of the Cabinet of Ministers "Procedure whereby Public Institutions Report Information to the Financial Intelligence Unit",
3) Provisions No. 127 of March 20, 2001 of the Cabinet of Ministers "Provisions on the List of Indicators of Unusual Transactions and the Reporting Procedure",
4) Provisions No. 731 of August 29, 2006 of the Cabinet of Ministers "Provisions on Countries and International Organisations whose Compiled Lists Include Persons Suspected of Committing an Act of Terrorism or of Participating Therein".
4. The persons subject to this Law that, pursuant to Paragraph 2 of Article 45 hereof, are supervised by the State Revenue Service and who have started their operation by the date this Law becomes effective shall notify the territorial unit of the State Revenue Service in writing of their operations within 30 business days of this Law taking effect.
5. The provisions of Article 41 hereof in respect of the rights to request and, free of charge, receive information necessary to fulfil the requirements of this Law from registers and information systems shall become effective simultaneously with the relevant amendments to the effective laws. Until these amendments take effect, the persons subject to this Law as referred to in Article 41 hereof shall be entitled to request and receive information from the Invalid Documents Register, the Penal Register and the Population Register in accordance with the legal norms that are effective until this Law taking effect.

6. Information referred to in Article 41 hereof from the Penal Register shall be provided free of charge as of January 1, 2010.

Informative Reference to the European Union Directives
This Law incorporates legal norms deriving from:
1) Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.
2) Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of "politically exposed person" and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis.

Unofficial translation

In force from 01.01.2009. Published in:Vēstnesis 201 29.12.2008

Republic of Latvia
Cabinet

22.12.2008 Regulation nr. 1071

Annex 2 Regulation on unusual transaction indicator list and procedure for reporting unusual and suspicious transactions

(prot. No.94 § 32)

Issued pursuant to
part 2 of article 30
of the Law on the Prevention
of Laundering the Proceeds
from Criminal Activity (Money Laundering)
and of Terrorist Financing

1. These Regulations establish unusual transaction indicators and procedure for reporting unusual and suspicious transactions and approve form of the report.
2. The subjects of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing (hereinafter – the Law) in accordance with the Law report without delay to the Office for the Prevention of Laundering the Proceeds from Criminal Activity (hereinafter – Control Office) about each consulted, intended (planned), notified, initiated, delayed, executed or confirmed unusual transaction, which meets at least one of the indicators of an unusual transaction set out in these regulations or about such suspicious transaction.
3. The subjects of the Law shall report each transaction in the amount established by these regulations in Lats or the equivalent amount in any other currency at the exchange rate set by the Bank of Latvia on the date of transaction. If a currency involved in a transaction has no official exchange rate by the Bank of Latvia, calculations shall be based on the exchange rate published weekly on the first working day in the source of information specified by the Bank of Latvia.
4. Reports on the transactions mentioned in point 2 of these Regulations shall be submitted in writing together with the covering letter disclosing documents and electronic carriers (if there are such) added.

5. When the subject of the Law submits the report on paper, the form in Annex 1 to the Regulations shall be filled in, but when the subject of the Law submits the report electronically, the form in Annex 2 to the Regulations shall be filled in. The form in Annex 2 to the Regulations shall be filled in by *Excel* program.
6. When filling in the form of the report in Annex 1, there is no information for any of the field groups, it shall be marked by "Z". When filling in the form of the report in Annex 2, there is no information for any of the field groups, it shall remain blank.
7. When sending the report and the required additional information to the Control Office the subjects of the Law shall ensure submitting it personally or by authorized person in such a manner that content of the report and required additional information do not become known to other persons.
8. Transaction shall be considered unusual when it meets at least one of the following indicators:
8.1. regarding all the subjects of the Law – transaction where one of the parties is a person suspected of committing a terrorist act or of participation therein and is included on the list of persons regarding which the Control Office has informed the subjects of the Law and their supervisory and control authorities;
8.2. regarding credit institutions:
8.2.1. cash transaction in the amount of 40 000 lats and more (except disbursement of salaries, pensions and social benefits, credits and interbank transactions);
8.2.2. a transaction in the amount of 1000 lats and more, where coins or banknotes of a low par value are exchanged for banknotes of a higher denomination (or vice versa) or for other banknotes of the same denomination;
8.2.3. a client withdraws 40 000 lats and more in cash using credit cards or other payment cards within a period of a month;
8.2.4. a client sells or purchases foreign currency in cash without opening an account in the amount the equivalent of which is 5000 lats and more;
8.3. regarding insurance merchants, private pension funds and insurance intermediaries – insurance premium installments or investments in a pension plan by a legal person, association or other unity (for example, foundations, investment funds, trusts, natural or legal person groups or their representatives formed on the basis of a contract or verbal agreement) being located, formed or founded in a tax free or low tax country or territory named by the Cabinet of Ministers, and the amount of the premium is 25 000 lats and more;
8.4. regarding investment broker companies and credit institutions – for services received and in transactions in transferable securities, a client of a credit institution or brokerage company pays by making a single payment in cash the amount of which is 10 000 lats and more;
8.5. regarding organizers of lottery and gambling:
8.5.1. a client wins 5000 lats and more;
8.5.2. a client obtains the means for participation in a game in the amount of 5000 lats and more;
8.5.3. in order to obtain the means for participation in a game a client exchanges currency equivalent to the amount of 5000 lats and more;
8.6. regarding capital companies that buy and sell foreign currency in cash – a client buys or sells foreign currency equivalent to the amount of 5000 lats and more;
8.7. regarding money remittance and transfer services providers entitled to provide such services (excluding credit institutions) – transaction in the amount of 25 000 lats and more when providing transferring or remitting services;
8.8. regarding sworn auditors, sworn auditor companies (within the framework of audit volume and sampling) tax advisors, external accountants – when in the accountable period client has received a loan from natural persons (including capital company owner) 40000 lats or more in cash (for owner of the capital company – when loans to the capital company in cash exceeds the amount of dividends received for 40000 lats or more);
8.9. regarding sworn notaries:
8.9.1. client deposits cash in the amount of 10000 lats and more;

8.9.2. when officiating in accordance with the Notariate Law a consultation is given or a verification of a transaction complying with at least one indicator of the unusual transactions named in these regulations is made, and it refers to the actions named in the point 4 of the first part of Article 3 of the Law;
8.10. regarding sworn advocates and other independent legal services providers:
8.10.1. a client deposits or receives cash in the amount of 10000 lats and more, authorizing to perform financial intermediation;
8.10.2. a consultation is given in regard to the transaction complying with at least one indicator of the unusual transactions named in these regulations and referring to the actions named in the point 4 of the first part of Article 3 of the Law;
8.11. regarding merchants dealing with real estate trading or intermediation in such trading:
8.11.1. a client purchasing real estate concludes an agreement that foresees payment in one or several installments in cash in the amount of 15000 lats and more;
8.11.2. a client concluding agreement on cooperation for real estate purchase pays to the merchants cashier cash in the amount of 20000 lats and more;
8.12. regarding merchants dealing with car trading or intermediation in such trading – client purchasing a car pays cash in one or several installments in the amount of 20000 lats and more;
8.13. regarding merchants dealing with precious metals, precious stones and articles thereof:
8.13.1. a client purchasing precious metals, precious stones and articles thereof pays cash in the amount of 10000 lats and more;
8.13.2. a client sells or offers for sale precious metals, precious stones and articles thereof for the price not exceeding 50% of the market value determined according to the rate named by the Bank of Latvia.
9. Cabinet Regulation No. 127 of 20 March 2001, Regulations on List of Elements of Unusual Transactions and Procedure for Reporting (Latvijas Vēstnesis, 2001, No. 48) is considered ineffective.
10. Regulations become effective on 1 January 2009.

Prime Minister I. Godmanis

Minister for Finance A. Slakteris

Cabinet
Regulation No 1071
22 December 2008

Annex 3 Report on unusual or suspicious transaction
(to be filed in paper form)

Sections I, II, III, VI and VII are filled by all rapporteurs

I	**Information on the subject of the law**		
1. The subject of the Law (natural persons' name and surname or legal persons name)			
2. Registration number or personal identification number			
3. Compiler's name, surname, phone number			
4. Reporting date		**5. Number of the**	

		report	

II	**Transaction data**			
1. Transaction place (institution)				
2. Transaction date (dd.mm.yyyy)		**3. Date of the last transaction** (in case of several conjoint transactions) (dd.mm.yyyy)		
4. Unusual transaction's indicator number according to Cabinet Regulation No 1071 of 22 December, 2008		**5. Indicator for Suspiciousness**		
6. Status of transaction (underline appropriately)	*Planned* *Declared* *Consulted* *Initiated* *Confirmed* *The subject of the Law* *Postponed* *Done* *refrained* *Other*_____			
7. Transaction type				
8. Transaction amount (00 000,00)		**9. Currency** (3-letter code)		
10. Special notes (underline as necessary)	*Subject of the law* *Has refrained from execution of transaction*	*Financing of terrorism*	Related to politically exposed person	*Reported to a law enforcement body as well*

III	**1) Transaction performer** (for transactions without money transfer (insurance, currency exchange, prizes etc.)) **2) Sender** (for transactions with money transfer)	
Bank (for a transaction in a bank)	**1. Bank SWIFT code (BIC code)**	
	2. Bank account number	
Legal person – transaction performer	**3. Name including abbreviation of business type at the end** (SIA, AS, IK etc)	
	4. Registration number	

or sender	**5. Registration country 2-letter code according to ISO standard**	
	6. Address country 2-letter code according to ISO standard and address	
Natural person – transaction performer or sender, or authorized person of a legal entity	**7. Name (-s)**	
	8. Surname	
	9. Personal identity code or birth date (in form ddmmyy)	
	10. A personal identification document country 2-letter code according to ISO standard, number, issuer and date	
	11. Address country 2-letter code according to ISO standard and address	

IV	**Money receiver** (to be filled in when reporting money transfer; not to be filled in when reporting insurance, currency exchange, winnings etc.)	
Bank (for a transaction in a bank)	**1. Receiving bank SWIFT code (BIC code)**	
	2. Bank account number	
Legal person – receiver	**3. Name including abbreviation of business type at the end** (SIA, AS, IK etc)	
	4. Registration number	
	5. Registration country 2-letter code according to ISO standard	
	6. Address country 2-letter code according to ISO standard and address	
Natural person – transaction receiver or authorized person of a legal entity	**7. Name (-s)**	
	8. Surname	
	9. Personal identity code or birth date (formed ddmmyy)	

	10. A personal identification document country 2-letter code according to ISO standard, number, issuer and date		
	11. Address country 2-letter code according to ISO standard and address		

V	**Other participants of transaction**	**Information on other participant of transaction No.1**	**Information on other participant of transaction No.2**
Bank (for a transaction in a bank)	**1. Bank SWIFT code (BIC code)**		
	2. Bank account number		
Other legal person – participant of the transaction	**3. Role in transaction** (beneficiary, organizer etc)		
	4. Name including abbreviation of business type at the end (SIA, AS, IK etc)		
	5. Registration number		
	6. Registration country 2-letter code according to ISO standard		
	7. Address country 2-letter code according to ISO standard address		
	8. Notes		
Other natural person – participant of the transaction or authorized person of a legal entity	**9. Role in transaction** (beneficiary, organizer etc.)		
	10. Name (-s)		
	11. Surname		
	12. Personal identity code or birth date (formed ddmmyy)		
	13. A personal identification document country 2-letter code according to ISO standard, number, issuer and date		
	14. Address country 2-letter code according to ISO standard and address		

	15. Notes	

VI	**Explanatory notes**
Short notes (up to 16 symbols, including spaces). Indicates only one most relevant: number of transactions conjoint in the report or currency to which money is exchanged, or account type (business or private) of representative of designated profession (lawyer, notary etc) or other.	
Explanatory text (in addition to indicated data without repeating)	

VII	**Annexes**			
Type of annex	**Paper form**	***Excel* form**	**Scanned document**	**Number of pages**
Copy of personal identification document				
Copy of drivers license				
Copy of registration certificate				
Account statement				
Copy of agreement				
Other _____				

Minister for Finance A. Slakteris

Cabinet
Regulation No 1071
22 December 2008

Report on unusual or suspicious transaction

(to be filed electronically)

Transaction information

Report registration data							Transaction information								
Control Office data			**At the Subject of the law**												
Control Office year (yy/..)	**Control Office number**	**Control Office registration date** (dd.mm.yyyy)	**Rapporteur code assigned by the control service**	**Report year** (yy/..)	**Report number**	**Report date** (dd.mm.yyyy)	**Transaction place (institution)** (2-letter code or SWIFT)	**Transaction status**	**Transaction date** (dd.mm.yyyy)	**Date of last transaction** (dd.mm.yyyy)	**Code of transaction kind** (101 – cash deposit; 102 – cash disbursement; 107 – transfer)	**Unusual transaction's indicator number according to Cabinet Regulation No 1071 of 22 December, 2008**	**Indicator for suspiciousness**	**Currency** (3-letter code)	**Transaction amount** (00 000,00)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

1.continued

Sender (for transactions with money transfer) or transaction performer (for transactions without money transfer)													
bank		**Legal person**					**Natural person (sender or transaction performer, or authorized person of a legal entity)**						
1. Bank SWIFT code (BIC code)	**1. Bank account number**	**1. Legal person name including abbreviation of business type at the end** (SIA, AS, IK, etc)	**1. Legal person registration number**	**1. Legal person registration country** (2-letter code according to ISO standard)	**1. Legal person address country** (2-letter code according to ISO standard)	**1. Legal person address**	**1. Natural person name (-s)**	**1. Natural person surname**	**1. Natural person personal identity code or date of birth** (ddmmyy – no dots)	**1. Natural person personal identification document number**	**1. Natural person personal identification document issuer country** (2-letter code according to ISO standard)	**1. Natural person address country** (2-letter code according to ISO standard)	**1. Natural person address**
17	18	19	20	21	22	23	24	25	26	27	28	29	30

2.continued

Receiver															**Notes**	
Bank		**Legal person**					**natural person** (receiver or authorized person of a legal entity)									
2. Bank SWIFT code (BIC code)	**2. Bank account number**	**2. Legal person name including abbreviation of business type at the end** (SIA, AS, IK etc)	**2. Legal person registration number**	**2. Legal person registration country** (2-letter code according to ISO standard)	**2. Legal person address country** (2-letter code according to ISO standard)	**2. Legal person address**	**2. Natural person name (-s)**	**2. Natural person surname**	**2. Natural person personal identity code or date of birth** (ddmmyy – no dots)	**2. Natural person personal identification document number**	**2. Natural person personal identification document issuer country** (2-letter code according to ISO standard)	**2. Natural person address country** (2-letter code according to ISO standard)	**2. Natural person address**		**Short notes**	**Explanatory text**
31	32	33	34	35	36	37	38	39	40	41	42	43	44		45	46

3.continued

Other participant (one person only)														
	Bank		**Legal person**					**Natural person**						
3. Role in the transaction (real beneficiary, beneficiary or other)	**3. Bank SWIFT code (BIC code)**	**3. Bank account number**	**3. Legal person name including abbreviation of business type at the end** (SIA, AS, IK etc)	**3. Legal person registration number**	**3. Legal person registration country** (2-letter code according to ISO standard)	**3. Legal person address country** (2-letter code according to ISO standard)	**3. Legal person address**	**3. Natural person name (-s)**	**3. Natural person surname**	**3. Natural person personal identity code or date of birth** (ddmmyy – no dots)	**3. Natural person personal identification document number**	**3. Natural person personal identification document issuer country** (2-letter code according to ISO standard)	**3. Natural person address country** (2-letter code according to ISO standard)	**3. Natural person address**
47	48	49	50	51	52	53	54	55	56	57	58	59	60	61

Minister for Finance A. Slakteris

Unofficial translation

In force from 03.12.2008. Published in:Vēstnesis 187 02.12.2008

Republic of Latvia
Cabinet

25.11.2008 Regulation nr. 966

Annex 4 Regulation on the list of the third countries imposing requirements equivalent to those of the European Union regulatory provisions with respect to the prevention of money laundering and of terrorist financing

(prot. No.83 § 7)

Issued pursuant to
part 4 of article 26
of the Law on the Prevention
of Laundering the Proceeds
from Criminal Activity (Money Laundering)
and of Terrorist Financing

1. Regulations approve the list of the third countries imposing requirements equivalent to those of the European Union regulatory provisions with respect to the prevention of money laundering and of terrorist financing.
2. The third countries imposing requirements equivalent to those of the European Union regulatory provisions with respect to the prevention of money laundering and of terrorist financing shall be deemed as follows:

2.1. United States of America;
2.2. Argentine Republic;
2.3. Commonwealth of Australia;
2.4. Federative Republic of Brazil;
2.5. Republic of South Africa;
2.6. Hong Kong;
2.7. Japan;
2.8. New Zealand;
2.9. Canada;
2.10. Russian Federation;
2.11. United Mexican States;
2.12. Republic of Singapore;
2.13. Helvetic Confederation.

Prime Minister I. Godmanis
Minister for Finance A. Slakteris
(Unofficial transalation by the Financial and Capital Market Commission)

Regulations No. 125
of 27 August 2008, done in Riga
(minutes. No. 33, Par. 8)

Annex 5 Regulations for Enhanced Customer Due Diligence

Issued in accordance with Paragraph 2 of Article 7 and Paragraph 5 of Article 22 of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing

I. General Issues

1. "Regulations for Enhanced Customer Due Diligence" (hereinafter, the Regulations) shall be binding to credit institutions, private pension funds, investment brokerage firms and investment management companies (hereinafter jointly referred to as financial institutions).
2. The Regulations establish the following:
2.1. the cases when a financial institution shall perform enhanced customer due diligence;
2.2. the procedure for and the minimum extent of the enhanced customer due diligence at inception of or during business relationship;
2.3. categories of risk of laundering the proceeds from criminal activity (money laundering) and of terrorist financing and the relevant risk characteristics;
2.4. special measures of enhanced customer due diligence;
2.5. the procedure whereby enhanced monitoring is applied to customer transactions.
3. The extent of information obtained as a result of enhanced customer due diligence depends on the risk of money laundering and terrorist financing. For various customers the extent of information obtained as a result of enhanced due diligence may be different.
4. A financial institution shall decide on terminating business relationship with a customer where within 45 days of determining preconditions for enhanced customer due diligence it cannot ensure that the requirements for the minimum extent of enhanced customer due diligence are met in essence.

II. Procedure for Enhanced Customer Due Diligence

5. To assess the risk associated with a customer a financial institution shall use the risk categories and the relevant risk characteristics as set out in the Regulations.
6. A financial institution shall be entitled to establish the weighted rate of risk categories and the customer scoring system and use other standard decision–making algorythms that shall be properly documented provided that they do not contradict the requirements of the Regulations.
7. Enhanced customer due diligence shall be comprised of the following:
7.1. initial due diligence that is undertaken at inception of business relationship with a customer or when accepting a customer;
7.2. due diligence that is performed during business relationship.
8. When establishing business relationship with a customer, a financial institution shall determine the initial risk associated with the customer by assessing the following risk categories:
8.1. country risk;
8.2. risk associated with the legal form of the customer;
8.3. risk associated with the economic or personal activity of the customer;
8.4. risk associated with the products or services used by the customer.
9. When detecting that a customer complies with any high risk characteristics as set out in the Regulations, a financial institution shall perform the customer's initial due diligence.
10. Irrespective of the initial risk assessment or the volume of the transactions made a financial institution shall perform enhanced customer due diligence where:
10.1. there is suspicion that the customer has made transactions related to money laundering or terrorist financing;
10.2. information or a request for information about a customer or his/her transactions in respect of money laundering, terrorist financing or criminal offences has been received from correspondent credit institutions;
10.3. a request for information about a customer or his/her transactions in respect of the suspicion about a committed money laundering, terrorist financing or other criminal offence has been

received from the Financial Intelligence Unit, pre–trial investigation institutions, the Office of the Prosecutor or the court;
10.4. requests for information about a customer or his/her transactions in respect of money laundering, terrorist financing or other criminal offence have been received from a pre–trial investigation institution, the Office of the Prosecutor or the court within a criminal process.
11. A financial institution shall ensure functioning of the internal control system to detect in reasonable time the cases when enhanced customer due diligence shall be performed.

III. Categories of the Risk of Money Laundering and Terrorist Financing and Relevant Risk Characteristics

12. Customer residence (registration) country risk is the risk for a financial institution to get involved in money laundering or terrorist financing as a result of cooperating with a customer from a country that may be used for money laundering or terrorist financing due to its economic, social, legal or political conditions.
13. A country or a territory shall be considered as having a high customer residence (registration) country risk where:
13.1. it has been included in the list of low tax or tax free countries and territories as approved by the Cabinet of Ministers;
13.2. the United Nations Organisation or the European Union has established financial or civil legal restrictions in respect of it;
13.3. it has been included in the list of non–cooperating countries of the Financial Action Task Force or that body has published a statement to the effect that the respective country or territory does not have regulatory provisions for combating money laundering or terrorist financing or such provisions fail to comply with international requirements due to material deficiencies. The Financial and Capital Market Commission shall notify financial institutions of such countries and territories.
14. Customer risk is the risk of money laundering and terrorist financing that is associated with the customer's legal form, ownership structure or commercial activities.
15. The following customers shall be considered as having a high risk of money laundering and terrorist financing:
15.1 legal persons that issue or are entitled to issue bearer shares (equities);
15.2. legal persons whose ownership or membership structure hampers the detection of the beneficial owner;
15.3. societies, foundations and legal arrangements equivalent to foundations that are not established for profit–gaining purposes except in the cases when they have been granted the status of public good in the Republic of Latvia;
15.4. external accountants, legal advisors or legal arrangement and company service providers that open accounts on their behalf with financial institutions to perform financial operations on customers' behalf;
15.5. customers whose commercial or private activities are not related to the Republic of Latvia except in the cases when a customer enters into a business relationship with a branch or a representative office or a parent or a subsidiary undertaking in a foreign country of a financial institution registered in the Republic of Latvia and the customer's commercial or private activities are related to the country where that branch or representative office or the parent or the subsidiary undertaking is located. The said condition shall not refer to the cases when a customer obtains units of an investment fund registered in the Republic of Latvia.
16. The following types of a customer's commercial activities shall be considered as having a high risk of money laundering or terrorist financing:
16.1. arrangement of gambling;
16.2. provision of cash collection services;
16.3. intermediation in transactions with real estate;
16.4. trading in precious metals and precious stones;
16.5. trading in arms and ammunition;

16.6. provision of reinsurance services except in the cases when the service provider has an appropriate licence and its activity is supervised or it has been granted an assessment in investment category by international rating agencies;
16.7. provision of money services (e. g., teller desks for payments, foreign exchange offices, money transmission agents or other service providers offering money transmission possibilities).
17. Product (service) risk is the risk that the service or the product provided by a financial institution may be used for money laundering or terrorist financing.
18. The following products (services) of a financial institution shall be considered as having a high risk of money laundering and terrorist financing:
18.1 private banking services whereby tailor–made services are provided to wealthy customers, natural persons, by ensuring overall asset management, including advice on financial planning, investment, tax and heritage issues, special lending terms, special procedure whereby these customers and their transactions are serviced and higher confidentiality of customer data;
18.2. loans secured with a collateral of financial instruments or a guarantee issued by a credit institution of a third country, excluding repo transactions;
18.3. trust services where the amount transferred for trust exceeds an equivalent of 200 000 lats;
18.4. issuing and servicing payment cards provided that a single customer, natural person, orders more than 10 payment cards or a single customer, legal person, orders at least 20 payment cards or a less quantity where the number of payment cards is not related to the economic activity of the customer.
19. A transaction of a customer shall be considered as having a high risk of money laundering and terrorist financing where it has the following characteristics:
19.1. the payment made or received notably exceeds the threshold set by a financial institution as a result of the due diligence of the customer's economic/personal activity;
19.2. the monthly credit turnover exceeds an equivalent of 200 000 lats or notably exceeds another lower threshold set by a financial institution as a result of the due diligence of the customer's economic/personal activity;
19.3. the three–months credit turnover exceeds an equivalent of 500 000 lats or notably exceeds another lower threshold set by a financial institution as a result of the due diligence of the customer's economic/personal activity;
19.4. the yearly credit turnover exceeds an equivalent of 2 000 000 lats or notably exceeds another lower threshold set by a financial institution as a result of the due diligence of the customer's economic/personal activity;
19.5. the first credit transaction on the customer's account is made six months after the date of establishing business relationship with the customer and the monthly credit turnover has reached an equivalent of 50 000 lats;
19.6. the first outgoing payment from the customer's account is made 12 months after the opening of the account;
19.7. a cash transaction of a customer, natural person, exceeds an equivalent of 10 000 lats or the aggregate cash transactions in a month exceed an equivalent of 50 000 lats, or a cash transaction of a customer, legal person, exceeds the threshold that has been set by a financial institution for such aggregate of cash transactions as a result of the due diligence of the customer's economic activity;
19.8. a customer is a society or a foundation and within business relationship money is transmitted to a foreign country and the transaction volume exceeds an equivalent of 7 000 lats.
20. Where a customer complies with the characteristics set out in Paragraphs 13, 15, 16 or 18 hereof, a financial institution shall establish thresholds for cash transactions that are appropriate to the customer's economic or personal activities, document them and the motivation for their establishment.
21. When establishing whether a customer has exceeded the thresholds set for his/her transactions, the following may be disregarded:
21.1. transfers by a customer to his/her other accounts with the same financial institution;
21.2. mutual settlements between the financial institution and the customer.

IV. Minimum Extent of Enhanced Customer Due Diligence at Inception of Business Relationship with a Customer

22. Where a financial institution detects that a customer complies with any characteristics referred to in Paragraphs 13, 15, 16 and 18 hereof, it shall:
22.1. obtain additional information about the type of the customer's economic or personal activities, origin of funds, existing or planned cooperation with the financial institution, information about the main counterparties of the customer, the nature of business relationship, the planned transaction volumes and the location where the economic activity is carried out or the customer resides (the customer's actual address);
22.2. establish the customer's beneficial owner where the customer is a legal person or it is known or suspected that the customer has established business relationship with the financial institution in the interests or on instruction of another person;
22.3. use publicly available information to determine whether the customer, his/her authorised person and the beneficial owner have not been previously convicted and are not suspected for fraudulent activities, money laundering or an attempt thereof. When uncovering such information, an approval of the board or of a board member authorised by the board shall be received to establish business relationship with such customer;
22.4. establish the reasons if a person wishes to establish business relationship with the financial institution that is located in a country that is not related with that person’s personal or commercial activity;
22.5. ensure that the customer has a licence, a special permission or it has been registered with the respective competent authority, if it is necessary for the customer to carry out the declared activity;
22.6. request that the customer whose legal form complies with the characteristics set out in Paragraph 15.1 hereof certifies that the financial institution will receive information in case the beneficial owners of the customer will change.

V. Minimum Requirements for Enhanced Customer Due Diligence Performed During Business Relationship

23. Where a customer complies with any of the characteristics set out in Paragraphs 13, 15, 16 and 18 hereof and his/her transactions comply with the characteristics set out in Paragraph 19 hereof, a financial institution shall:
23.1. verify whether the transactions made on the customer’s account comply with the economic activity declared by the customer;
23.2. obtain additional information to ensure that the beneficial owner as indicated by the customer or established by the financial institution is in fact the customer’s beneficial owner;
23.3. establish the origin of the financial resources on the customer’s account;
23.4. analyse the customer’s economic or personal activity.
24. When verifying whether the transactions made on the customer’s account comply with the economic activity declared by the customer, the financial institution shall verify the following:
24.1. that the transactions made by the customer are economically motivated and do not exceed notably the declared volume;
24.2. that the customer’s payments comply with the economic or personal activity declared by the customer;
24.3. that the customer’s transactions with the declared and other counterparties do not contradict the customer’s economic activity;
24.4. that it has underlying documents of transactions with the customer’s main counterparties.
25. Where a financial institution establishes that it does not have sufficient information to verify the facts according to Paragraphs 24.1–24.4 hereof, it shall request the customer’s explanation or the necessary information and documents.

26. To verify that the beneficial owner as indicated by the customer or established by the financial institution is in fact the customer's beneficial owner, the financial institution shall carry out one or more of the following:
26.1. obtain additional information about the property status of the beneficial owner;
26.2. establish the economic or personal activity of the beneficial owner or previous professional experience, education and other information where it is necessary to carry out the respective economic activity and financial transactions;
26.3. establish whether the economic or personal activity of the beneficial owner and/or of other legal persons whose beneficial owner it is complies with or is related with the economic activity carried out by the customer of the financial institution;
26.4. obtain other information evidencing that the person indicated as the beneficial owner exercises control over the customer and benefits from his/her activities.
27. When analysing the customer's economic or personal activity and establishing the origin of the customer's financial resources, the financial institution shall:
27.1. update information about the origin of the funds credited to the customer's account and information characterising the customer's economic or personal activity;
27.2. obtain documents that support the declared economic or personal activity or the origin of the funds in the account, including the customer's explanation and documents about the transactions or the facts due to which enhanced customer due diligence has been performed;
27.3. verify compliance of the transactions made with the available information about the customer's financial standing (financial statements) and economic activity. Where the financial institution does not have the customer's financial statements, it shall analyse the customer's largest transactions and verify that they comply with the type and extent of the customer's economic or personal activity and are characteristic of the respective economic activity as existing on the market;
27.4. establish other customers of the financial institution who have the same beneficial owners. The financial institution shall make records about a group of customers with the same beneficial owner indicating the role of each participant in the group;
27.5. assess the necessity to meet the customer at the place where he/she carries out the economic activity to verify that the previously submitted information about the beneficial owner and the economic activity complies with the real situation.

VI. Special Measures of Enhanced Customer Due Diligence

28. Where a financial institution repeatedly detects that the customer's transactions comply with the characteristics set out in Paragraph 19 hereof, it shall verify whether the transactions disclosed in the customer's account comply with the declared ones and where the financial institution doubts whether the information at its disposal is fair, it shall repeatedly verify that the previously submitted information about the beneficial owner and the economic or personal activity comply with the real situation.
29. Where a financial institution uncovers, on a regular basis, that the customer's transactions comply with any characteristics set out in Paragraph 19 hereof, it shall verify that these transactions do not give rise to suspicion of money laundering or terrorist financing and ensure that it has the latest information about the customer's economic activity.
30. Where a financial institution establishes that the customer's transactions comply with the characteristics set out in Paragraph 19.5 hereof, it shall assess information about the reasons for the delayed activity by the customer and, if necessary, update information about the further economic activity and transaction volumes.
31. Where a financial institution establishes that the customer's transactions comply with the characteristics set out in Paragraph 19.7 hereof, it shall verify that the usage and the volume of cash transactions comply with the type of the customer's economic or personal activity and turnover.

32. Where a financial institution establishes that the customer's transactions comply with the characteristics set out in Paragraph 19.8 hereof, it shall:
32.1. verify that the transaction made complies with the goals and activity direction of the society or the foundation;
32.2. obtain additional information about the goal for making a particular transaction;
32.3. obtain information about the funding sources and larger financing bodies of the society or the foundation.

VII. Requirements for Maintaining Electronic Data Base for Information about Non–Resident Customers

33. To improve transparency of information about customers, legal persons, registered in low tax or tax free countries or territories, a credit institution shall establish and maintain an electronic data base in which it shall include the following records about its customers that are registered in low tax or tax free countries or territories:
33.1. the name;
33.2. the legal address;
33.3. the address where the customer carries out his/her economic activity;
33.4. the description of the type of the customer's economic activity;
33.5. the registration date of the customer;
33.6. the date of starting business relationship with the customer;
33.7. the name and the surname of the beneficial owner or the name of the controlling legal person.
34. A credit institution shall update, on a regular and timely basis, information about the non–resident customers contained in the electronic data base.

VIII. Procedure for Enhanced Monitoring of Customer's Transactions

35. Where enhanced customer due diligence is applied to a customer, a financial institution shall apply enhanced monitoring to his/her transactions.
36. A financial institution shall apply enhanced monitoring to a customer's transactions until it obtains the information necessary for performing enhanced customer due diligence or takes the decision to terminate business relationship with the customer.
37. Where a financial institution applies enhanced monitoring to a customer's transactions, it shall be entitled to establish the following restrictions to the execution of the customer's transactions and make the relevant records:
37.1. establish that the transaction is executed only with the approval of an employee or a senior official of the financial institution;
37.2. establish quantitative limits for the customer's transactions;
37.3. allow only particular transaction or payment types (e. g., payment of taxes etc.);
37.4. allow only transactions to particular countries or with particular counterparties;
37.5. establish other types of supervision measures or restrictions.
38. Where a financial institution considers it necessary, it shall be entitled to keep the restrictions set out in Paragraph 37 hereof also after it has obtained the information necessary for performing enhanced customer due diligence.

IX. Closing Issues

39. With these Regulations taking effect, the FCMC's Regulations No. 93 of 12 May 2006 "Regulations for the Formulation of an Internal Control System for the Prevention of Laundering of Proceeds Derived from Criminal Activity and Financing of Terrorism" shall lapse.
40. By 31 March 2009 a financial institution shall ensure that all necessary measures are taken to apply the requirements of these Regulations in full amount.

Chairwoman of the Financial and Capital Market Commission I. Krūmane

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A

SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME SEAL

Publicly available	To be published on the Internet homepage of the Financial and Capital Market Commission	To be published in the Official Newspaper *Latvijas Vēstnesis*
Yes	Yes	Yes

Annex 6 Recommendations to Capital Companies that Have Received a Licence Issued by the Bank of Latvia for Purchasing and Selling Cash Foreign Currencies for Developing an Internal Control System for the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing

Riga, 13 May 2009

Recommendations to Capital Companies that Have Received a Licence Issued by the Bank of Latvia for Purchasing and Selling Cash Foreign Currencies for Developing an Internal Control System for the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing

(Unofficial translation)

Issued pursuant to Subparagraph 7 of Paragraph 1 of Article 47 of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing

I. General provisions

1. These Recommendations establish the basic principles to which the capital companies that have received a licence issued by the Bank of Latvia for purchasing and selling cash foreign currencies (hereinafter, the capital company) shall adhere when developing an internal control system in compliance with the requirements of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing.

II. Basic principles

2. To comply with the requirements of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing and reduce the possibility for a capital company to get involved in money laundering and terrorist financing and provide services to customers that could be involved in transactions of money laundering and terrorist financing, the capital company shall develop and document an internal control system (policies and procedures) approved by its administrative body.

3. The documents of the internal control system shall specify:

3.1 the customer and beneficial owner identification procedure;

3.2 the money laundering and terrorist financing risk assessment procedure as to a customer;

3.3 the procedure whereby unusual and suspicious transactions are detected;

3.4 the customer due diligence procedure;

3.5 the procedure whereby a person refrains from executing suspicious transactions;

3.6 the procedure whereby unusual and suspicious transactions are reported and the relevant documents stored;

3.7 the procedure whereby a customer's transactions are monitored;
3.8 the procedure whereby the data and documents obtained during the course of the customer identification and due diligence and monitoring of the transactions conducted by the customer are stored;
3.9 the rights, duties and responsibility of the employees of a capital company while observing the requirements of the internal control system.

III. Customer and beneficial owner identification

4. A capital company shall establish the customer and beneficial owner identification procedure.
5. A capital company shall identify a natural person on the basis of the following personal identification documents:
5.1 for a resident - the passport of the Republic of Latvia;
5.2 for a non-resident - a personal identification document valid for immigration into the Republic of Latvia.
6. A capital company shall identify a legal person on the basis of the documents referred to in the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing. A capital company can identify a legal person by obtaining information on it from a publicly available source that is reliable and independent.
7. Where a capital company uses other sources of information for the customer identification in addition to the documents submitted by the customer, it shall document the used source of information and the information provided by this customer.
8. When identifying a customer, a capital company shall:
8.1 ascertain whether the customer executes a transaction in his/her own or the beneficial owner's task;
8.2 make copies of the customer's and (if possible) the beneficial owner's identification documents;
8.3 upon finding out that the customer is a legal person, (if possible) clarify and document the natural persons who actually own the majority of capital shares;
8.4 ascertain the authenticity and validity of the customer's and (if possible) the beneficial owner's identification documents, as well as of other submitted documents;
8.5 immediately notify a competent law enforcement authority when detecting counterfeit submitted identification documents or other documents;
8.6 check the lists sent by the Office for the Prevention of Laundering the Proceeds Derived from Criminal activity (hereinafter, the Financial Intelligence Unit) and other information available to ascertain that the customer or beneficial owner is not related to terrorism or money laundering or he/she is not a politically exposed person.
9. A capital company shall not execute a transaction with a customer who has not been fully identified in compliance with the requirements of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing.

IV. Money laundering and terrorist financing risk assessment procedure as to a customer

10. A capital company shall establish the money laundering and terrorist financing risk assessment procedure as to a customer.
11. A capital company shall assess the following money laundering and terrorist financing risks as to a customer:
11.1 the state risk;
11.2 the risks as to a customer:
11.2.1 the risk associated with the customer's legal form;
11.2.1 the risk associated with the customer's business and personal activities;
11.2.3 the risk associated with the services used by the customer.

12. The risk as to a customer's country of residence (registration) shall be deemed a risk that a capital company could be involved in money laundering and terrorist financing when executing a transaction with a customer from a country whose economical, social, legal or political conditions can facilitate its involvement in money laundering and terrorist financing.
13. The following country or territory shall be deemed a high-risk customers' country of residence (registration):
13.1 the one included in the list of low-tax and tax-free countries and territories approved by the Cabinet of Ministers of the Republic of Latvia;
13.2 the one being imposed financial or civil restrictions by the United Nations or the European Union;
13.3 the one included in the list of countries not participating in the Financial Action Task Force or which has been announced by the said organization as a country or a territory which lacks laws and regulations to prevent money laundering or terrorist financing or in which these laws and regulations contain material deficiencies thus not complying with the international requirements.

14. The risk as to a customer shall be the money laundering and terrorism financing risk that is characteristic of the customer's legal form, ownership structure or the customer's business activities.
15. A risk incurred by the customer's legal form shall be deemed high where it is related to the following legal persons:
15.1 a legal person whose structure of owners or participants burdens the possibility to determine the beneficial owner;
15.2 An association, a foundation or an equivalent legal arrangement that does not gain profit.
16. The following shall be deemed a risk incurred by a customer's business or personal activities:
16.1 a customer's business or private activities not related to the Republic of Latvia;
16.2 a customer's business activities related to:
16.2.1 organization of gambling;
16.2.2 delivery of collection services;
16.2.3 intermediation in real estate transactions;
16.2.4 trade with precious metals and precious stones;
16.2.5 trade with weapons and ammunition;
16.2.6 delivery of cash services.

17. The risk incurred by the services used by a customer shall be deemed a risk that the service provided by the capital company can be used for money laundering and terrorism financing.

V. Detecting unusual and suspicious transactions

18. A capital company shall indicate criteria featuring an unusual or suspicious transaction in the internal control system document.
19. A transaction shall be deemed suspicious if it conforms to at least one of the following indicators:
19.1 regarding a customer (a transaction not typical to the customer):
19.1.1 customer identification problems (a customer does not want to provide identification information or provides it to insufficient extent, provides fictitious information, provides information that is hard to be verified or there is a reasonable suspicion that the identification document is counterfeit);
19.1.2 the customer is nervous without an obvious reason;
19.1.3 the customer is accompanied by persons watching him/her;
19.1.4 the customer brings money he has not counted;
19.1.5 the customer conducts a large number of small volume identical transactions, thus causing suspicion that he/she deliberately avoids a transaction that would meet the criteria for an unusual transaction;

19.1.6 the customer conducts a complicated transaction (the transaction lacks a clearly understandable economical or legal reason);
19.1.7 information from the Financial Intelligence Unit or any other law enforcement institution regarding suspicions against the customer or beneficial owner has been received;
19.1.8 there is a reasonable suspicion that the customer or beneficial owner may have a possible relation to terrorism, although he/she is not included in the list of terrorists sent by the Financial Intelligence Unit and he/she is not reported to it before;
19.2 regarding a transaction (volume or type of the transaction not typical to the customer):
19.2.1 the customer executes a transaction not typical to him/her (large volume of the transaction not typical to the customer);
19.2.2 there is a reasonable suspicion that a transaction involves money laundering (the origin of the funds used in the transaction is not clear);
19.2.3 the customer conducts a transaction not appropriate to his/her financial position;
19.2.4 the transaction is related to another suspicious transaction that has already been reported to the Financial Intelligence Unit;
19.2.5 there is a reasonable suspicion that a counterfeit document has been used in the transaction;
19.3 regarding the banknotes used in a transaction:
19.3.1 the face value of the banknotes is not typical to the customer;
19.3.2 the packaging of the banknotes is not typical to the customer;
19.3.3 in a transaction whose equivalent exceeds 1000 lats, coins or banknotes with a small face value are replaced with banknotes with a larger face value (or vice versa) or with other banknotes with the same face value;
19.4 in other cases established by the internal control system.
20. A financial transaction is unusual if it conforms to at least one of the following indicators:
20.1 a customer purchases or sells currency in the amount equalling 5000 lats or more;
20.2 a customer or beneficial owner is suspected of committing an act of terror or participating in such an act, is included in the list of terrorists sent by the Financial Intelligence Unit and the capital company has been notified of him/her to this effect by the Financial Intelligence Unit;

VI. Transactions with politically exposed persons

21. A capital company shall establish the procedure whereby politically exposed persons are determined when performing the customer and beneficial owner identification.
22. Until the moment when the institution responsible for the preparation and issuance of the list of such persons is established in the European Union countries, including Latvia, and such a list is issued, capital companies shall use information on the scope of these persons at their disposal.
23. If, when identifying a customer in case of an unusual or suspicious transaction, it is determined that the customer or beneficial owner is a politically exposed person, an employee of the capital company shall take the following measures prior to executing a transaction:
23.1 inform the responsible person of the capital company on executing a transaction with a politically exposed person and receive his/her consent to execute the transaction;
23.2 take and document measures to determine the origin of the funds used in the transaction of the politically exposed person.

VII. The customer due diligence procedure

24. Where a transaction is unusual or suspicious, a capital company shall perform the customer or beneficial owner identification by filling in the identification form (see Appendix 1 for natural persons and Appendix 2 for legal persons), indicating the following data (if possible):
24.1 regarding a natural person - the name, surname, identity code or the number and date of issue of an identification document, as well as its issuing authority;

24.2 regarding a legal person - the legal basis for the foundation or legal registration and the address, type of activity, as well as the name, surname of the authorised person and the number and date of issue of an identification document, its issuing authority, as well as the authorization and status of this natural person and (if necessary) the name and surname of the manager of the legal person or the superior officer of the administrative body.
25. Where a customer executes a transaction that, in compliance with the internal control procedure of a capital company, is qualified as an unusual or suspicious transaction or the customer is a high-risk customer or a politically exposed person, the capital company shall be entitled to request the customer to provide the following information and documents in addition:
25.1 information on the origin of the financial assets involved in the transaction (see Appendix 3 for natural persons and Appendix 4 for legal persons);
25.2 information on the purpose of using the financial assets involved in the transaction;
25.3 information on the customer's business and personal activities;
25.4 information on the customer's financial standing;
25.5 any other information necessary.
26. A capital company shall, where possible, by using publicly available information, clarify whether the customer, its authorized person and beneficial owner has been previously imposed a penalty or is suspected of fraudulent activities, laundering the proceeds from criminal activity, terrorist financing or an attempt thereof.

VIII. Refraining from executing unusual and suspicious transactions
27. Where a customer refuses to provide information required pursuant to Paragraph 25 of these Recommendations or the information obtained during the customer due diligence indicates that the transaction is related or may be reasonably suspected of being related to money laundering or terrorist financing, a capital company shall take one of the following decisions:
27.1 not to execute a suspicious transaction;
27.2 to refrain from executing a suspicious transaction retaining money resources in cases referred to in Subparagraphs 19.1.7, 19.1.8, 19.4 and 20.2;
27.3 to execute a suspicious transaction.
28. A capital company shall appoint a person entitled to take the decisions referred to in Paragraph 27 of these Recommendations.
29. Where a capital company takes a decision to refrain from executing an unusual or suspicious transaction pursuant to the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing, such refraining can be made only in good faith and only in case money laundering or terrorist financing is detected or there is a reasonable suspicion of it.
30. A capital company's decisions to refrain from executing un unusual or suspicious transaction retaining money resources or to cease such refraining shall be motivated, drawn up in writing and immediately but not later than on the next business day reported to the Financial Intelligence Unit and the Bank of Latvia.
31. A capital company shall take a decision to execute a suspicious transaction, where it is not possible to refrain from executing it or where refraining from executing such transaction may serve as information helping the persons involved in money laundering or terrorist financing to avert from liability.

IX. Reporting unusual and suspicious transactions
32. A capital company shall establish the procedure whereby data on its customers, beneficial owners and suspicious and unusual financial transactions are provided, registered, stored and protected.
33. A capital company shall establish a special register for registering reports on unusual and suspicious transactions.

34. A capital company shall prepare a report to the Financial Intelligence Unit on an unusual or suspicious transaction which (if possible) contains the following:
34.1 the identification data of the customer and beneficial owner;
34.2 a copy of the customer's identification document;
34.3 a description of the currency exchange transaction conducted or proposed, as well as the place and time of conducting it;
34.4 the indicators that give rise to deem a currency exchange transaction unusual or suspicious;
34.5 any other data and documents that could play a role in assessing the certain transaction.
35. A capital company shall register the report referred to in Paragraph 34 in a register specially designed for that purpose and send it in person to the Financial Intelligence Unit: :
35.1 regarding an unusual or suspicious financial transaction - immediately;
35.2 regarding refraining from executing a transaction retaining money resources - immediately but not later than on the next business day.
36. The copies of the customer identification documents and information on the detected unusual and suspicious transactions, including the copy of the report sent to the Financial Intelligence Unit, shall be kept for no less than five years.
37. A capital company shall not be entitled to inform a customer or a third person about the fact that information on him/her or his/her transaction has been reported to the Financial Intelligence Unit.
38. A capital company shall ensure the availability of the documents referred to in Paragraph 33 of these Recommendations and all information related to its internal control system to the supervisory and control authorities.
39. A capital company shall register and keep records of the Financial Intelligence Unit's requests for information on the customers of the capital company and transactions executed by them.

X. Supervision of the customers' transactions
40. A capital company shall ensure constant supervision of the transactions conducted by the customers.
41. Taking into account the information obtained within the framework of the supervision of customers' transactions and that provided by the Financial Intelligence Unit and other law enforcement bodies, a capital company shall be entitled to establish intensified supervision of the transactions conducted by the customers and impose the following restrictions:
41.1 to establish that transactions with the customers are conducted only with the consent of the administrative body or the responsible employee of the capital company;
41.2 to establish the limits of customers' transactions;
41.3 to establish supervisory measures or restrictions of any other kind.

XI. Rights, obligations and responsibility of the employees of a capital company in complying with the requirements of the internal control system
42. The executive body of a capital company shall ensure effective implementation of the internal control system in everyday-work.
43. A capital company shall appoint one or several employees who are entitled to take decisions and are directly responsible for complying with the requirements of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing.
44. A capital company shall be prohibited from disclosing information on the third parties of the appointed responsible employees.
45. The responsible employee of a capital company shall:
45.1 have a good knowledge of the requirements of the laws and regulations governing the prevention of money laundering and of terrorist financing and the risks associated with money laundering and terrorist financing;

45.2 inform the administrative body of the capital company on a regular basis on the operation of the internal control system in the capital company and, if necessary, put forward proposals to improve the operation of the internal control system.
46. The appointed person of a capital company shall be responsible for:
46.1 the operation of the internal control system of the capital company;
46.2 informing the employees of the capital company and training in issues regarding the internal control system;
46.3 reporting unusual and suspicious transactions to the Financial Intelligence Unit;
46.4 storing and protecting of information obtained during the customer identification process;
46.5 the Financial Intelligence Unit's request for registering, accounting and protecting the capital company's customers and transactions conducted by them.
47. The employee of a capital company conducting transactions with customers shall be responsible for:
47.1 the customer identification;
47.2 detecting an unusual or suspicious transaction and reporting the detected unusual and suspicious transactions to the responsible person of the capital company.
48. When documenting procedures, a capital company shall assess the efficiency of the internal control system at least once a year and, if necessary, take measures to improve it.
49. A capital company shall ensure:
49.1 training of its new employees in issues relating to the internal control system;
49.2 constant training of the employees and regular improvement of their professional skills in issues regarding the internal control system.
50. The training referred to in Subparagraph 49.2 of these Recommendations shall be carried out at least once a year and it shall include the following subjects:
50.1 laws and regulations governing the prevention of money laundering and of terrorist financing;
50.2 risks associated with money laundering and terrorist financing;
50.3 core principles of a capital company's internal control system;
50.4 detecting of unusual and suspicious transactions.
51. A capital company shall register data on conducted training in the relevant documents (registration books of instructions). The fact that an employee has been trained in issues regarding the internal control system shall be certified by his/her signature in the registration book of instructions.

XII. Concluding issues

52. The Bank of Latvia's Council Regulation No. 115/7 "On Approving the "Recommendations to Business Ventures (Companies) and Entrepreneurs Purchasing and Selling Cash Foreign Currencies for Developing an Internal Control System for the Prevention of Laundering of Proceeds Derived from Crime and Financing of Terrorists"" of 11 November 2004 (Latvijas Vēstnesis, 2004, No. 185) shall be deemed invalid.
53. The Recommendations shall take effect on 1 June 2009.

Governor of the Bank of Latvia I. Rimsevics

Annex 7 Customer beneficial owner identification form

Appendix 1
to the Bank of Latvia Council's Recommendations
No 37 of 13 May 2009

CUSTOMER/BENEFICIAL OWNER IDENTIFICATION FORM (A NATURAL PERSON)

(identification data of the customer – name, surname and person's identity number)

Transaction amount _____

I hereby confirm that (please circle what is applicable):
A. I am not a politically exposed person:
B. I am a politically exposed person;
C. the beneficial owner is a politically exposed person.

I hereby confirm that (please circle what is applicable):
A. I am the beneficial owner;
B. the following person(s) is (are) the beneficial owner(s):

(identification data – name, surname and person's identity number)

I hereby confirm that the above information is complete and true.

_____/_____
(signature) (name, surname)

_____
(date)

Politically exposed person – a natural person who holds any of the following positions in another country: the head of the state, a member of the parliament, the head of the government, a minister, a deputy minister or an assistant minister, a state secretary, a judge of the supreme court, a judge of the constitutional court, a member of the council or board of the court of auditors, a member of the council or board of a central bank, an ambassador, a c*hargé d'affaires*, a high-ranking officer of the armed forces, a member of the council or board of a state-owned capital company, as well as a person who has resigned from the position within one year;
a parent, a spouse/person treated as equivalent to a spouse, a child, and his/her spouse/person treated as equivalent to a spouse; a person publicly known to have a business relationship with any of the politically exposed persons or a joint ownership with such a person of the share capital in a commercial company, as well as a natural person that is the sole owner of a legal arrangement that is known to be established for the benefit de facto of a politically exposed person.
Beneficial owner – a natural person for whose benefit or in whose interest a business relationship has been established or in whose interest an occasional transaction is conducted without establishing a business relationship.

Governor of the Bank of Latvia I. Rimsevics

Appendix 2
to the Bank of Latvia Council's Recommendations
No 37 of 13 May 2009

CUSTOMER/BENEFICIAL OWNER IDENTIFICATION FORM (A LEGAL PERSON)

(identification data of the customer – name, registration No. and legal address)

Authorised person _____

Transaction amount _____

Types of business activities (please circle what is applicable):
A. organization of gambling;
B. delivery of cash collection services;
C. intermediation in transactions with real estate;
D. trading in precious stones and precious metals;
E. trading in weapons and ammunition;
F. delivery of cash services:
G. other

I hereby confirm that (please circle what is applicable):
A. I am the beneficial owner;
B. the following person(s) is (are) the beneficial owner(s):

(identification data including the name and registration No. (for a legal person) or the name, surname and identity code (for a natural person)

I hereby confirm that the above information is complete and true.

(position of the authorised signatory of a legal person)

_____/_____
(signature) (name, surname)

_____
(date)

Beneficial owner – a natural person who owns or directly or indirectly controls at least 25% of the share capital or voting rights of a business or who exercises other control over the business, who, directly or indirectly, is entitled to the property or exercises direct or indirect control over at least 25% of a legal arrangement other than a business. In the case of a foundation, a beneficial owner shall be a person or a group of persons for whose benefit the foundation has been set up. In the case of political parties, societies and cooperative societies, a beneficial owner shall be the respective political party, society or cooperative society. Beneficial owner is a natural person for whose benefit or in whose interest a business relationship has been established or in whose interest an occasional transaction is conducted without establishing a business relationship.

Governor of the Bank of Latvia I. Rimsevics

Appendix 3
to the Bank of Latvia Council's Recommendations
No 37 of 13 May 2009

INFORMATION DISCLOSURE FORM FOR CUSTOMER DUE DILIGENCE
(A NATURAL PERSON)

Name, surname _____

Person's identity number _____

Declared residence _____

Contact details _____

(telephone number, e-mail address)

Document verifying the person's identity _____

(the type of document, number, date of issue, issuing authority)

Employer _____

Position _____

Source of the funds (money resources) to be used in the transaction:

A. wage/salary _____

(in average per month in the last six-month period)

B. other income _____

(please also specify the source of income)

_____

_____

_____

Please find appended_____
(to be filled out only if applicable)

I hereby confirm that the above information is completed and true.

_____/_____
(signature) (name, surname)

_____
(date)

This information is requested pursuant to Part 1 of Article 28 of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing establishing that, in order to comply with the requirements of this Law, a person subject to this Law shall be entitled to request from customers and customers shall have a duty to provide truthful information and documents necessary for customer due diligence, including information and documents on the beneficial owners, transactions executed by the customers, business and personal activities and financial standing of the customers and beneficial owners and the source of cash or other funds.

Governor of the Bank of Latvia I. Rimsevics

Appendix 4
to the Bank of Latvia Council's Recommendations
No 37 of 13 May 2009

INFORMATION DISCLOSURE FORM FOR CUSTOMER DUE DILIGENCE
(A LEGAL PERSON)

Name_____

Registration No. _____

Legal address _____

Contact details _____
(telephone number, e-mail address)

Position of the authorised person _____

Name, surname and identity number of the authorised person _____

Document verifying the person's identity _____
(the type of document, number, date of issue, issuing authority)

Source of the funds (money resources) to be used in the transaction _____

Please find appended_____
(to be filled out only if applicable)

I hereby confirm that the above information is completed and true.

_____/_____
(signature) (name, surname)

_____
(date)

This information is requested pursuant to Part 1 of Article 28 of the Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorist Financing establishing that, in order to comply with the requirements of this Law, a person subject to this Law shall be entitled to request from customers and customers shall have a duty to provide truthful information and documents necessary for customer due diligence, including information and documents on the beneficial owners, transactions executed by the customers, business and personal activities and financial standing of the customers and beneficial owners and the source of cash or other funds.

Governor of the Bank of Latvia I. Rimsevics

Tulkošanas un terminoloģijas centra tulkojums

Text consolidated by Tulkošanas un terminoloģijas centrs (Translation and Terminology Centre) with amending laws of:
17 June 1996;
4 June 2002 (Judgment of the Constitutional Court)
24 October 2002;
12 June 2003;
28 October 2004.

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The Supreme Council of the

Republic of Latvia has adopted a Law:

Annex 8 Notariate Law

[17 June 1996]

Chapter One
General Provisions

1. The oversight of notarial matters shall be entrusted, under the supervision of judicial institutions, to sworn notaries in accordance with the procedures set out in this Law.
This Law shall regulate the professional and corporate activities of sworn notaries.
[24 October 2002]
2. Sworn notaries are persons belonging to the court system, who are assigned to regional courts and perform duties prescribed to them by law.
3. In respect of their official duties, sworn notaries shall be equivalent to State officials.
[24 October 2002]
4. Sworn notaries shall be appointed to office for life and they may hold this office until seventy years of age.
5. In his or her official duties a sworn notary shall be exclusively subject to law and shall perform his or her duties as an independent and neutral guarantor of civil rights and the lawful interests of natural and legal persons.
5.[1] State and local government institutions, courts, prosecutors and pre-trial investigation institutions shall guarantee the independence of sworn notaries in the performance of their duties of office.
Natural and legal persons, as well as officials shall be prohibited from interfering with the professional activity of sworn notaries, and to exert pressure and influence on them.
[24 October 2002]
6. [12 June 2003]
6.[1] The Cabinet, having evaluated the point of view expressed by the Council of Sworn Notaries of Latvia, shall determine the places of work of sworn notaries, establish new ones and abolish existing places of work, taking into account changes in the court structure, the number of inhabitants, the economic life of the relevant populated area, the jurisdiction of notarial matters and the age structure of notaries.
[28 October 2004]
7. [12 June 2003]
[24 October 2002; 12 June 2003]

8. Sworn notaries shall be appointed, transferred, removed from office, as well as the list thereof shall be maintained by the Minister for Justice.
The Minister for Justice may transfer a sworn notary to another court region, informing the Council of Sworn Notaries of Latvia and the relevant courts of this.
A sworn notary may terminate his or her activities of office at his or her own request, informing the Minister for Justice of this, who shall issue an order regarding the releasing of the notary from office.
[12 June 2003]
9. The following persons may be sworn notaries:
1) persons who are citizens of the Republic of Latvia;
2) persons who have reached the age of twenty-five years;
3) persons who meet the following educational criteria:
a) they have acquired a higher professional education of the second level in law and a lawyer's qualifications on the basis of the acquisition of an accredited study programme at an institution of higher education, and
b) they have acquired a masters degree in law;
4) persons who are fluent in the official language;
5) persons who have acquired work experience working in one of the following positions:
a) for at least two years – in an assistant to a sworn notary position,
b) for at least two years – in the office of a judge,
c) for at least five years - in a sworn advocate position, sworn bailiff position, assistant to a judge position, assistant to a sworn advocate position, chief judge or member of a parish court or Orphan's Court position, the duties of which are equivalent to fulfilment of the work of a sworn notary, or
d) for at least seven years – in other legal specialisation positions; and
6) persons who have demonstrated their knowledge and abilities in the sworn notary examinations.
[4 June 2002; 24 October 2001; 28 October 2004]
10. The following persons may not be sworn notaries:
1) persons who do not meet the requirements prescribed in Section 9 of this Law;
2) persons who have been declared insolvent debtors by a court;
3) persons who are convicted persons, defendants, the accused or suspects in a criminal matter for a criminal offence (a criminal violation or crime) committed deliberately (intentionally);
4) persons who have been convicted of a criminal offence (a criminal violation or crime) committed deliberately (intentionally) although they have been released from serving the sentence because of the limitation period, clemency or amnesty or for which the conviction for these offences has been extinguished or set aside;
5) persons against whom the criminal matter regarding a criminal offence (a criminal violation or crime) committed deliberately (intentionally) has been terminated in connection with the limitation period, settlement, clemency or amnesty;
6) persons who have been removed from office by a court judgment in a criminal matter;
7) persons who have been excluded from the number of sworn advocates or their assistants, dismissed from a prosecutors position or have been dismissed from the office of sworn bailiffs, the assistants thereof, sworn notary, the assistants thereof or office of judge;
8) persons who are under trusteeship; or
9) persons who act as sworn advocates or their assistants and sworn bailiffs or their assistants.
[24 October 2002; 28 October 2004]
11. [12 June 2003]
[24 October 2002; 12 June 2003]
11.[1] If a sworn notary place of work is vacant, the Minister for Justice shall invite practising sworn notaries to apply within a period of two weeks for such place of work.
If several sworn notaries apply for one place of work, preference for transfer shall be for the sworn notary who has had the longest practice in office and to whom during the last two years of

practice a disciplinary sanction has not been applied. If several sworn notaries conform these criteria, the Council of Sworn Notaries of Latvia shall provide a substantiated opinion regarding the most applicable candidate.
If there is no such applicant, the Minister for Justice shall publish in the newspaper *Latvijas Vēstnesis* [the official Gazette of the Government of Latvia] an invitation for persons who have completed the sworn notary examination to apply within a period of one month for the vacant notary position.
Preference to be approved to office shall be for an assistant to a sworn notary.
In selecting the most appropriate applicant for the office of sworn notary, the assessment acquired in the sworn notary examination and the substantiated opinion of the Council of Sworn Notaries of Latvia shall be taken into account.
If the vacant sworn notary place of work cannot be filled in the way indicated, the Minister for Justice shall announce in the newspaper *Latvijas Vēstnesis* sworn notary examinations.
[24 October 2002; 28 October 2004]
11.[2] A person who wishes to become a sworn notary shall:
1) submit to the Council of Sworn Notaries of Latvia a submission and documents, which certify his or her conformity to the requirements of Section 9 of this Law and the fact that in the admission of the person into the number of sworn notaries there are none of the obstacles referred to in Section 10, Clauses 2-9 of this Law; and
2) in accordance with the procedures specified by the Council of Sworn Notaries of Latvia, present references regarding his or her professional activity and moral characteristics, as well as a valid sworn notary examination certificate.
[24 October 2002; 28 October 2004]
11.[3] If a person whose occupation is not compatible with duties of a notary has submitted a submission for the position of a sworn notary, such person shall be allowed to take an oath and he or she shall be included in the list of sworn notaries after he or she has terminated the occupation referred to.
[24 October 2002; 12 June 2003]
11.[4] The Council of Sworn Notaries of Latvia shall post the list of persons who have submitted documents in respect of admission to the number of sworn notaries on its premises.
[24 October 2002; 28 October 2004]
12. The Council of Sworn Notaries of Latvia shall submit to the Minister for Justice documents regarding the applicant to the position of a sworn notary and a decision by the Council of Sworn Notaries of Latvia regarding a proposal to admit him or her to the number of sworn notaries.
[24 October 2002]
13. If the order by the Minister for Justice regarding the appointment to office or transfer of a sworn notary does not provide otherwise, the sworn notary shall commence fulfilling the duties of office within one month from the day when the order regarding appointment to office or transfer was issued.
[24 October 2002]
14. A sworn notary shall be included in the list of sworn notaries and may commence fulfilling the duties of office only after he or she has insured for the risk of possible loss as a result of professional activities (Section 24-32) and has given the following oath to the Chief Justice of the Supreme Court:
"I swear to be loyal to Latvia, honestly and to the best of my conscience and belief fulfil the laws of the State, treat the courts and State authority with respect, observe the instructions and orders by supervisory institutions and their officials, honestly perform the duties of a sworn notary, protect the legal interests of persons and matters and values entrusted to me and not to disclose professional secrets, being aware that I am liable for my actions before the law."
[24 October 2002]
15. The relevant restrictions on the combination of offices of State officials, as well as the duties specified by law shall apply to sworn notaries.
[17 June 1996; 24 October 2002]

Chapter Two

Sworn Notary Examinations

16. Applicants to the position of a sworn notary shall be examined by a special examination commission which shall be appointed by the Minister for Justice, selecting representatives from the Ministry of Justice, courts, judges of Land Registry offices, academic personnel of institutions of higher education and sworn notaries and co-ordinating it with the Council of Sworn Notaries of Latvia. The chairperson of the commission shall be a representative of the Ministry of Justice.

If within a year of the imposition of a disciplinary sanction a repeated disciplinary sanction for violations of laws and other regulatory enactments related to the activity of a sworn notary has been imposed on a sworn notary, the Minister for Justice shall, by an order issued at his or her initiative or upon proposal of the Council of Sworn Notaries of Latvia, determine the testing of the notary's qualifications at an examination organised by the examination commission.

[24 October 2002]

17. The examination commission shall test the knowledge of the applicants in laws necessary for the activity of a sworn notary, drawing up of deeds and record keeping of a sworn notary. The examination shall take place orally and in writing.

The examination commission shall test the knowledge of sworn notaries on the basis of an order issued by the Ministry for Justice.

[24 October 2002]

18. Each year the Council of Sworn Notaries of Latvia shall organise a sworn notary examination for persons who wish to assume a position of a sworn notary.

Persons who meet the requirements of Section 9 of this Law and have paid the examination fee into the account of the Council of Sworn Notaries of Latvia shall be admitted to the examination of sworn notaries.

[24 October 2002]

19. The Minister for Justice shall, upon a proposal of the Council of Sworn Notaries of Latvia, approve the procedures of the sworn notary examination, the composition of the examination commission and the examination questions.

The minimum amount of knowledge for the completion of the sworn notary examination and the examination fee shall be determined by the Cabinet.

[24 October 2002; 28 October 2004]

19.[1] The Minister for Justice shall announce the examination day in the newspaper *Latvijas Vēstnesis* at least a month in advance.

Submissions regarding permission to take the examination shall be submitted to the Minister for Justice at least ten days before the examination.

[24 October 2002]

19.[2] The Council of Sworn Notaries of Latvia shall notify the place and time of the examination to the persons who have applied to take the sworn notary examination.

[24 October 2002]

20. The submission shall be accompanied by evidence regarding the citizenship, age, education and practice, and references referred to in Section 11.[2] and the examination fee, which shall not be repaid.

[24 October 2002]

21. Persons who have passed the examination shall be issued with a certificate.

22. The period of validity of the examination certificate shall be three years. In calculating this period, the time when the person was in the position of an assistant to a sworn notary shall be deducted.

[24 October 2002]

23. The paid examination fee shall be paid to the members of the examination commission as remuneration.

Chapter Three

Risk Insurance for the Activities of Sworn Notaries

24. The possible risk of loss as a result of the professional activity of a sworn notary shall be compulsorily insured.

The policy-holder shall be a sworn notary who shall enter into an individual professional activity risk (civil liability) insurance contract and the Council of Sworn Notaries of Latvia who shall enter into an insurance contract in respect of professional activity risk insurance of all sworn notaries (group insurance contract).

[24 October 2002]

25. The insurance of possible risk of loss as a result of the professional activity of a sworn notary shall secure claims, which may arise in connection with his or her professional activity and the activity of his or her assistant, while replacing the sworn notary.

[24 October 2002; 28 October 2004]

26. A sworn notary shall enter into an insurance contract before he or she has commenced the fulfilment of his or her duties.

27. The insurance contract shall be maintained in effect for the whole period of official duties of a sworn notary.

[24 October 2002]

27.[1] A sworn notary has a duty to notify the Council of Sworn Notaries of Latvia of entering into an insurance contract, as well as all of amendments thereto, the occurrence of an insurable event, suspension or termination of the operation of the contract.

[24 October 2002]

28. The Council of Sworn Notaries of Latvia shall ensure that the insurance contract is in effect without interruption, as well as monitor that insurance payments are duly made.

If the operation of the insurance contract has been suspended or the contract terminated, the sworn notary shall be suspended or dismissed from office.

[24 October 2002]

29. The risk of the notary himself or herself may not be provided for in the insurance contract.

The insurance contract shall specify a period of three years for submission of a notification regarding the occurrence of an insurable event.

The Cabinet shall determine the minimum amount of insurance for an individual and group insurance contract, as well as mandatory provisions to be included in the insurance contract.

[24 October 2002; 28 October 2004]

30. If a sworn notary during the performance of the duties of office due to his or her activity or failure to act has caused losses to somebody, irrespective of the disciplinary or criminal liability of the sworn notary, the insurance institution shall cover such losses from the insurance compensation of the sworn notary on the basis of the insurance contract.

Actions regarding losses, which have arisen in connection with the official duties of a sworn notary, shall be lodged with the regional court under whose supervision the sworn notary is subjected.

[24 October 2002]

31. Insurance institutions are entitled to request compensation for losses from a sworn notary if such losses have occurred because the sworn notary has intentionally, deliberately violated the duties of office or has allowed gross negligence.

32. Insurance institutions, on the basis of the insurance contract regarding the possible risk of loss as a result of the professional activity, shall not cover claims, which do not derive from the official duties of a sworn notary.

Chapter Four

Duties of Office of Sworn Notaries

Sub-Chapter 1

General Provisions

33. Upon commencing activity a sworn notary shall announce the address of the practice and the day of commencing the practice in the newspaper *Latvijas Vēstnesis* and a local newspaper and notify the relevant courts, the Minister for Justice and the Council of Sworn Notaries of Latvia thereof. Such an announcement shall be published and notifications given also in the case of a change of address, as well as in terminating his or her activities.
[24 October 2002; 12 June 2003]

34. A sworn notary shall send a sample of his or her signature and seal imprint, as well as a sample of the signature of his or her assistant to all chief judges, heads of Land Registry offices and the Minister for Justice.

35. The working time of a sworn notary shall be subject to the regulations on working time in State institutions. A sworn notary shall ensure access to his or her place of practice for the whole period of the working time. A sworn notary shall receive clients in person at his or her place of practice for at least five hours per working day. The Minister for Justice, in liaison with local governments, may also determine different working times.
In accordance with an agreement with a client a sworn notary may also perform the duties of office outside working time.
[24 October 2002]

36. A sworn notary may have only one place of practice. There shall be a national flag and a copy of the great State coat of arms on the premises of the place of practice.
During working time (Section 35) a sworn notary shall make deeds and certifications in the premises of his or her practice. For persons who cannot appear before the sworn notary he or she may make deeds and certifications at the location of such persons and also outside working time.
[24 October 2002]

37. The Minister for Justice, in co-operation with the chief justice of a regional court, may permit or also instruct a sworn notary to arrive for the performance of his or her duties in towns or villages in the vicinity where there are no sworn notaries on specific days of week or month.

38. A sworn notary shall perform his or her duties of office only in the operational district of that regional court under the supervision of which he or she is subjected.
The effect of a notarial deed or notarial certification shall not cease only because the notarial deed or notarial certification has been made outside the operational district of the regional court of the sworn notary.
[24 October 2002]

39. A sworn notary, while performing his or her duties of office within the boundaries of his or her operational district, shall provide notarial assistance to all persons approaching him or her, even if their place of residence or property, to which a deed or certification refers, is located outside such district.
A sworn notary shall not refuse to perform the duties of office, except for the cases prescribed by law.
In respect of a refusal to perform the duties of office, a sworn notary shall within a period of three days submit the refusal in writing in which shall be indicated the basis thereof and appeal procedures.
[24 October 2002; 28 October 2004]

40. A sworn notary shall refuse to make deeds and certifications if he or she is asked to take part in activities, which obviously serve illegal and immoral purposes.
[24 October 2002]

41. A sworn notary is prohibited from making deeds or certifications in his or her own matters, the matters of his or her spouse, also former spouse, his or her and his or her spouse's kin in a direct line to all degrees, collateral line — to the fourth degree and affines — to the third degree, as well as persons under the guardianship or trusteeship of the sworn notary or his or her spouse or adopters of adoptees of the sworn notary or his or her spouse.
[24 October 2002]

42. Expressions of intent which have been stated in deeds made or certified by a sworn notary and which are for his or her benefit or the benefit of other persons referred to in the previous (41) Section shall not be in force.
[24 October 2002; 28 October 2004]

43. Upon commencement of the performance of the duties of office, a sworn notary shall receive sworn notary office certificates and insignia of office approved by the Minister for Justice. Types and procedures for use thereof shall be determined by the Minister for Justice.
While performing duties of office a sworn notary shall carry the insignia of office.
[24 October 2002]

44. A sworn notary shall use a seal with the supplemented lesser State coat of arms and a text, which includes the occupational designation, given name and surname of the sworn notary, name of the regional court and the place of office.
A sworn notary may have only one seal with the State coat of arms.
[24 October 2002]

Sub-Chapter Two
Books of Sworn Notaries

45. A sworn notary shall keep:
1) registers for the recording of all deeds and certifications made by him or her;
2) a notarial deed book;
3) a bailment book;
4) a promissory note protest deed book;
5) an alphabetic index of those persons on behalf of whom a notarial activity has been performed; and
6) an alphabetic index of those persons for whom the court has established a trusteeship due to a mental illness or spendthrift lifestyle or whom the court has declared insolvent, or whose authorisation has been withdrawn.
The registers provided for in Paragraph one, Clause 1 of this Section and the alphabetical indexes provided for in Clauses 5 and 6 shall be maintained electronically.
The register provided for in Paragraph one, Clause 1 of this Section, when maintained electronically, shall be printed and kept in a hard copy format each month. At the end of the year the register kept in a hard copy format shall be dealt with in accordance with the procedures specified in Sections 47 and 53 of this Law.
The alphabetical index provided for in Paragraph one, Clause 6 of this Section shall also be maintained in the Council of Sworn Notaries of Latvia in accordance with procedures determined by the Minister for Justice.
[24 October 2002]

46. Pages or sheets of registers and books of sworn notaries shall be numbered in the current number sequence.

47. Registers and bailment books shall be bound with a string and delivered to a judge specified by the chief judge of a regional court.
The judge specified by the chief judge of the regional court and his or her secretary shall verify the conformity of the books with the form specified and the numeration of pages, as well as make a certification inscription on the last page of the book, which shall be signed by the judge and the secretary, indicating the date.
The ends of book strings shall be fixed on the last page with the court seal.

48. A register sheet shall be divided into eight columns in which the following shall be entered:
1) the sequence number, every year starting a new numeration;
2) the month and day when the notarial activity was performed;
3) the title of the deed or certification;
4) the sum of money of the transaction indicated in the deed if such has been specified or such may be specified;
5) the amount of State fee paid for the deed;

6) the amount of remuneration for the official duties of the sworn notary;
7) surname, given name, date and place of birth, as well as place of residence of those persons for whom the notarial activity has been performed; date and place of birth shall be indicated only if such have been noted in the deed or certification; and
8) a notation by the sworn notary as to whom and when the documents have been issued or sent.
[24 October 2002]
49. [24 October 2002]
50. A register may be divided into two volumes so that: 1) both volumes have a common numeration, writing even numbers in one volume but odd numbers in the other, and 2) the number of entries in one volume does not exceed the number of entries in the other volume by more than one number.
51. Blank spaces in columns 3 and 7 of a register shall be crossed out. Errors in register entries shall be justified in column 8 by the signature of the sworn notary.
52. A notarial deed book shall consist of:
1) the originals of notarial deeds (Section 82) with all annexes; and
2) certified copies of the documents referred to in Section 128 of this Law.
[24 October 2002]
53. The deed book shall be bound within the time periods and in accordance with the procedures specified by the Minister for Justice and certified in accordance with the procedures set out in Section 47. The certification inscription shall also state the number of sheets, deeds and of the documents referred to in Section128.
A deed book may consist of several volumes.
54. A sheet of a bailment book shall consist of two pages in an open position with a common current number, it shall be divided into eight columns in which the following shall be entered:
1) the sequence number;
2) year, month and day when the object for bailment was received;
3) surname, given name, date and place of birth, as well as place of residence of the bailor;
4) designation of the object deposited for bailment;
5) the sum in words and its repetition in numbers if money is deposited for bailment;
6) to whom and on what conditions the object for bailment shall be issued;
7) signature of the bailor; and
8) signature of the person to whom the sworn notary has issued the object for bailment or a notation by the sworn notary as to whom and when the object for bailment was issued, indicating the document which substitutes for the signature of the recipient.
55. Blank spaces in columns 3, 4 and 6 of the bailment book shall be crossed out. Errors in entries of columns 1-6 of the bailment book shall be justified in column 7 by the signature of the bailor, but errors in column 8 – by the signature of persons indicated in this column. The sworn notary shall justify obvious misspelling mistakes by his or her signature.
56. The promissory note protest deed book shall consist of the second copies of protest deeds signed by a sworn notary for which no State fee shall be paid.
The promissory note protest deed book shall be bound separately for each year, numbered by pages, bound with a string and certified by the signature and seal of the sworn notary.
57. The alphabetic index provided for in Section 45, Clause 6 shall specify: the surname and given name of persons lacking the capacity to act, the nature of the incapacity to act, surname and given name of the authorised person and the authorising person, information regarding a revoked authorisation, the court or the sworn notary who has published the announcement, the official Gazette where the announcement regarding deprivation or renewal of capacity to act and revocation of the authorisation was placed, stating the title, year, day, month and edition number of the Gazette.
Note. Before a sworn notary assumes office he or she shall prepare the index provided for in this Section for the previous time period. For such purpose the sworn notary may receive the index of his or her predecessor.

58. A sworn notary shall keep deeds, books, seals, files and valuables in a safe place and take care of the storage thereof in an undamaged condition.

59. A sworn notary shall close registers, deed books and promissory note protest deed books for each year separately. Thereafter they shall not be used.

The closing inscription shall specify the number of entries, as well as the number of deeds and documents.

60. After closing the books referred to in the previous (59) Section a sworn notary shall prepare them for safekeeping in his or her archive together with the requests prescribed in Sections 132 and 134.

61. If a sworn notary has died, is transferred, is suspended, been removed or dismissed from office, the chief judge of a regional court shall give an order to one of the judges to take over the seals, books, files, deeds of the sworn notary and the valuables entrusted to him or her, preparing a detailed list regarding the things taken over.

[28 October 2004]

62. When taking over notarial books and files, the judge and his or her secretary shall close them, certify them in accordance with the provisions of Section 53 and 59 and on the last page thereof make an inscription after the last entries in books or files, specifying in what state the books or files were found, what was the number of pages covered by writing and what was the state of the strings and seals.

63. A judge shall transfer the books, files and deeds referred to in Section 62, as well as bailed valuables to a newly appointed sworn notary or a practising sworn notary from the vicinity of the nearest populated area according to an order by the chief judge of a regional court, making a notation thereon in the bailment book.

If a sworn notary has died, been transferred, been removed or dismissed from office, his or her seals shall be notched with a file and handed over to the Minister for Justice.

If a suspended sworn notary remains in office the things taken over shall be returned to him or her.

[28 October 2004]

64. The instruction regarding the form of sworn notary registers and books and procedures for keeping thereof and regarding the maintenance of an inheritance register and conducting of inheritance matters shall be issued by the Minister for Justice on the basis of a recommendation of the Council of Sworn Notaries of Latvia.

[24 October 2002]

Sub-Chapter Three

Official Duties of Sworn Notaries

[24 October 2002]

General Provisions

65. A sworn notary has jurisdiction to:

1) make notarial deeds;

2) make certifications;

3) accept money, securities and documents for bailment;

4) conduct inheritance matters;

5) draw up property division drafts in cases provided for by law; and

6) perform other activities provided for by laws.

[24 October 2002]

66. A sworn notary is permitted:

1) to ensure the fixing of rights and security of rights in land registers;

2) to secure permits, certificates and other documents, required for the closure or fixing of deeds to be notarially made or certified, from State, local government and private institutions, as well as from officials and private persons;

3) to draw up draft deeds, draft contracts and drafts of other documents related to the activity of a sworn notary, as well as make copies and translations; and
4) to provide any other legal assistance.
In performing the activities referred to in Paragraph one, Clauses 1 and 2 of this Section, the sworn notary shall act on the basis of law, without submitting a power of attorney.
[24 October 2002]

67. A sworn notary shall calculate and collect State fees, as well as account for the sums collected in accordance with the relevant laws, making a notation in the deed or certification regarding the payment of fees or release therefrom.

68. Except for the cases prescribed by law, deeds and certifications shall be written in the official language, sums of money shall be indicated in Latvian currency, but measures and weights — in conformity with the metric system.

69. When making a notarial deed in which a person participates who is not fluent in Latvian and speaks a language in which the sworn notary is not fluent, the person shall invite an interpreter. The invited interpreter shall sign with his or her signature that he or she has been warned of criminal liability in respect of a knowingly false translation.
[24 October 2002]

70. In deeds and books, if signatures have been made in a foreign language, the surname of the signatory shall be written in the official language as it is pronounced; and if the sworn notary is not fluent in this language, the invited interpreter whose signature shall be certified by the sworn notary shall do it.

71. Certifications may also be done in a foreign language, if the sworn notary is fluent in the language and if they are to be certified for presentation in foreign states.
[24 October 2002]

72. Persons who are unable or cannot sign shall entrust another person to do it on their behalf and this person and the sworn notary with their signatures shall certify such. In such case the witnesses specified in Section 1494 of The Civil Law shall be required.

73. All deeds and certifications shall contain the following:
1) year, day and month and, if necessary, also a more detailed time indication and the address where the deeds and certifications were made;
2) given name and surname of the sworn notary;
3) the register number;
4) the signature of the sworn notary; and
5) the amount of State fee and all other amounts collected for the performed deed or certification.
A sworn notary shall put his or her seal on all deeds and certifications.
[24 October 2002; 28 October 2004]

74. Deeds or certifications written on several sheets shall be numbered and bound with a string, the ends of the string shall be fixed on the last page and the binding with a string shall be certified by the signature and seal of the sworn notary.
Separate pages may be glued together, putting the seal on the juncture.

75. When designating persons in deeds and certifications their given name, surname, personal identity number and place of residence shall be indicated, but in deeds and certifications in accordance with which the sworn notary must verify the identity of the persons – also the date and place of birth of these persons.
Information regarding the place of residence in a deed or certification shall be recorded on the basis of an oral declaration by the person.
If it is impossible to ascertain the date and place of birth in accordance with procedures set out in Section 76, the sworn notary shall specify such in the deed or certification.
[24 October 2002; 28 October 2004]

76. If the sworn notary does not know the person for whom the deed or certifications is to be made or who must be identified for another purpose, he or she shall ascertain the identity of such person according to the passport. If the person referred to cannot present a passport, the sworn notary shall ascertain his or her identity according to identity documents which have been issued

to the person in the State or local government service by his or her management or according to other reliable documents, if necessary supplementing the information lacking from the testimonies of two witnesses. The manner how the identity of a person was ascertained shall be indicated in the deed or certification.
Witnesses who certify the identity of an unknown person to the sworn notary shall sign with their signature regarding criminal liability in respect of knowingly false testimony.
77. When making deeds and certifications for legal persons, their legal capacity, scope of activity and powers as representatives shall be verified.
77.[1] Notarial deeds, certifications and other documents may be drawn up by hand or prepared by technical means.
[24 October 2002]
78. Corrections, deletions and additions shall be indicated at the end of the deed or certification before the signatures.
Deletions in deeds and certifications shall not be permitted, blank spaces and erroneous entries shall be crossed out. Crossing out shall be performed in such manner that the crossed-out text remains visible.
[24 October 2002]
79. A sworn notary and his or her employees shall not disclose the information entrusted to them, as well as provide information regarding the matters entrusted to them and deeds and certifications entered into notarial books to third persons; this provision shall also be in force after they have left office. The sworn notary shall ensure compliance with these requirements also in the work of his or her staff.
A sworn notary shall keep secret all entrusted matters, deeds and documents.
[24 October 2002]
80. Exceptions from the provisions of the previous (79) Section shall be allowed for:
1) officials of courts, the Office of the Prosecutor and pre-trial investigation institutions – in connection with the performance of the duties of office;
2) officials of other agencies and private individuals – with the consent of the participants of the deed or certification or with the permission of the chief justice of the regional court; and
3) in cases provided for by this Law.
Books and files of sworn notaries, as well as separate documents may not be removed from the premises of the practice, even at the request and upon a decision of courts, investigation or other institutions.
If a criminal matter regarding forgery has been initiated, on the basis of a decision of investigation institutions, relevant documents of a sworn notary may be withdrawn from his or her files, leaving copies certified by the sworn notary instead. After the performance of an expert-examination or adjudication of the matter at court, the withdrawn documents shall be returned to the sworn notary.
[24 October 2002]
81. Notarial deeds (Section 82) and certifications (Section 108) made by a sworn notary, except for the documents referred to in Section 116 of this Law, shall be public documents.
[24 October 2002]

II. Notarial Deeds

82. Deeds, which are made by a sworn notary, recording them into a deed book, shall be known as notarial deeds.
82.[1] When certifying an expression of intent a sworn notary shall make a notarial deed.
The notarial deed shall specify the expressions of intent of its participants.
Participants of a notarial deed shall be persons who in the presence of a sworn notary express their intent on their own or on other person's behalf.
A sworn notary shall enter notarial deeds in a notarial deed book.
[24 October 2002]

83. A sworn notary shall verify the identity, capacity to act and the right of representation of the participants of the notarial deed.
A sworn notary shall verify the right of representation according to the public documents submitted to him or her or entries in the Commercial Register or other public registers.
If the right of representation follows from an entry in the Commercial Register or another public register, the sworn notary shall verify this right by consulting such a register not more than 15 days before the making of the notarial deed or by consulting an extract of the register which not more than 15 days before the making of the notarial deed has been certified by the institution of the relevant register. The sworn notary shall note in the deed the date of the consultation day or the date when the extract was certified.
The sworn notary shall attach the documents, which prove the right of representation of the participant of the notarial deed, in the form of the original or a notarially certified copy in accordance with the procedures prescribed in Section 74 of this Law.
[24 October 2002]
84. Deeds may be made in the presence of witnesses or without them (Section 1474 of The Civil Law).
When making or depositing for safekeeping a will, as well as when performing notarial activities in cases specified in Sections 72 and 94, the presence of two witnesses shall be required; these witnesses may also certify the identity of the participants of the deed (Section 76).
85. A sworn notary shall ascertain the identity of unknown witnesses and interpreters in accordance with the procedures set out in Section 76.
[24 October 2002]
86. The following may not act as witnesses to a notarial deed:
1) illiterates, minors and those who are unable to correctly and completely comprehend and certify a deed due to physical or mental deficiencies, namely the mentally ill, the deaf, the dumb and the blind;
2) those for whose benefit the deed is made or the order issued;
3) those who are in the relations with the sworn notary referred to in Section 41, his or her spouse, participants of the deed or third persons specified in the deed for whose benefit the deed is made or the order is issued;
4) employees of the sworn notary and members of staff of the sworn notary and his or her employees; and
5) persons without knowledge of the official language.
6) [24 October 2002]
[24 October 2002]
87. Participants in the deed shall submit to the sworn notary a ready draft or request the sworn notary to draw it up.
87.[1] The sworn notary shall ascertain the intent of the participants in the notarial deed and the terms of the transaction, record notifications by persons clearly and unambiguously, acquaint the participants with the possible legal consequences of the transaction so that ignorance of laws and lack of experience is not used against their best interests.
[24 October 2002]
87.[2] A sworn notary shall not make notarial deeds which are prohibited by law or the content of which is in obvious conflict with laws that protect the administrative order, public morals or dignity of persons.
[24 October 2002]
87.[3] If the sworn notary has doubts regarding the effect of separate terms of the transaction, he or she shall make it known to the participants of the notarial deed and shall indicate it in the notarial deed.
[24 October 2002]

88. The draft shall be read to the participants of the notarial deed in the presence of the sworn notary, but the attached plans and other images shall be offered to them for examination. If the participants of the notarial deed acknowledge to the sworn notary that they comprehend the content and meaning of the notarial deed and that the notarial deed corresponds to their intent, they and the sworn notary shall sign the draft.
[24 October 2002]

89. If in accordance with law witnesses are to be invited or witnesses have been invited according to the wish of the participants, the deed shall be read out and signed in the presence of the witnesses.
The witnesses and interpreters shall also sign the deed.
[24 October 2002]

90. If the participants of the notarial deed do not wish that the invited witnesses know the content of the deed and they have listened to the content thereof in the absence of the witnesses, then upon the signing of the deed the participants thereof shall inform the witnesses that they have heard it.
[24 October 2002]

90.[1] The notarial deed shall be signed in the presence of the sworn notary.
The conditions referred to in Sections 88-90 shall be indicated in the notarial deed.
[24 October 2002]

91. The deed shall be written clearly; the sums, dates and numbers therein shall at least once be written in words, except for the dates and numbers of the legitimacy documents of the participants and witnesses of the deed, as well as the numbers of the buildings which refer to the address of the sworn notary's place of practice or the address of the place of making the deed and the place of residence of the persons referred to.

92. [24 October 2002]

93. If the provisions of Section 78 are not observed the deed shall not have notarial force.
[24 October 2002]

94. In making deeds in which the deaf, the dumb or the blind participate, the presence of at least two witnesses shall be required.
Provisions of Section 90 shall not be applicable to such deeds.

95. A literate deaf person shall read the deed himself or herself and tell whether it expresses his or her intent. It shall also be indicated in the deed.

96. In making a deed an illiterate deaf person in addition to the ordinary witnesses shall also invite a person whom he or she trusts and who is able to communicate with him or her. Such person may be in kinship or affinity with the deaf person but he or she shall meet all the other requirements of Section 86.

97. The sworn notary shall make sure whether the illiterate deaf person understands the signs shown to him or her.

98. A literate dumb person or deaf and dumb person shall read the deed himself or herself and with his or her own hand write that he or she has read it and that it expresses his or her intent.

99. When making a deed for an illiterate dumb or deaf and dumb person, in addition to a person who is capable of communicating with him or her in signs, a second person shall be invited to whom these signs are understandable (an interpreter).
This person may be in kinship or affinity with the dumb or the deaf and dumb, but he or she shall meet all other requirements of Section 86.

100. The original of a notarial deed shall be the deed, which has been recorded in the notarial deed book.
Note. Recording in the notarial deed book shall mean recording of the documents referred to in Section 52 of this Law in the register and placement thereof in the notarial deed book.
[24 October 2002]

101. In respect of the notarial deed recorded in the notarial deed book, the sworn notary shall issue notarially certified extracts of the notarial deed book and copies of notarial deeds.
[24 October 2002]

102. An extract of the notarial deed book shall have the same force as the original of the notarial deed, except for the cases where in conformity with the requirements of the law the original of the notarial deed must be submitted.
[24 October 2002]

103. In issuing extracts of the notarial deed book and copies of notarial deeds, a sworn notary shall comply with the provisions of Sections 73-75 of this Law.
Certifications shall be written on the extract or copy itself.
Extracts and copies shall coincide with the originals word for word.
Corrections, crossings out, additions and deletions in extracts and copies shall not be permitted. Corrections, crossings out and additions appropriately marked in the original (Section 78) need not be indicated repeatedly as such if in the extract or copy they are immediately inserted in the place exactly provided for them in the text.
[24 October 2002]

104. A sworn notary may only issue extracts of the notarial deed book to those persons for which the notarial deed grants the right to receive them or to the representatives, heirs and successors in interest of such persons, but to all other persons – only with the permission of the chief judge of the regional court.
Certification of an extract shall state the evidence, which grants the right to receive the extract.
[24 October 2002]

105. Persons who have already been issued with an extract of the notarial deed book shall be issued with the second and subsequent extracts only with the consent of all other participants of the transaction or with the permission of the chief judge of the regional court.
[24 October 2002]

106. A sworn notary may issue copies of notarial deeds to the participants of the transaction and the persons who have the right to receive extracts of the notarial deed book.
[24 October 2002]

107. A notarial deed shall bear an indication to whom, when and under what registration number extracts or copies have been issued.
Each extract of the notarial deed book shall specify its sequential number.
[24 October 2002]

III. Certifications
1. General Provisions

108. Sworn notaries shall certify:
1) extracts of the notarial deed book and copies of notarial deeds;
2) [24 October 2002];
3) authenticity of signatures;
4) the fact that a person is alive;
5) copies and translations;
6) appearance or non-appearance of contracting parties to enter into legal transactions or perform other duties;
7) the contents of safes and other depositories;
8) date of document presentation;
9) the payment of State fees;
10) protests;
11) revocation of authorisations;
12) submission of notifications;
13) proceedings of meetings, actions and events;
14) giving of submissions, notifications (declarations) and testimonies; and
15) other facts and documents provided for in law.
[24 October 2002]

108.[1] A sworn notary shall make a certification as a notarial deed, except for the cases where the law provides that the certifications must be written on the document itself (certification inscription) or provides for another special procedure of certification.
The deed shall indicate the determinations of the notary.
The sworn notary may issue an extract from the notarial deed book in respect of such deed to the person upon whose invitation the certification was made, or his or her representative, heir, or successor in interest.
[24 October 2002]
109. Certifications shall be recorded in the register (Section 48).

2. Certification of Deeds in Accordance with Presentation Procedures

110. [24 October 2002]
111. [24 October 2002]
112. [24 October 2002]

3. Certification of the Authenticity of Signatures

113. When certifying the authenticity of signatures the sworn notary shall verify the identity of the signer.
114. The signature shall be given or acknowledged as one's own in the presence of the sworn notary.
115. The certification shall be written on the document itself, indicating that the signature has been given or has been acknowledged as one's own in the presence of the sworn notary.
If the sworn notary also draws up the document itself, he or she shall have the duties prescribed in Section 87.[1] of this Law.
[24 October 2002]
116. Documents on which only the authenticity of signatures has been certified shall be recognised as private documents.
The authenticity of signatures shall not be certified on documents the content of which is in obvious conflict with laws, which protect administrative order, public morals or dignity of persons.
A sworn notary shall become acquainted with the content of the document as far as necessary for determining the circumstances referred to Paragraph two of this Section. The sworn notary shall not be responsible for the content of the document and it shall be so noted in the certification. The certification shall also indicate the conditions referred to in Sections 113 and 116 of this Law.
[24 October 2002]

4. Certifications That a Person is Alive

117. When certifying that a person is alive the sworn notary shall ascertain that the person regarding whom the certification is required is really alive. If the sworn notary does not know this person, the identity of such person shall be verified according to the procedures set out in Section 76.
118. The certification shall include the date (year, day, month, hour and minute) when the sworn notary ascertained that the person was alive.

5. Certification of Copies and Translations

119. When certifying copies and translations the sworn notary shall compare them with the submitted documents. Certifications shall indicate submitters of the documents.

The sworn notary shall not verify the legality of the document issued, but verify only their conformity with the documents presented and indicate such in the certification.
[24 October 2002]
119.[1] Sworn notaries are entitled to make copies from the certifications, which are kept in their archive files if it is requested by persons who have signed the relevant documents, their representatives, heirs or successors in interest.
[24 October 2002]
120. The certification shall be written on the copy or translation itself.
The certification of copies and translations shall specify what corrections, crossings out, additions, deletions and other peculiarities were in the document, unless it can be seen in the copy or translation itself.
Copies and translations of documents the content of which is in obvious conflict with laws, which protect administrative order, public morals or dignity of persons shall not be certified.
[24 October 2002]
121. If the translation is not written on the document itself, it shall be appended to the document in accordance with the procedures set out in Section 74.

6. Certifications Regarding Appearance or Non-appearance of Contracting Parties to Enter Into Legal Transactions or Perform Other Duties

122. Certifications regarding appearance or non-appearance of contracting parties to enter into legal transactions or perform other duties shall indicate:
1) the date when such persons appeared or failed to appear at the place of sworn notary's practice;
2) the given name and surname of such persons, but for persons who have appeared – also the place of residence and the date and place of birth; and
3) explanations by the persons who have appeared.
The certifications referred to in this Section (122) and Section 139 may be combined.
123. The sworn notary shall verify the identity of the persons who have appeared.

7. Certifications Regarding the Content of Safes and Other Depositories

124. When certifying the content of safes and other depositories the sworn notary shall draw up a report indicating:
1) the person who has invited the sworn notary to certify the contents of a safe or a depository;
2) the date of the certification;
3) the location of the safe or depository; and
4) the contents of the safe or depository.
The persons specified in Section 125 and the sworn notary shall sign the report.
125. The sworn notary shall ascertain the content of the safe or depository in the presence of the person who invited him or her and a representative of the credit institution if the safe or depository is located in a credit institution.
125.[1] The report shall be drawn up as a notarial deed.
[24 October 2002]
126. The person who has invited the sworn notary shall be issued with a copy of the report.

8. Certifications Regarding the Date of Document Presentation

127. The date when a document was presented to a sworn notary shall be certified on the document itself, specifying the bearer thereof.
The date of presentation shall not be certified for documents the content of which is in obvious conflict with laws, which protect administrative order, public morals or dignity of persons.
The certification shall specify what corrections, crossings out, additions, deletions and other peculiarities were present in the presented document.

[24 October 2002]

128. If the bearer wishes, the sworn notary may also record the document in the notarial deed book.

[24 October 2002]

129. The inscription of the sworn notary on the document to be returned shall only certify that this document was recorded in the notarial deed book at a specific date.

[24 October 2002]

9. Certifications Regarding Payment of State Fees

130. When certifying the payment of State fees the notary shall act according to the Law on State fees.

10. Protests

131. A sworn notary shall certify protests in accordance with the procedures set out in the relevant laws.

11. Revocation of Authorisations

132. A sworn notary shall certify a request to revoke an authorisation in accordance with the regulations regarding certification of expressions of intent and announce the revocation of the authorisation in the newspaper *Latvijas Vēstnesis*.

The sworn notary shall verify the identity, the capacity to act of the submitter or his or her representative and the power of attorney of the representative.

[24 October 2002]

133. In compliance with the provisions of Sections 135-139 the authorised representative shall be notified of the revocation of the authorisation if his or her place of residence is known.

12. Notifications

134. A request to notify shall be expressed in writing. Notifications the content of which is in obvious conflict with the laws protecting administrative order, public morals of dignity of persons shall not be permissible.

The sworn notary shall verify the identity of the submitter.

The certification shall be written on the request itself.

[24 October 2002]

135. A sworn notary shall deliver notifications orally or in writing; and if they are delivered in writing, the addressee shall be issued with a copy of the submitted request for which no State fee shall be paid and which copy upon the instructions of the sworn notary may be delivered by his or her employee.

[24 October 2002]

136. A written notification may be delivered to the addressee in person or sent by post as a registered letter, receiving an acknowledgement by the post office regarding its delivery.

[24 October 2002]

137. If the addressee is not at home, the notification shall be left with the members of his or her household, administrator of the building, concierge or a neighbour who agrees to hand over the notification to the addressee.

138. A notification shall be considered to have been issued to the addressee even if the addressee has refused to receive it.

139. Upon the request of the submitter or the addressee the sworn notary shall issue a certificate regarding the delivery of the notification which shall specify the given name, surname and place of residence of the addressee, the content of the notification, the time when the notification was delivered and the reply of the addressee if such was given.

13. Certifications Regarding Proceedings of Meetings,
Activities and Events

139.[1] When certifying proceedings of meetings, activities and events, the sworn notary shall write a report.

The report shall be drawn up as a notarial deed.

[24 October 2002]

139.[2] The sworn notary shall verify the identity of persons who sign the report. The sworn notary shall not be responsible for the identity of other persons referred to in the report.

[24 October 2002]

139.[3] When certifying the proceedings of meetings, the sworn notary shall specify in the report the place, date and course of the meetings, which have taken place in his or her presence, the content of decisions and other events, which may be of legal significance.

The chairperson of the meeting and the sworn notary shall sign the report.

[24 October 2002]

139.[4] A sworn notary may certify proceedings of activities and events if they may cause legal consequences and have taken place in the presence of the sworn notary and two invited witnesses.

The report shall specify the place, date and course of the activities and events.

The witnesses and the person who has invited the sworn notary shall sign the report.

[24 October 2002]

14. Certifications Regarding Giving of Submissions,
Notifications (Declarations) and Testimony

139.[5] A sworn notary shall certify the giving of submissions, notifications (declarations) and testimonies in accordance with the regulations regarding certification of expressions of intent.

The sworn notary shall warn the participants of the notarial deed of the criminal liability in respect of the giving of knowingly false submissions, notifications (declarations) and testimonies to the sworn notary. It shall also be specified in the notarial deed.

[24 October 2002]

139.[6] The sworn notary shall certify the giving of submissions, notifications (declarations) if the submission of a notarially certified submission, notification (declaration) to State or local government institutions and officials is provided for by law.

[24 October 2002]

139.[7] Certifications regarding giving of testimony may not substitute for testimonies obtained in accordance with the relevant procedures at Latvian court and pre-trial investigation institutions in criminal matters, civil matters and administrative proceedings in a court.

[24 October 2002]

IV. Bailment of Money, Securities and Documents

140. A sworn notary shall verify the identity of the bailor and make an entry in the bailment book for each object received for bailment.

141. If a closed envelope is deposited for bailment, its outer appearance shall be described. The envelope shall be sealed with the seal of the sworn notary and the bailor and the sworn notary shall sign thereon.

142. The sworn notary shall issue the bailor with a receipt for receiving the object for bailment.

In respect of acceptance of a will for safekeeping (Section 439, Paragraph 4 of The Civil Law) a notarial deed shall be made.

143. The sworn notary shall pay the money received for bailment into a State credit institution or another credit institution determined by the Minister for Justice.

144. The State shall not be liable for the activities of a sworn notary related to money and securities entrusted to him or her.

145. A sworn notary shall issue the object for bailment to the bailor or a specified third person in return for a signature in the bailment book or in return for a separate receipt.

Chapter Five
Assistants to Sworn Notaries

146. A sworn notary may have assistants.
Assistants to sworn notaries who have acted in this position for at least two years, after passing the sworn notary examination shall have priority to be approved as sworn notaries.
[24 October 2002]

147. The following persons may be assistants to sworn notaries:
1) persons who are citizens of the Republic of Latvia;
2) persons who have reached the age of twenty-one years,
3) they have acquired higher professional education of the second level in law and lawyer's qualifications on the basis of the acquisition of an accredited study programme at an institution of higher education;
4) persons who are fluent in the official language; and
5) persons who have worked with a sworn notary for at least three years.
[24 October 2002; 28 October 2004]

148. The persons specified in Section 10, Clauses 2-9 of this Law may not be assistants to sworn notaries.
[24 October 2002]

149. On the basis of a proposal by a sworn notary and a positive reference by the Council of Sworn Notaries of Latvia an assistant to a sworn notary shall be confirmed in office by the Minister for Justice.
[24 October 2002]

150. The assistant to a sworn notary shall give an oath to the Minister for Justice to perform his or her duties honestly and conscientiously.

151. An assistant to a sworn notary may substitute for the sworn notary during leave, illness, official travel and other justified absence, as well as in the cases provided for in Sections 37 and 174 of this Law when a notarial activity outside the sworn notary's place of practice must be performed. In respect of substitution for the sworn notary during his or her leave, illness, official travel and other justified absence there shall be an order by the Minister for Justice or by an official specified by him or her.
[24 October 2002]

152. When substituting for a sworn notary the assistant to the sworn notary shall have the same disciplinary, criminal and material liability for his or her official duties as provided for sworn notaries; the sworn notary shall also be subsidiarily materially liable for the official duties of his or her assistant.

153. The Minister for Justice may deprive the assistant of the right to substitute for the sworn notary for a period up to one year if the assistant in his or her activities is negligent or does not fulfil his or her duties.

154. The Minister for Justice may remove an assistant to a sworn notary from office if he or she subsequent to the invitation specified in Section 11.[1] of this Law has repeatedly failed to apply to a vacant position of a sworn notary without justifiable reason.
[28 October 2004]

Chapter Six
Candidates for Sworn Notaries
[28 October 2004]

155. [28 October 2004]

156. [28 October 2004]
[24 October 2002; 28 October 2004]

157. [28 October 2004]

158. [28 October 2004]
[24 October 2002; 28 October 2004]
159. [28 October 2004]
[24 October 2002; 28 October 2004]
160. [28 October 2004]
[24 October 2002; 28 October 2004]
161. [28 October 2004]
[24 October 2002; 28 October 2004]
162. [24 October 2002]

Chapter Seven
Remuneration of Sworn Notaries

163. For each official duty (Sections 65 and 66) performed by sworn notaries they have the right to receive remuneration irrespective of the State fees.
The remuneration for the official duties of a sworn notary shall be determined according to the rate (Section 165). Agreements regarding the amount of office remuneration, which differs from the rate, shall be prohibited.
[24 October 2002; 28 October 2004]
164. Postal, telephone, travel, announcement expenses and other actual expenses shall be compensated to sworn notaries separately – in addition to the remuneration provided for by the rate.
165. The rate of remuneration of sworn notaries shall be determined by the Cabinet.
The rate shall be determined taking into account the value of the deed or certification (amount of transaction) and the liability of the sworn notary associated with the deed or certification, the social balance in society and the time necessary for the drawing up of the deed or certification.
[28 October 2004]
166. The Council of Sworn Notaries of Latvia shall determine which natural persons and legal persons may be exempted from the remuneration provided for in Section 163.
167. A sworn notary shall be prohibited from sharing the remuneration for work in his or her position with third persons.
168. A sworn notary may also request remuneration in advance.
If a sworn notary has money in bailment and if he or she has not received remuneration for safekeeping thereof, he or she may deduct remuneration from the money bailed for the whole previous period.
169. Those who have assigned work to a sworn notary shall be jointly liable for the remuneration irrespective of the terms for division of the remuneration to be paid to the sworn notary provided for in the transaction.
170. If a deed or a certification made by a sworn notary has not become effective for reasons independent of the sworn notary, he or she shall nevertheless have the right to a full remuneration.
171. Upon request of the payers the sworn notary shall return the remuneration received for such deeds and certifications, which due to the fault of the sworn notary have not become effective.
172. All disputes in respect of the remuneration for work in the position of a sworn notary shall be settled by a court.
A dispute shall be settled after receiving an opinion from the Council of Sworn Notaries of Latvia.

Chapter Eight
Leave for Sworn Notaries

173. A sworn notary has the right to four weeks' annual leave.

In case of illness or in other important cases a sworn notary may be granted a longer leave, however, not more than seven months per year, but parental leave – up to 18 months.
[28 October 2004]

174. The Minister for Justice shall grant leave to sworn notaries.
In particularly urgent cases a sworn notary may use exceptional leave, which shall not be longer than three days, without requesting permission from the Minister for Justice in advance, however, in such case the sworn notary shall, as soon as possible, inform why and for how long he or she has not been performing his or her duties. In such cases, an assistant to the sworn notary shall perform the duties of the sworn notary.

175. A leave to a sworn notary may only be granted in the case if the sworn notary has a substitute who shall perform the duties of the sworn notary during his or her leave.

176. If an assistant to a sworn notary due to significant reasons may not substitute for a sworn notary or if a sworn notary does not have an assistant, the Minister for Justice may instruct another sworn notary or an assistant to another sworn notary to substitute for such sworn notary.
If a sworn notary is substituted for by another sworn notary or by an assistant to another sworn notary for more than four months, upon an order by the Minister for Justice or by an official specified by him or her, the files of the substituted notary shall be transferred to the substitute.
If a sworn notary or an assistant to the sworn notary substitute for a practising sworn notary in another place, he or she has a duty to fulfil on the weekdays specified in an order of the Minister for Justice sworn notary duties in the substituted sworn notary place of practise.
[24 October 2002; 28 October 2004]

177. In the submission regarding granting of leave a sworn notary shall indicate the person who shall fulfil his or her duties during leave. If another sworn notary or assistant to another sworn notary assumes these duties, the submission shall be accompanied by his or her signature confirming that he or she agrees to fulfil the duties of the sworn notary who is taking leave.

178. The liability of a sworn notary substitute in respect of fulfilment of the duties of office when substituting for a sworn notary, as well as the liability of the sworn notary for the activity of the substitute shall be determined in accordance with Section 152.

Chapter Nine
Liability of Sworn Notaries

179. Sworn notaries shall have disciplinary, civil and criminal liability in respect of their official duties in accordance with the procedures set out in law.
[24 October 2002]

180. For violation of laws and other regulatory enactments, of the articles of association of the Chamber of Sworn Notaries of Latvia, decisions and instructions regulating the activity of sworn notaries, the provisions regarding remuneration for work and the professional ethics norms of sworn notaries, or if a sworn notary in his or her activity is negligent or fails to fulfil his or her duties, or allows reprehensible conduct which discredits the position and dignity of a sworn notary or which is incompatible with his or her remaining in the office or the former place of practice, irrespective of the fact whether the violation has been committed during performance of the duties of office or is not related to the performance of such duties, the Council of Sworn Notaries of Latvia or the Minister for Justice may initiate a disciplinary matter pursuant to a proposal from a court or prosecutor, or pursuant to complaints from persons or on its own initiative.
[24 October 2002]

181. The disciplinary matters committee for examination of disciplinary matters of sworn notaries and provision of opinions shall be elected for three years by the general meeting of sworn notaries. The number of members of the disciplinary matters committee shall be determined by the general meeting of sworn notaries.
The committee shall elect the chairperson of the committee.

The committee is entitled to take a decision if more than a half of the composition of the committee participate in its meeting.
The committee shall take decisions by a simple majority. If any of the members of the committee has separate thoughts, they shall be attached to the opinion of the committee in writing.
Minutes shall be taken of committee meetings. The chairperson of the committee and the recorder of minutes shall sign the minutes.
The committee shall submit to the Minister for Justice its opinion and the opinion of the Council of Sworn Notaries of Latvia. The opinion shall be signed by all members of the committee who participated in the voting for the decision of the committee.
The opinion shall specify whether the offence is to be recognised as a disciplinary violation.
When determining a disciplinary violation the opinion shall also indicate what sanction shall be applied and whether testing of sworn notary's qualifications shall be determined.
Having become acquainted with the opinion of the committee, the Minister for Justice shall take a decision regarding the imposition of a disciplinary sanction and, if insufficient qualification of the sworn notary has been determined, also regarding the testing of the sworn notary's qualifications or send materials to the Council of Sworn Notaries of Latvia for the performance of the relevant measures, or to terminate the disciplinary matter.
[24 October 2002; 28 October 2004]

182. Upon the initiation of a disciplinary matter the Minister for Justice has the right to suspend the sworn notary from the fulfilment of duties until the adjudication of the matter.

183. The Council of Sworn Notaries of Latvia has the right to explain to sworn notaries the wrongfulness of their action, as well as to impose the following penalties for the violations provided for in Section 180, failure to fulfil the obligations undertaken or duties imposed and conduct which is incompatible with the activity of a sworn notary:
1) issue a reproof; or
2) issue a reprimand.

184. The decisions taken by the Council of Sworn Notaries of Latvia in disciplinary matters shall be sent to the Minister for Justice.
[28 October 2004]

185. A decision of the Council of Sworn Notaries of Latvia in disciplinary matters shall come into force unless the Minister for Justice, within two weeks from the receipt of the decision of the Council, notifies:
1) that the decision in the disciplinary matter initiated against a sworn notary regarding the same offence shall be re-examined; or
2) that the disciplinary matter initiated against the sworn notary has been terminated.
[28 October 2004]

186. Upon the request of the Minister for Justice the Council of Sworn Notaries of Latvia shall send to him or her all the materials of the disciplinary matter.

187. If the Council of Sworn Notaries of Latvia while examining a matter regarding a violation by a sworn notary finds that a more serious penalty than provided for in Section 183 is to be imposed on the sworn notary, it shall send the matter together with its opinion to the Minister for Justice.

188. Court, Office of the Prosecutor and pre-trial investigation institutions shall notify the Council of Sworn Notaries of Latvia and the Minister for Justice of all complaints and claims which have been initiated in relation to sworn notaries, as well as send to the Council of Sworn Notaries of Latvia and the Minister for Justice copies of the final judgments made in matters regarding such complaints and claims.
[28 October 2004]

189. In a disciplinary matter the Minister for Justice has the right to apply the penalties specified in Section 183, as well as the right to punish a sworn notary with the following disciplinary sanctions:
1) to transfer to another place of practice for a period up to one year; or
2) to dismiss from office.

190. The Minister for Justice may forward the disciplinary matter initiated by himself or herself to the Council of Sworn Notaries of Latvia for examination.

191. Prior to deciding the issue regarding the imposition of the sanctions specified in Section 189, Clauses 1 and 2 of this Law, the Minister for Justice shall submit the disciplinary matter to the Council of Sworn Notaries of Latvia for it to provide its opinion.

[24 October 2002]

192. Disciplinary matters shall not be initiated and sworn notaries shall not be disciplinarily punished if a year from the commission of the violation has lapsed.

193. The Council of Sworn Notaries of Latvia and the Minister for Justice may not impose on a sworn notary any of the penalties provided for in Sections 183 and 189 of this Law, as well as may not explain the wrongfulness of his or her conduct if the Council has not requested an explanation from the sworn notary in writing in advance.

194. The Council of Sworn Notaries of Latvia, the disciplinary matters committee and the Minister for Justice may impose on a sworn notary a duty to appear in person in order to give explanations orally. For non-appearance the Council of Sworn Notaries of Latvia and the Minister for Justice may impose on the sworn notary the disciplinary sanctions prescribed in Section 183 of this Law.

[24 October 2002]

195. If a sworn notary fails to provide explanations within the time period specified by the Council of Sworn Notaries of Latvia, the disciplinary matters committee or the Minister for Justice or fails to appear without a justifiable reason, a decision shall be taken on the basis of the circumstances ascertained in the matter and the information available.

[24 October 2002]

196. In examining disciplinary matters the Council of Sworn Notaries of Latvia, the disciplinary matters committee and the Minister for Justice has the right to hear also explanations of other persons, request expert opinions, request information and documents from State and local government institutions, as well as other authorities, organisations and companies (undertakings) and officials thereof.

[24 October 2002]

197. Decisions of the Council of Sworn Notaries of Latvia or the Minister for Justice in disciplinary matters, except for those decisions which explain the wrongfulness of sworn notary's conduct, may be appealed to a court by the person who has been disciplinary punished in accordance with the procedures set out in law.

198. If a sworn notary, while performing the duties of office, by wrong or unlawful action or failure to act has caused losses to somebody, then irrespective of the liability in accordance with disciplinary or criminal procedures the losses shall be covered from the insurance compensation of the sworn notary or, if such is insufficient, from any other property of the sworn notary.

199. Action regarding losses, which have arisen as a result of the performance of official duties by a sworn notary, shall be lodged with the court to the supervision of which the sworn notary is subjected.

Chapter Ten
Supervision of Activities of Sworn Notaries

200. Direct supervision of the activities of sworn notaries shall be assigned to that regional court in the district of which their place of office is located.

201. The activities of sworn notaries, books and files may at any time be examined by a judge sent by the regional court.

202. The chief judge of the regional court shall ensure that the activities, books and files of each sworn notary belonging to the relevant regional court are examined at least once a year.

203. The chief judge of the regional court shall ensure the rectification of faults discovered in the activities of sworn notaries by giving instructions and orders to sworn notaries and, if necessary, by proposing that sworn notaries be held disciplinarily or criminally liable.

204. As soon as it is discovered that a sworn notary has misappropriated property entrusted to him or her in relation to his or her official duties, the value of which property exceeds the insurance compensation, the chief judge of the regional court, in order to ensure recovery of the misappropriated property, shall without delay issue an order to attach the movable property of the sworn notary, as well as make a notation in the Land Register in respect of the immovable property of the sworn notary, indicating the sum up to which the guarantee covers.

Chapter Eleven
Complaints Regarding Activities of Notaries

205. Complaints regarding an incorrect action of a sworn notary while performing his or her duties of office, as well as complaints regarding a refusal to fulfil such duties shall be submitted to the regional court under the supervision of which the activities of the sworn notary are subjected within a period of one month from the day when the sworn notary performed the activity in respect of which a complaint has been submitted or when he or she refused to perform such activity.

206. If the chief judge of the regional court does not consider it possible to rectify the faults in the action of the sworn notary indicated in the complaint by giving him or her instructions in accordance with the supervision procedures, the complaint shall be examined by a court.

If the court finds it necessary it shall notify both the other interested persons and the sworn notary himself or herself of the submission of a complaint, and informing of the day when the complaint shall be examined.

207. [28 October 2004]

208. If the court rejects the complaint regarding the action of a sworn notary, the effect of a deed or certification may be contested only by bringing an action.

Chapter Twelve
Removal, Dismissal, Transfer and Suspension of Sworn Notaries

209. The Minister for Justice shall remove a sworn notary from office upon his or her request or without such request if within the last twelve months the sworn notary has not fulfilled his or her duties of office for more than seven months due to illness (Section 173).

210. A sworn notary may be dismissed from office by an order of the Minister for Justice or a judgment of a court.

211. The Minister for Justice shall dismiss from office a sworn notary:

1) who has not concluded an insurance contract or has not made the regular insurance payment within the time period specified;

2) who subsequent to appointment or transfer has not commenced performing the duties of office within the time period specified (Section 13);

3) who has assumed a position in a State and local government institution or an undertaking or in private service (Section 15) without permission;

4) whom the court has declared to be an insolvent debtor;

5) who has been sentenced for the commission of an intentional criminal offence even if he or she has been released from serving the sentence due to the limitation period, clemency or amnesty or for whom the conviction has been extinguished or set aside;

6) who has committed an intentional criminal offence, but against whom the criminal matter has been terminated due to the limitation period, settlement, clemency or amnesty;

7) for whom a trusteeship has been established; or

8) who has not passed the sworn notary qualifications test.

[24 October 2002; 28 October 2004]

212. The Minister for Justice may dismiss a sworn notary from office or transfer him or her to another place of practice in the cases provided for in Section 189.
The appeal of a decision by the Minister for Justice regarding the transfer or removal of a sworn notary shall not suspend the operation thereof.
[28 October 2004]
213. The Minister for Justice may suspended from office a sworn notary if:
1) a criminal prosecution for an intentional criminal offence has been initiated against him or her;
2) a disciplinary matter has been proposed against him or her; or
3) the operation of an insurance contract has been suspended.
[28 October 2004]

Chapter Thirteen
Corporate Activity of Sworn Notaries
Sub-Chapter 1
Chamber of Sworn Notaries of Latvia

214. The Chamber of Sworn Notaries of Latvia is an independent professional corporation of sworn notaries of Latvia, which unites all sworn notaries practising in Latvia. Only the Chamber of Sworn Notaries of Latvia has the rights and duties set out in this Law.
215. The Chamber of Sworn Notaries of Latvia unites sworn notaries according to the occupational principle in order to maintain the prestige of their profession, promote the professional development of sworn notaries, refinement of creative abilities and the acquisition of experience in order to perform the tasks provided for in this Law and other laws.
216. The Chamber of Sworn Notaries of Latvia shall operate on the basis of articles of association as a self-governing autonomous public law subject.
217. Institutions of the Chamber of Sworn Notaries of Latvia are the general meeting of sworn notaries, the Council of Sworn Notaries of Latvia, disciplinary matters committee, internal control commission and the audit commission.
[28 October 2004]
218. The financial resources of the Chamber of Sworn Notaries of Latvia shall be made up of sums, which are paid from the income for the performance of the duties of office of sworn notaries and the legal assistance provided.
219. In order to provide material support to sworn notaries the Chamber of Sworn Notaries of Latvia may set up special funds from the payments of sworn notaries, as well as donations by natural persons and legal persons.

Sub-Chapter Two
General Meeting of Sworn Notaries

220. The general meeting of sworn notaries shall be convened by the Council of Sworn Notaries of Latvia.
221. Only the general meeting of sworn notaries shall:
1) determine the number of members of the Council of Sworn Notaries of Latvia;
2) elect the chairperson, deputy chairperson of the Council of Sworn Notaries of Latvia, members of the Council and Audit Commission for a period of three years;
3) approve the activity report of the Council of Sworn Notaries of Latvia;
4) approve the budget of the Council of Sworn Notaries of Latvia and the report on the implementation of the budget of the previous year;
5) adopt the articles of association of the Chamber of Sworn Notaries of Latvia, a notaries' code of ethics, methodology for the activities of sworn notaries and other acts related to the internal operation of the notariate;

6) determine procedures and amounts of payments to be made by sworn notaries and assistants to sworn notaries for the maintenance of the Chamber of Sworn Notaries of Latvia from the income for the performance of duties of office of a sworn notary and the legal assistance provided; and
7) discuss issues regarding notariate practice.

222. There shall be annual general meetings and extraordinary general meetings. Extraordinary general meetings shall be convened as appropriate, convening thereof may be requested by at least one tenth of all sworn notaries.

223. The general meeting is not entitled to decide the issues specified in Section 221, Clauses 1, 2, 5 and 6 of this Law if it is attended by less than one third of all sworn notaries.

224. If there is no quorum in the general meeting of sworn notaries and therefore the elections of the Council of Sworn Notaries of Latvia have not taken place, the chairperson of the Council not later than within one month shall convene a new general meeting, but if this general meeting is attended by less than one third of all sworn notaries, a report shall be drawn up regarding this fact, new elections shall not be organised, and the Council shall retain its powers until the next annual general meeting.

225. The general meeting of sworn notaries shall be presided over by persons who shall be elected for such purpose by the assembled sworn notaries from among their number. The sworn notaries appointed by the general meeting shall sign the minutes.

226. Election of the Council of Sworn Notaries of Latvia in the general meeting of sworn notaries shall take place after the general meeting has discussed the activities report of the Council of Sworn Notaries of Latvia and the report on the implementation of the budget of the previous year and has determined the number of members of the Council of Sworn Notaries of Latvia to be elected.

227. The Council of Sworn Notaries of Latvia, its chairperson, deputy chairperson and Audit Commission shall be elected by secret ballot by a simple majority.
The general meeting shall decide other issues by open vote by a simple majority.

228. The newly elected Council of Sworn Notaries of Latvia shall commence performing its duties two weeks after the day of election.

Sub-Chapter Three
Council of Sworn Notaries and Audit Commission

229. The Council of Sworn Notaries of Latvia is a representational and supervisory institution of sworn notaries, as well as administrative and executive institution of the Chamber of Sworn Notaries of Latvia.

230. The Council of Sworn Notaries of Latvia shall:
1) protect the honour and respect of the position of sworn notaries;
2) oversee the organisational matters of the Chamber of Sworn Notaries of Latvia;
3) represent the Chamber of Sworn Notaries of Latvia and legally express the opinion of sworn notaries in relationships with State and local government institutions, other authorities and officials, as well as in relationships with international organisations;
4) ensure professional development of sworn notaries, request and compile information regarding the practice of sworn notaries, secure co-ordination thereof, submit proposals and give opinions on issues regarding legislation and notarial practice;
5) oversee the training of assistants to sworn notaries;
6) supervise and control the activity of sworn notaries and assistants to sworn notaries, examine complaints and reports submitted in respect of them, as well as impose disciplinary sanctions upon them;
7) upon request by a sworn notary or client determine the amount of remuneration for activities of the sworn notary in cases when no rate is provided for or disputes in respect of this have arisen;
8) establish a permanent internal control commission for the official duties of sworn notaries and determine the agenda thereof;

9) according to the procedures specified by the Minister for Justice once every six months submit to him or her a report regarding the activities performed by sworn notaries; and
10) perform other duties, which are specified in regulatory enactments or which have been assigned by the Chamber of Sworn Notaries of Latvia.
[28 October 2004]

231. The meeting of the Council of Sworn Notaries of Latvia shall have a quorum if at least half of all members of the Council, including the chairperson or his or her deputy are participating.

232. The Council of Sworn Notaries of Latvia shall take decisions by open vote by a simple majority. In the event of a tied vote, the vote of the chairperson shall be decisive.

233. Interested persons may appeal the decisions of the Council of Sworn Notaries of Latvia within a period of one month from the date the decision was taken in the cases provided for in law.

234. The financial operation of the Council of Sworn Notaries of Latvia shall be controlled by the Audit Commission.

235. The authorisation of the members of the Council of Sworn Notaries of Latvia shall expire upon their resigning from the position of a member of the Council, dismissal or resigning from the office of a sworn notary, or the termination or suspension of the activity of a sworn notary due to other reasons.
If one or more members (including chairperson or deputy chairperson) of the Council of Sworn Notaries of Latvia terminate their work in the Council due to the reasons specified in Paragraph one of this Section, the Council shall convene a general meeting of sworn notaries within a period of two months and announce elections for additions of the composition of the Council until the current elections.
[24 October 2002]

236. The Council of Sworn Notaries of Latvia shall have a seal with the State lesser coat of arms and the name of the Council of Sworn Notaries of Latvia. The Council of Sworn Notaries of Latvia shall be located in Rīga.

237. The members of the Council of Sworn Notaries of Latvia shall fulfil their duties as a position of honour, without remuneration. Members of the Council have the right to receive compensation from the budget of the Council for travel and other direct expenses if such have arisen while fulfilling the duties of office of a member of the Council.

Chapter Fourteen
Financial Activity of Sworn Notaries

238. Sworn notaries practice a liberal profession.

239. The professional activity (practice) of sworn notaries is intellectual work and its purpose shall not be for the gaining of profit.

240. The practice of sworn notaries shall be organised exclusively in the manner prescribed by this Law.

241. Sworn notaries shall commence their practice only after their inclusion in the list of sworn notaries. The Minister for Justice shall notify the relevant State Revenue Service territorial office thereof. A sworn notary shall notify the relevant State Revenue Service territorial office of the address of his or her place of practice or the change thereof.
[28 October 2004]

241.[1] If it is especially necessary in the fulfilment of the duties of office of sworn notary in the relevant populated area in order to ensure the inhabitants access to notarial assistance, for the maintenance of a sworn notary practice funding may be granted from the State budget according to procedures specified by the Cabinet.
[28 October 2004]

242. If a sworn notary has permitted infringement of a client's rights and the consequence thereof is a loss, the client has the right to request satisfaction from the sworn notary in so far as he or she may be at fault for such infringement.

243. Only sworn notaries of Latvia are entitled to offer notarial assistance and legal assistance in the conduct of matters in Land Registry offices, as well as to advertise such assistance.

Advertising provisions for sworn notaries of Latvia shall be provided for in the articles of association of the Chamber of Sworn Notaries of Latvia.

244. In their professional activity sworn notaries shall be financially independent.

245. Sworn notaries shall practice only individually, but co-operation with other sworn notaries shall be permitted in technical and financial matters.

246. Sworn notaries shall practice directly and in person.

247. On the basis of an employment contract, sworn notaries may hire technical, maintenance or advisory staff for whose activity they shall be liable and who shall be prohibited from engaging into the provision of legal assistance.

248. Sworn notaries shall maintain accounts of their income and expenses. Income from the practice of a sworn notary shall consist of client payments for the performance of notarial activities and the legal assistance provided. Expenses of sworn notaries shall be expenses, which are related to the performance of notarial activities, provision of legal assistance or are set out in this Law.

[24 October 2002]

249. [24 October 2002]

Chapter Fifteen
Conduct of Inheritance Matters

[24 October 2002]

Sub-chapter One
General Provisions

250. A sworn notary shall commence an inheritance matter after an inheritance submission has been received.

251. There are the following inheritance submissions:

1) regarding acceptance of an inheritance;
2) regarding confirmation of the right of inheritance;
3) regarding the coming into legal effect of the last will instruction instrument;
4) regarding renunciation of an inheritance;
5) regarding reading of the last will instruction instrument;
6) regarding refusal of a testamentary inheritance;
7) regarding proclamation;
8) regarding invitation of heirs; and
9) regarding protection of an estate.

252. An inheritance submission shall be submitted to a sworn notary who is practising in the operational territory of the regional court where the last place of residence of the estate-leaver was located, but if it is not known – according to the location of the estate or the principal share of the estate.

253. In the inheritance submission the submitter shall indicate the given name and surname of the estate-leaver, his or her date of death and the last place of residence, but if it is not known – the location of the estate or the principal share of the estate.

254. A sworn notary shall make the inheritance submission, which expresses the intent regarding acceptance or renunciation of an inheritance as a notarial deed. Upon commencement of an inheritance matter according to another inheritance submission, a sworn notary shall certify the authenticity of the submitter's signature in accordance with the procedures set out in this Law.

The sworn notary shall not certify an inheritance submission in an already commenced inheritance matter if it does not express an intent of acceptance or renunciation of an inheritance, but shall ascertain the identity of the submitter.
The submission referred to may also be certified by the institutions or officials referred to in Section 1474 of The Civil Law.

255. If an inheritance submission certified by another sworn notary has been submitted to a sworn notary, the sworn notary shall note the date of receipt thereon.

256. If the submitted inheritance submission has not been certified in conformity with the requirements of this Law, the sworn notary shall without delay notify the submitter of the necessity to submit a new, appropriately certified inheritance submission.

257. Prior to the commencement of an inheritance matter the sworn notary shall verify in the inheritance register whether the inheritance matter has not been initiated by another sworn notary.

258. The given name, surname, personal identity number of the estate-leaver, the given name, surname and the address of the place of practice of the sworn notary who conducts the inheritance matter shall be entered in the inheritance register.
The only owner of the inheritance register shall be the State of Latvia. The holder of the inheritance register shall be the Chamber of Sworn Notaries of Latvia.
Interested persons may examine the inheritance register and receive extracts therefrom.

259. If the inheritance register contains no data on the estate-leaver, the sworn notary shall commence an inheritance matter and notify the Council of Sworn Notaries of Latvia thereof for inclusion in the inheritance register.

Sub-chapter Two
Certification of the Rights of the Surviving Spouse

260. A sworn notary in an inheritance matter, on the basis of a submission of the surviving spouse, shall make a certification regarding the share of the property of the spouse of the estate-leaver in the joint spousal property, that is, in the joint property of the spouses or the aggregate spousal property (a certificate regarding the share of the spouse's property).

261. The sworn notary shall certify the submission of the surviving spouse, which specifies the inventory and order of the estate property and the property relations of the spouses (legal or contractual), in accordance with the procedures specified in Section 139.[5] of this Law and shall warn the submitter of the criminal liability.
The submission of the surviving spouse shall be accompanied by documents that certify the facts specified in the submission.

262. A sworn notary shall send a notification to the heirs who have acquired the inheritance in accordance with the procedures prescribed in Section 136 of this Law which notification shall specify a time period not shorter than one month for provision of a response.
The notification shall be accompanied by a copy of the notarial deed referred to in Section 261 of this Law.

263. If the heirs who have accepted the inheritance fail to provide a response within the time period specified in the notification, it shall be presumed that they have agreed to the submission of the surviving spouse.

264. If agreement of the surviving spouse and the heirs who have accepted the inheritance has been reached, the sworn notary shall make a relevant notarial deed.

265. If the heirs who have accepted the inheritance have expressed their objections in writing, the surviving spouse shall be acquainted therewith.
The sworn notary shall perform activities to reconcile the opinions of the parties and reach an agreement.

266. If agreement of the parties is not reached or the heirs have not provided their response (Section 263), the sworn notary, on the basis of the documents in the inheritance matter, shall make a certificate regarding the share of the spouse's property.

267. The certificate regarding the share of the spouse's property shall specify:
1) the given name, surname, personal identity number (if it does not exist – date and place of birth) of the estate-leaver;
2) the date of the opening of succession;
3) the given name, surname, personal identity number (if it does not exist – date and place of birth) of the spouse;
4) the facts determined by the sworn notary;
5) the inventory of the property of the spouses; and
6) the share of the spouse's property in the joint spousal property.
268. The sworn notary shall notify the heirs who have accepted the inheritance of the fact that a certificate regarding the share of the spouse's property has been issued.
The certificate regarding the share of the spouse's property may be contested in a court in accordance with procedures applicable to actions.

Sub-chapter Three
Reading and Coming into Legal Effect of Last Will Instructions

269. If an inheritance matter has been commenced by another sworn notary, the inheritance submission together with its accompanying documents shall be sent without delay to the sworn notary who has commenced the inheritance matter and the submitter shall be notified thereof.
270. As soon as the last will instruction instrument (will, inheritance contract) has been submitted the sworn notary who conducts the inheritance matter shall, without waiting for a request, set a date for the reading of the instrument, notify all known heirs thereof and post an announcement in a publicly visible place on the premises of the place of practice of the sworn notary.
271. A sworn notary who has received a last will instruction instrument for safekeeping, as soon as the death of the testator becomes known to him or her, shall set a date for the reading the instrument, notify all known heirs thereof and post an announcement in a publicly visible place on the premises of the place of practice of the sworn notary.
272. On the day set the sworn notary shall open and read the last will instruction instrument.
If there are more than one last will instruction instruments, all of them shall be opened and read. Last will instruction instruments, which are asserted to be unlawful or fraudulent, shall also be opened and read. In reading a last will instruction instrument, the provisions of Section 785 of The Civil Law shall be complied with.
If there are several original copies of the last will instruction instrument, all with the same content, only one of them shall be read.
The reading of a copy is not equivalent to reading the original, except where the original is lost or if it cannot soon be submitted; in such case the interested persons shall prove in court that the last will instruction instrument actually exists and, if the copy thereof is not properly certified, shall also prove its contents.
273. A notarial deed in respect of the opening and reading of a last will instruction instrument shall be made (a certificate regarding the reading of the last will instruction instrument) which shall specify the bequests included in the will and information regarding the following:
1) if the instrument had been sealed, whether the seals were intact;
2) whether there were objections as to the authenticity or legal effect of the last will instruction instrument; and
3) whether there were any peculiarities in the last will instruction instrument – corrections, crossings-out, deletions, and additions.
The sworn notary shall not himself or herself raise the issue regarding the non-conformity of the last will instruction instrument with the law.
274. Following the reading of a will containing a bequest for generally benevolent and charitable purposes, the sworn notary shall send to a prosecutor an extract from the will together with

information regarding the executor of the will or the given names, surnames and places of residence of the persons who submitted the will for the reading thereof.

275. After reading of the last will instruction instrument the sworn notary who read it shall notify the persons specified in the last will instruction instrument who were not been present at the reading of this instrument of the opening of succession and the time periods for acceptance of the inheritance.

The notification shall be sent in a registered letter together with an extract from the notarial deed book regarding the opening and reading of the last will instruction instrument.

276. If in accordance with the inheritance register data the inheritance matter has been commenced by another sworn notary, the notary who has received a last will instruction instrument for safekeeping shall notify such sworn notary of the date and place of the reading of the last will instruction instrument.

After reading of the last will instruction instrument the sworn notary who had received the last will instruction instrument for safekeeping shall send an extract of the notarial deed book regarding the opening and reading of such instrument together with the last will instructions in a registered letter to the sworn notary who has commenced the inheritance matter.

277. If necessary (Section 293), the sworn notary shall announce the opening of succession in accordance with the procedures set out in this Law.

278. If the will specifies a time period for the acceptance of the inheritance, the sworn notary shall take it into account in setting the time period for submission of the inheritance submission.

279. Within the time period specified in the notification a testamentary heir has the right to submit to the sworn notary an inheritance submission, but a person whose rights are infringed upon by the last will instruction has the right to submit objections and contest the will in a court.

280. The original of the last will instruction instrument shall be kept in the files of the sworn notary who conducts the inheritance matter. Interested persons may become acquainted with the last will instruction instrument; heirs may be issued with copies thereof at their request with an inscription that the last will instruction instrument has been read.

281. When submitting a submission to the sworn notary regarding the coming into lawful effect of the last will instruction instrument the submission shall be accompanied by:

1) the last will instruction instrument if such instrument is not at the disposal of the sworn notary;
2) the death certificate of the estate-leaver;
3) evidence confirming the estate-leaver's last known place of residence; and
4) an inventory of the estate property with property valuation.

The submission shall specify all heirs known to the submitter.

The documents referred to in Paragraph one of this Section shall not be attached to the submission if they are in the inheritance file.

The sworn notary shall certify the submission referred to in this Section in accordance with the procedures prescribed in Section 139.[5] of this Law and shall warn the submitter of the criminal liability.

282. If a sworn notary who is conducting an inheritance matter receives a court notification that an action has been brought regarding the contesting of the last will instruction instrument, he or she shall suspend the proceedings in the inheritance matter until the settling of the dispute in court.

283. If a last will instruction instrument is declared invalid in its entirety by a court judgment, the sworn notary shall invite the heirs by intestacy to express their intent regarding acceptance of the inheritance or its renunciation.

284. Upon recognising the inheritance submission as justified, the sworn notary shall make a notarial deed regarding the coming into legal effect of the last will instruction instrument (inheritance certificate) and specify the following:

1) the given name, surname, personal identity number (if no such exists – the date and place of birth) of the estate-leaver;
2) the date of the opening of a succession;
3) the basis for inheriting;

4) the given name, surname, personal identity number (if no such exists – the date and place of birth) of the heir; and
5) the inventory of the estate property.
The sworn notary shall make a certification inscription on the last will instruction instrument regarding the reading thereof and the coming into legal effect in its entirety or part.
285. The sworn notary shall make the notarial deed regarding the coming into legal effect of the last will instruction instrument when the time period for acceptance of the inheritance specified by the estate-leaver has expired, but if no such time period has been specified – the time period for acceptance of the inheritance specified by the sworn notary himself or herself or the time period prescribed by law.
286. If a court declares the last will instruction instrument invalid in part thereof, the sworn notary shall make a deed regarding the coming into legal effect of the last will instruction instrument of the remaining part.
287. A last will instruction instrument with an inscription by a sworn notary regarding its coming into legal effect shall be appended to the notarial instrument regarding the coming into legal effect of the last will instruction instrument inheritance certificate original, but the heir or the executor of the will shall be issued with extracts of the notarial instrument.
[28 October 2004]

Sub-chapter Four
Protection and Trusteeship of an Estate

288. Protection of the estate property shall be provided for by the sworn notary who is conducting the inheritance matter.
289. Protection of the property of a deceased person may be requested by:
1) an heir;
2) the executor of a will or trustee of an estate;
3) the administration of the place of employment of the deceased person – but only with respect to money, things or documents of the place of employment which have remained as part of the property of the deceased person; or
4) creditors – with respect to such claims as have been adjudged or secured in their favour by a court judgment. In such case only that part of the estate property shall be protected as is sufficient to satisfy the claims referred to.
290. In cases provided for by law (Section 659 of The Civil Law) the sworn notary shall provide for protection of the estate pursuant to notification by any person, if he or she is certain of the death of the estate-leaver.
291. Having determined that there is a basis for protection of the estate, the sworn notary shall invite a sworn bailiff to take all actions necessary for protection of the estate.
292. The means for protection of the estate shall be:
1) the sealing thereof;
2) the taking of inventory and valuation thereof; or
3) the placing for safekeeping thereof.
The sworn notary, on the basis of the inheritance matter, shall specify in the invitation the application or the necessity of the relevant means for protection of the estate.

Sub-chapter Five
Announcement Regarding Opening of Succession

293. The sworn notary shall announce the opening of succession at the request of the interested persons or at his or her own discretion (Sections 659 and 665 of The Civil Law) in cases when:
1) heirs are not known;
2) it is not certain that the applicants to the right of inheritance are the only and the nearest heirs;

3) heirs are known but they do not want or cannot accept the inheritance or they express a wish to accept it on the basis of the right of inventory only; or
4) heirs, executors of the will or the trustee of the estate are ignorant of the debts attaching to the estate property.

294. Announcement of the opening of succession may be requested by an heir, a person who has the right to inherit after the person who is invited to inherit (substitute, secondary heir), the executor of the will, the trustee of the estate and persons who have made claims against the estate as legatees or creditors.

295. The submission for announcement shall be submitted to the sworn notary conducting the inheritance matter, but if the inheritance matter has not been initiated – to the sworn notary referred to in Section 251 of this Law.

296. The submission for announcement shall specify:
1) the facts which are the basis for the request for announcement, and evidence corroborating them; and
2) persons interested in the matter as are known to the applicant, and the place of residence of such persons.

297. In the announcement the sworn notary shall invite to apply all those who have rights to the estate as heirs, creditors or in some other capacity. The time period for the invitation shall be determined at the discretion of the sworn notary, unless the law provides otherwise. It shall not be shorter than three months from the date of publishing of the invitation.

298. If the announcement takes place in connection with the reading of a will, the sworn notary shall, by means of the announcement, invite persons who have objections to the will to make application in regard to their rights, indicating that otherwise the will shall be deemed to have come into legal effect.

299. The announcements referred to in Sections 297 and 298 of this Law may be combined.

300. An announcement regarding the opening of succession shall be published in the newspaper *Latvijas Vēstnesis*, but if the value of the estate property does not exceed one thousand lati according to the information available to the sworn notary, the announcement shall be posted in a publicly visible place on the premises of the place of practice of the sworn notary.
The sworn notary shall without delay notify all interested persons known to him or her and the Council of Sworn Notaries of Latvia regarding the announcement and the contents of the announcement for inclusion in the inheritance register.

Sub-chapter Six
Accepting an Inheritance

301. If heirs have not expressed their intent to accept the inheritance, the persons who have the right to inherit after the person who is invited to inherit (substitutes, secondary heirs), as well as the creditors and legatees of the estate-leaver, may submit to the sworn notary, in compliance with the provisions of Section 293 of this Law, a submission regarding the invitation of the heirs to express their intent regarding acceptance of the inheritance (Sections 697 and 698 of The Civil Law).

302. The submission regarding the invitation of heirs to express their intent regarding acceptance of the inheritance shall specify:
1) the persons invited to inherit, if such persons are known;
2) the basis for inheriting (inheriting on the basis of law, will or inheritance contract); and
3) the submitter's claim regarding the estate.

303. The sworn notary shall not verify the validity of the submitter's claim.

304. If heirs are known, the sworn notary, without announcing the opening of succession, shall invite the heirs specified in the submission, setting a time period in conformity with Section 297 of this Law, to notify whether they wish to accept the inheritance or to renounce it (Sections 697 and 698 of The Civil Law).

305. If the heirs are unknown to the submitter, the sworn notary shall announce the opening of succession in the newspaper *Latvijas Vēstnesis*, invite the heirs, setting a time period in conformity with Section 297 of this Law, and notify the known heirs and the Council of Sworn Notaries of Latvia thereof for inclusion in the inheritance register.

306. If the heirs have not applied within the time period specified in the invitation or if they have renounced the inheritance, the sworn notary shall draw up notarial instrument free of charge from State fees regarding the termination of the inheritance matter. An extract of the notarial instrument shall be sent to the Ministry of Finance.

In the instrument regarding the termination of an inheritance matter shall be indicated:

1) the given name, surname, personal identity number (if there is no such – the time and place of birth) of the estate-leaver;

2) the day of the opening of succession;

3) the interested person who has requested the inviting of heirs;

4) the day of proclamation of the inheritance;

5) the composition of the estate property if such is indicated;

6) the submitted claims of creditors; and

7) a determination that the heirs have not applied within the announced time period, the property has been recognised as property without heirs and in accordance with Section 416 of the Civil Law shall escheat to the State.

The instrument referred to in this Section shall be a basis for the registration of property in the name of the State, as well as the recording in the Land Register of immovable property included in the inheritance.

[28 October 2004]

307. A submission regarding acceptance of an estate on the basis of the right of inventory (Section 709 of The Civil Law) may be submitted within two months from the day when the opening of succession became known to the heirs.

308. After a submission is received the sworn notary shall invite a sworn bailiff, but if the estate is located outside a city – then the relevant parish court to draw up an inventory list.

309. A submission in writing regarding refusal of an inheritance or renunciation of an inheritance (Sections 609, 651, 689 and 775-783 of The Civil Law) may be submitted to the sworn notary who conducts the inheritance matter.

Sub-chapter Seven
Confirmation of Rights of Intestate Succession

310. Heirs by intestacy may submit to the sworn notary an inheritance submission regarding confirmation of the right of inheritance.

311. The inheritance submission shall be submitted to the sworn notary who is practising in that operational territory of the regional court where the last place of residence of the estate-leaver was located, but if it is not known – according to the location of the estate property or the principal share thereof.

312. The inheritance submission shall be accompanied by:

1) the death certificate of the estate-leaver;

2) evidence regarding the last place of residence the estate-leaver;

3) a list of the estate property with valuation of the property;

4) evidence confirming the right of the submitter to inherit; and

5) information on all known heirs.

The sworn notary shall certify the submission referred to in this Section in accordance with the procedures provided for in Section 139.[5] of this Law and shall warn the submitter of the criminal liability.

313. After receipt of the submission the sworn notary shall announce the opening of succession in the cases provided for by this Law.

314. Confirmation of the rights of inheritance shall take place when the time period for acceptance of the inheritance specified in the announcement or the law has expired.
315. If a dispute regarding the right of inheritance arises, it shall be resolved in a court in accordance with procedures applicable to actions.
316. When the sworn notary finds that the submission is justified, the sworn notary shall make a notarial deed regarding confirmation of the rights of inheritance (inheritance certificate) which shall specify whether the submitter has acquired the whole estate as the sole heir or a specified undivided share thereof as a co-heir.
317. In confirming the rights of inheritance, mutual agreements between heirs that are not in conformity with law shall not be considered.
318. The inheritance certificate shall specify:
1) the given name, surname, personal identity number (if no such exists – the date and place of birth) of the estate-leaver;
2) date of the opening of succession;
3) the basis for inheriting;
4) the given name, surname, personal identity number (if no such exists – the date and place of birth) of the heir;
5) the size of the shares, undivided shares of the estate of the heirs; and
6) the inventory of the estate property.
319. Samples of inheritance certificates shall be approved by the Minister for Justice pursuant to a proposal by the Council of Sworn Notaries of Latvia.

Sub-chapter Eight
Division of the Estate

320. An estate may be divided informally or at a notary, except for the case when there is a dispute among the co-heirs regarding division of the estate.
321. When drawing up a draft division of the estate, the sworn notary shall invite all co-heirs.
The sworn notary shall take actions to reconcile the opinions of the parties and reach an agreement.
322. The sworn notary who draws up the draft division of the estate may invite a sworn bailiff to draw up an inventory list of the estate and, if necessary, to invite an expert for the valuation of the estate.
323. In the draft division of the estate the sworn notary shall substantiate the procedures for the division of the estate prescribed therein.
324. If co-heirs agree to the draft division of the estate drawn up by the sworn notary, the sworn notary shall appropriately certify the agreement on the division of the estate.

Transitional Provisions
[24 October 2002]

1. If the sworn notary office remuneration rate provides for differing tariffs for the making of a notarial deed and certification of a deed in accordance with the declaration procedures, the lowest rate shall be applied in both cases.
2. The State fee for the making of a notarial deed and certification of a deed in accordance with the declaration procedures is one lats. In such cases the State fee for registration of title and pledge rights in the Land Register shall be collected before registration of such rights in the Land Register in accordance with the procedures and in the amount prescribed by regulatory enactments.
3. Sub-clause ‘b’ of Section 9, Clause 3 of this Law shall come into force on 1 January 2012 and shall be applicable to persons who are appointed to office after 1 January 2012.
4. [28 October 2004]

5. Section 147, clause 3 of this Law shall be applicable to persons who are appointed to office after 1 January 2003.

6. In cases when the law provides for notarial certification, public certification or certification in accordance with declaration procedures of expressions of intent, the sworn notary shall make a notarial deed (Section 82). In cases where the law provides for notarial certification, public certification or certification in accordance with declaration procedures of signatures the sworn notary shall also certify the capacity to act.

7. Up to the day of the coming into force of Cabinet regulations, but not later than 1 April 2005, the Ministry of Justice recommendations of 17 February 1998, Remuneration Rates for Legal Assistance provided by Sworn Notaries, and the Ministry of Finance regulations of 13 February 1995, Regulations regarding the Civil Liability Insurance of the Professional Work of Sworn Notaries, shall be in effect.

[28 October 2004]

8. The Cabinet shall by 1 April 2005 issue the regulations referred to in Sections 6.1 and 19 of this Law.

[28 October 2004]

Chairperson of the Supreme
Council of the Republic of Latvia A. Gorbunovs

Secretary of the Supreme
Council of the Republic of Latvia I.Daudišs

Rīga, 1 June 1993