Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

17 March 2011 [shall come into force on 30 April 2011];

12 May 2011 [shall come into force on 15 June 2011];

20 June 2013 [shall come into force on 18 July 2013];

12 September 2013 [shall come into force on 1 January 2014];

24 April 2014 [shall come into force on 28 May 2014];

30 November 2015 [shall come into force on 1 April 2016];

19 May 2016 [shall come into force on 20 June 2016];

23 November 2016 [shall come into force on 1 July 2017].

2 March 2017 [shall come into force on 28 March 2017];

26 October 2017 [shall come into force on 9 November 2017];

20 June 2018 [shall come into force on 18 July 2018];

3 April 2019 [shall come into force on 13 April 2019];

7 November 2019 [shall come into force on 12 November 2019];

17 June 2020 [shall come into force on 1 July 2020];

23 September 2021 [shall come into force on 20 October 2021].

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 *Saeima*1 has adopted and

the President has proclaimed the following law:

**Law on Payment Services and Electronic Money**

[*17 March 2011*]

**Chapter I**

**General Provisions**

**Section 1. The following terms are used in this Law:**

1) **payment service:**

a) service enabling the placement of cash on a payment account, and also all the necessary operations performed by a payment service provider to provide a payment service user the possibility to use a payment account;

b) service enabling cash withdrawals from a payment account, and also all the necessary operations performed by a payment service provider to provide a payment service user the possibility to use a payment account;

c) execution of a payment, including execution of a direct debit, also one-off direct debit, execution of a payment through a payment card or a similar device, execution of a credit transfer, as well as execution of a standing order. The payment service referred to in this Sub-clause shall also include the transfer of money to a payment account opened by the payment service provider of the payment service user or another payment service provider;

d) execution of a payment, including execution of a direct debit, also one-off direct debit, execution of a payment through a payment card or a similar device, execution of a credit transfer, as well as execution of a standing order. In this Sub-clause the term “payment service” refers to a payment service where a credit limit is applied to the money available to the payment service user;

e) issuing of a payment instrument or acceptance of payments;

f) money remittance;

g) [20 June 2018];

h) payment initiation service;

i) account information service;

11) **service linked to a payment account**– a service that is linked to the opening, use, and closure of a payment account, including a payment service and a payment executed for the transfer of money at the disposal of the payee based on any of the documents addressed to the payment service provider and referred to in Section 3, Clause 6, Sub-clauses “a”, “b”, “c”, “d”, “e”, “f”, and “g” of this Law, as well as an overdraft and an overdraft option;

2) **payment institution:**

a) a commercial company which has received the payment institution operating licence;

b) a natural or legal person who, in accordance with the provisions of Section 5 of this Law, does not need to receive a licence for commencing the operation of a payment institution;

c) a natural or legal person who has received a licence for the operation of such payment institution which only provides the account information service;

21) **electronic money institution:**

a) a commercial company which has received the licence for the issuing of electronic money;

b) a legal person which, in accordance with the provisions of Section 5.1 of this Law, does not need to receive the licence for the issuing of electronic money;

c) a branch of a foreign (non-Member State) electronic money institution which has received a licence only for the issuing, distribution, and redeeming of electronic money in Latvia;

22) **electronic money** – electronically (in a smart card or computer memory) stored monetary value which:

a) is represented by a claim on the issuer;

b) is issued upon receipt of funds from the electronic money holder for the purpose of making payments;

c) can be used as a means of payment and which is accepted by a natural or legal person other than the electronic money issuer;

23) **average outstanding electronic money** – the arithmetic mean of the financial liabilities of an electronic money institution resulting from the issuing of electronic money which is calculated by adding up the amount of electronic money at the end of each calendar day over the preceding six calendar months and dividing the sum by the number of days in six calendar months. The average outstanding electronic money shall be determined on the first day of each calendar month and applied to that calendar month;

24) **electronic money holder**– a natural or legal person who has received electronic money from an electronic money issuer or its agent;

25) **institution**– a payment institution and an electronic money institution, except for the terms “institution which is responsible for the discontinuation of payment services, insolvency, liquidation of payment institutions, as well as for the accounting inspection procedures of credit institutions and other financial institutions” and “financial institution”, as well as the word combination “another institution” used in this Law;

3) **payment**– an act initiated by the payer or payee the purpose of which is placing, transferring, or withdrawing money and which does not depend on any underlying obligations between the payer and the payee;

31) **remote payment**– a payment initiated via internet or through a device that can be used for distance communication;

4) **payment system**– a money transfer system with standardised agreement on the rules and procedures for the processing, clearing or settlement of payment transactions;

5) **payer**– a natural or legal person who:

a) holds a payment account and allows a payment order from that payment account;

b) gives a payment order if it does not have a payment account;

6) **payee**– a natural or legal person who is the intended recipient of funds to be transferred, including transfer of funds;

7) **payment service user**– a natural or legal person making use of a payment service in the capacity of a payer or payee, or in the capacity of a payer and a payee (hereinafter also – the service user);

71) **resident of the European Union**– a citizen of Latvia, a non-citizen of Latvia, or a citizen of another European Union Member State, state of the European Economic Area or the Swiss Confederation, and also a person who has the right to stay in Latvia in accordance with the laws and regulations of the Republic of Latvia, including a person who is an asylum seeker or who has obtained the status of a refugee or alternative status – also if such persons have not declared their place of residence in Latvia;

8) **framework contract**– a payment service contract which governs the execution of individual and successive payments and which may contain the obligations and conditions for setting up a payment account;

9) **money remittance**– a payment service as a result of which money if received from a payer, without any payment accounts being created in the name of the payer or the payee, for the sole purpose of transferring a corresponding amount to a payee or to a payment service provider acting on behalf of the payee, or as a result of which this amount of money is received by the payment service provider on behalf of and made available to the payee;

91) **payment initiation service**– a payment service as a result of which a payment service provider initiates a payment on behalf of the payment service user from a payment account held at another payment service provider;

92) **account information service**– an online service through which consolidated information regarding one or more payment accounts held by the payment service user with either another payment service provider or with more than one payment service provider is provided to the payment service user;

10) **payment account**– an account opened in the name of one or more payment service users and used for the execution of a payment;

11) **payment order**– an instruction by a payer or payee to its payment service provider requesting the execution of a payment;

12) **value date**– a reference time used by a payment service provider for the calculation of interest on the money debited from or credited to a payment account;

13) **payment institution agent**– a natural or legal person who acts on behalf of a payment institution in providing payment services (hereinafter also – the agent);

14) **payment instrument**– any personalised device or set of procedures agreed between the payment service user and the payment service provider and used by the payment service user in order to initiate a payment;

141) **issuing of payment instrument**– a payment service provided by a payment service provider upon an agreement with a payer to ensure a payment instrument thereto for the initiation and processing of payments of the payer;

15) **means of distance communication**– a method which, without the simultaneous physical presence of the payment service provider and the payment service user, may be used for the conclusion of a payment services contract;

16) **durable medium**– any instrument which enables the payment service user to store information addressed personally to that payment service user in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;

17) **business day**– a day within the scope of business hours of the payment service provider of the payer or the payment service provider of the payee on which the payment service provider of the payer or the payment service provider of the payee performs actions required for the execution of a payment;

18) **direct debit**– a payment service as a result of which money is debited from the payment account of the payer, where a payment is initiated by the payee on the basis of the consent given by the payer to the payee, to the payment service provider of the payee, or to the payment service provider of the payer;

181) **credit transfer**– a payment service as a result of which the payment account of the payee is credited (from the payment account of the payer) on the basis of a payment order provided by the payer to the payment service provider which holds the payment account of the payer;

182) **acquiring of payment**– a payment service provided by a payment service provider contracting with a payee to accept and process payments which results in a transfer of funds to the payee;

19) **holding**– the fact that any commercial company directly or indirectly owns at least 20 per cent of the equity capital or the number of voting stocks or shares of another commercial company;

20) **group of commercial companies**– a group which consists of a parent company, its subsidiaries, and commercial companies in which the parent or subsidiary has holding, and commercial companies which are linked with the parent company, subsidiary, or company in which the parent company or subsidiary has holding, by joint management with the company according to the concluded contract or the provisions of the provisions of the instruments of incorporation or articles of association of such commercial companies, or for which at least half of the member of any administrative institution are the same persons during the financial year;

21) [24 April 2014];

22) [24 April 2014];

23) **qualifying holding**– holding directly or indirectly acquired by a person or several persons who act in a coordinated manner on the basis of an agreement, which includes 10 and more per cent of the equity capital or the number of voting stocks or shares of the commercial company or provides an opportunity to significantly influence the financial and operational policy of the commercial company;

24) **reference exchange rate**– the exchange rate used in calculation of currency exchange of which the payment service provider informs the payment service user or which can be obtained using a publicly available source;

25) **authentication**– a procedure which allows the payment service provider to verify the identity of a payment service user or the validity of the use of a specific payment instrument, including the use of personalised security credentials;

251) **strong authentication**– an authentication based on the use of two or more elements categorised as knowledge (something only the payment service user knows), possession (something only the payment service user possesses), and inherence (something the payment service user is). These elements are independent, i.e., one element losing its reliability does not compromise the reliability of other, and they are designed in such a way as to protect the confidentiality of the authentication data;

252) **personalised security credentials**– personalised elements provided by the payment service provider to a payment service user for the purposes of authentication;

253) **sensitive payment data**– data, including personalised security credentials which can be used to carry out fraud. In relation to the activities of payment initiation service providers and account information service providers, the given name, surname of the account owner and the account number do not constitute sensitive payment data;

26) **reference interest rate**– the interest rate which is used as the basis for calculating any interest to be applied in provision of payment services and which can be verified by both parties to a payment service contract, using a publicly available source;

27) **unique identifier**– a combination of letters, numbers or symbols specified to the payment service user by the payment service provider and to be provided by the payment service user to identify unambiguously another payment service user or the payment account of that other payment service user for a payment;

28) **account statement**– a document prepared in printed or electronic form which is issued by the payment service provider to the payment service user and in which any movement of funds in the payment account which has taken place in a specific period of time and the balance of payment account at the beginning and end of such period is reflected;

281) **digital content**– goods or services which are produced and supplied in digital form, the use or consumption of which is restricted to a technical device and which do not include in any way the use or consumption of physical goods or services;

29) **account switching service** (hereinafter also – the account switching) – an activity by which, upon a request of a consumer (within the meaning of the Consumer Rights Protection Law; hereinafter – the consumer), one payment service provider transfers information to another payment service provider either regarding all or some standing orders in relation to the execution of credit transfers, periodic direct debit payments, and period incoming credit transfer which are executed in the payment account, or transfers any positive balance of the payment account from one payment account to another, or also executes both activities, with or without closing the previous payment account;

30) **transferring payment service provider**– the payment service provider which transfers the information required for the switching of accounts to another payment service provider;

31) **receiving payment service provider** – the payment service provider to which the information required for the switching of accounts is transferred;

32) **service fee** (hereinafter also – the fee) – any fees, commissions, and contractual penalties to be paid by the payment service recipient to the payment service provider for a payment service or a service related to the payment account;

33) **standing order**– a payment instruction given by the payer to the payment service provider which holds the payment account of the payer to execute credit transfers at regular intervals or on predetermined dates;

34) **overdraft**– such service related to the payment account specified in the contract according to which the payment service provider grants a possibility to the consumer to use funds which exceed the current balance of funds in the payment account of the consumer;

35) **overdraft option**– a service related to the payment account which manifests as the possibility offered to the consumer within the scope of the concluded contract to use funds which exceed the current balance of funds in the payment account of the consumer or the agreed overdraft, if the payment service provider has tacitly agreed thereto;

36) **funds** (hereinafter – the money) – banknotes and coins, non-cash and electronic money;

37) **innovative service in the field of electronic payments**– a new or significantly improved electronic payment or electronic money service on the scale of Latvia;

38) **own funds**– funds as defined in Article 4(1)(118) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance) (hereinafter – Regulation No 575/2013) if it is ensured that at least 75 % of the Tier 1 capital is in the form of Common Equity Tier 1 capital as referred to in Article 50 of that Regulation and Tier 2 is equal to or less than one third of Tier 1 capital;

39) **initial capital**– capital formed by one or several of the elements referred to in Article 26(1)(a), (b), (c), (d), and (e) of Regulation No 575/2013;

40) **home Member State** – a Member State of affiliation, i.e., a European Union Member State or a state of the European Economic Area (hereinafter – the Member State) where legal address or main headquarters of the payment service provider is located, if the payment service provider does not have legal address in accordance with the legal acts of its country;

41) **participating Member State**– a host Member State which is not the home Member State and in which the payment service provider has the agent or a branch or in which it provides payment services;

42) **foreign exchange trading**– purchasing and selling of a foreign currency cash in the form of a commercial activity;

43) **foreign exchange trading company**– a capital company registered in a country of the European Union or European Economic Area, except for a credit institution which is engaged in foreign exchange trading and has been registered in accordance with the procedures specified in Section 26.3 of this Law.

[*17 March 2011; 12 May 2011; 24 April 2014; 2 March 2017; 20 June 2018; 23 September 2021* / *Amendment regarding the supplementation of Section with Clauses 42 and 43 shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 2.**(1) This Law prescribes the rights, obligations, and liability of payment service providers, payment service users, electronic money issuers, electronic money holders, foreign exchange trading companies, and payment systems, the requirements for the provision of payment services, issuing, distribution, and redeeming of electronic money, as well as governs the legal status, operation, and responsibility of payment institutions, electronic money institutions, foreign exchange trading companies, and payment systems.

(2) Payment services may be provided by:

1) a credit institution;

2) an electronic money institution;

3) [26 October 2017 / See Paragraph 26 of Transitional Provisions];

4) a payment institution;

5) the European Central Bank, Latvijas Banka, or the central bank of another country when it performs activities other than monetary policy implementation activities or activities of another public person;

6) an institution of direct administration or a derived public person when it performs activities other than activities of a public person;

7) an institution licensed in a Member State which has commenced operation in Latvia in accordance with the procedures laid down in Section 31 of this Law;

8) a savings and loan association.

(21) Electronic money may be issued by:

1) a credit institution;

2) an electronic money institution;

3) [26 October 2017 / See Paragraph 26 of Transitional Provisions];

4) the European Central Bank, Latvijas Banka, or the central bank of another country when it performs activities other than monetary policy implementation activities or activities of another public person;

5) an institution of direct administration or a derived public person when it performs activities other than activities of a public person;

6) an electronic money institution licensed in a Member State which has commenced operation in Latvia in accordance with the procedures laid down in Section 31 of this Law;

7) such branch of a foreign electronic money institution which has received a licence in Latvia.

(22) This Law lays down the measures which ensure transparency and comparability for a payment service user – consumer, the principles of switching consumer payment accounts, and the procedures by which consumers may open and use a payment account with basic functions (hereinafter – the basic account).

(3) Chapters VII, VIII, IX, X, XI, XII, XIII, XIV, and XIV.1 of this Law shall apply to payment service providers which provide payment services in Latvia, if the payment service provider of the payer and the payee is located in a Member State and is providing payment services in euro or national currency of any Member State.

(31) Chapters VII, VIII, IX, X, XI, XII, Section 97, Chapters XIV and XIV.1 of this Law, except for Section 64, Clause 2, Sub-clause “e”, Section 68, and Section 73, Paragraph one, Clause 2, shall apply to payment periods executed in a Member State in any currency, if the payment service provider of the payer and the payee is located in a Member State.

(32) Chapters VII, VIII, IX, X, XI, XII, Section 97, Chapters XIV and XIV.1 of this Law, except for Section 64, Clause 2, Sub-clause “e” and Clause 5, Sub-clause “g”, Section 68 and Section 73, Paragraph one, Clause 2, Section 77, Paragraph two, Sections 79, 88, 89 and Section 94, Paragraph one, as well as Sections 99 and 101, shall apply to payment periods executed in a Member State in any currency, if the payment service provider of the payer and the payee is located in the Member State.

(4) [12 September 2013]

(5) Sections 58.1, 60.1, 60.2, 60.3 and Section 75.3, Paragraph four of this Law shall be applied in transaction legal relationship with the consumer. If the payment service user is not a consumer, the payment service provider and the payment service user may agree on non-application of individual provisions of Chapters VII, VIII, and IX of this Law in their transaction legal relationship.

(6) The provisions of Section 46.1 of this Law shall not apply to savings and loan associations.

(7) Sections 46.1, 58.1, 60.1, 60.2, 60.3, Chapters IX.1 and XIII.1 of this Law shall not apply to payment service providers which do not offer services related to a payment account to consumers.

(8) Sections 44.1, 44.3, 46.1, 58.1, 60.1, 60.2, 60.3 and Chapter IX.1 of this Law shall not apply to such accounts which are opened by a natural or legal person in a closed system created and maintained by an electronic money institution and which may be used by the respective person for the recording of issuing and redeeming of electronic money, as well as for recording such payments with electronic money which are executed only in the closed system of the electronic money institution (hereinafter – the electronic money account).

[*17 March 2011; 12 September 2013; 24 April 2014; 2 March 2017; 26 October 2017; 20 June 2018; 23 September 2021* / *The new wording of Paragraph one shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 3.**(1) This Law shall not be applied to:

1) payments made exclusively in cash directly from the payer to the payee, without any intermediary intervention;

2) payments from the payer to the payee through a commercial agent authorised to negotiate or conclude the sale or purchase of goods or services on behalf of the payer or the payee;

3) physical transport of banknotes and coins, including their collection, processing and delivery, if it is done for the purposes of commercial activities, non-profit-making activities, or charitable activities;

4) in cases when the payee concurrently with selling of goods or services is disbursing money to the payer, if the payer has requested it prior to the settlement of the purchase;

5) money exchange transactions performed by institutions where the funds are not deposited on a payment account;

6) payments which have been executed on the basis of any of the following documents referred to in Sub-clause “a”, “b”, “c”, “d”, “e”, “f”, or “g” of this Clause, drawn on the payment service provider, with a view to placing money at the disposal of the payee:

a) paper cheques in accordance with the Geneva Convention of 19 March 1931 providing a uniform law for cheques;

b) paper cheques similar to those referred to in Sub-clause “a” of this Clause and governed by the laws of Member States which are not party to the Geneva Convention of 19 March 1931 providing a uniform law for cheques;

c) paper-based drafts in accordance with the Geneva Convention of 7 June 1930 providing a uniform law for bills of exchange and promissory notes;

d) paper-based drafts similar to those referred to in Sub-clause “c” of this Clause and governed by the laws of Member States which are not party to the Geneva Convention of 7 June 1930 providing a uniform law for bills of exchange and promissory notes;

e) paper-based vouchers;

f) paper-based traveller’s cheques;

g) paper-based postal money orders as defined by the Universal Postal Union;

7) payments mutually executed within a payment or securities settlement system between central counterparties, clearing houses, central banks, settlement agents, other participants of the system within the meaning of the law On Settlement Finality in Payment and Financial Instrument Settlement Systems, as well as payment service providers;

8) payments related to securities asset servicing, redemption, or sale, including dividends, income or other distributions, if it is carried out by persons referred to in Clause 7 of this Section or by investment firms, investment management companies, or credit institutions which provide investment services, or other commercial companies allowed to hold financial instruments;

9) services provided by technical service providers, without them entering at any time into ownership (possession) of the money to be transferred, except for payment initiation services or account information services;

10) to services in which a specific payment instrument is used in a limited manner for the purchase of goods or a service, conforming to one of the following conditions:

a) in relation to a very limited, functionally linked range of goods or services;

b) at the location (in the premises) of the payment instrument issuer;

c) in a limited and closed network of such sellers of goods and providers of services which have a commercial contract concluded directly with the payment instrument issuer;

d) with suppliers in the territory of Latvia which have commercial agreement with the payment instrument issuer, if the payment instrument is being issued by a State or local government institution, or a capital company of a public person for social purposes in the cases specified in legal acts;

11) payments which are provided by an electronic communications merchant to an individual end-user (postpaid or prepaid service user) in addition to communications services, including payment in the relevant invoice, if the value of individual payment referred to in Sub-clause “a” or “b” of this Clause does not exceed EUR 50 and the total value of such payments for an individual end-user does not exceed EUR 300 per month and if the payment is executed:

a) for the purchase of digital content or voice telephony service (including telephone polling, premium rate SMS) regardless of the device which is used for the purchase or consumption of digital content;

b) for charity purposes or for the purchase of tickets (including transport, entertainment, parking or entry permits) which is executed through an electronic device;

12) mutual payments of payment service providers, as well as their agents or branches for own needs;

13) to payments executed within the scope of a group of commercial companies between a parent company and its subsidiary or between subsidiaries of the same parent company, without involving other payment service providers outside this group of commercial companies;

14) withdrawal of money from automated teller machines, if the service provider is acting as the agent of one or several payment card issuers, is not party to the framework contract with the customer withdrawing money from the payment account, and does not provide other payment services. Before and after withdrawal of money, the provider of such service shall inform the customer of the fee which is referred to in Section 58, Paragraph two, Section 73, Paragraph one, Clauses 3 and 4, Section 74, Clauses 3 and 4, Section 75, Clauses 3 and 4 of this Law and is related to withdrawal of money.

(2) If the total value of payments executed within the period of previous 12 months for a person who is carrying out the activities referred to in Paragraph one, Clause 10 of this Section exceeds one million euros, it shall send a notification to Latvijas Banka including therein a description of the services offered and an explanation as to which of the types of exceptions referred to in Paragraph one, Clause 10 of this Section would be applicable to activities of such person.

(3) Latvijas Banka shall, within one month, evaluate the information submitted in accordance with the procedures laid down in Paragraph two of this Section and whether the activities of the person should be recognised as a limited network. Latvijas Banka shall notify its decision to the person referred to in Paragraph two of this Section.

(4) A merchant which provides the services indicated in Paragraph one, Clause 11 of this Section shall notify Latvijas Banka thereof as well as, henceforth by 31 January of the current year, submit an expanded report certifying that the activities of the person conform to the restrictions referred to in Paragraph one, Clause 11 of this Section.

(5) Latvijas Banka shall send to the European Banking Authority information regarding the activities notified in accordance with the procedures laid down in Paragraphs two and four of this Section.

(6) The description of the activities of such persons who have notified of their activity in conformity with Paragraphs two and four of this Section shall be published on the website of Latvijas Banka.

[*17 March 2011; 2 March 2017; 20 June 2018; 23 September 2021* / *Amendment to Paragraph one, Clause 5 regarding the replacement of the words “money exchange transactions” with the words “money exchange transactions performed by institutions” and to Paragraph two regarding the replacement of the words “the Financial and Capital Market Commission” with the words “Latvijas Banka”, amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraphs 41 and 42 of Transitional Provisions*]

**Chapter II**

**Licensing and Registration of an Institution**

[*17 March 2011*]

**Section 4.**(1) An institution may commence its operation in Latvia only after receipt of the licence of Latvijas Banka, except for the cases specified in Sections 5 and 5.1 of this Law.

(2) A licensed institution shall pursue the activities regulated by this Law which are indicated in the licence issued to the institution.

(21) After registration and in accordance with the requirements of Sections 5 and 5.1 of this Law, an institution shall perform the activities governed by this Law which the institution has indicated when registering in the register referred to in Section 10, Paragraph three of this Law.

(3) After an institution has received a licence for the commencement of operation or after registration in accordance with the requirements of Sections 5 and 5.1 of this Law, it shall be regarded as a participant of the financial market.

[*17 March 2011; 24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “financial and capital market” with the words “financial market” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 5.**(1) A payment institution does not need a licence of Latvijas Banka and it is entitled to commence its operation in Latvia after registration in the register referred to in Section 10, Paragraph three of this Law if it conforms to all of the following conditions:

1) the arithmetic mean of the payments executed in the previous 12 months by the payment institution or its agent for the activities of which the payment institution assumes responsibility, or the arithmetic mean of payments of the subsequent 12 months provided for in the commercial activity plan does not exceed three million euros per month in the form of the payment service referred to in Section 1, Clause 1, Sub-clauses “e” (only issuing of payment instrument) and “f”;

2) the restrictions specified in Section 21, Paragraph one of this Law are not applicable to any of the persons referred to in Section 11, Paragraph one, Clause 10 of this Law and they conform to the requirements of Section 20 of this Law;

21) the person who has directly or indirectly acquired qualifying holding in the institution has impeccable reputation;

3) all the information and documents referred to in Paragraph two of this Section have been submitted in accordance with the requirements of this Law and regulations of Latvijas Banka;

4) the payment service users of the payment institution are linked to the Republic of Latvia.

(2) In order to register in the register referred to in Section 10, Paragraph three of this Law, the payment institution shall submit to Latvijas Banka a registration notification and the following information:

1) information regarding the person. If a legal person wishes to provide payment services, its firm name, legal address, registration number, and place of registration shall be indicated. If a natural person wishes to provide payment services, the declared place of residence of such person shall be indicated, as well as a copy of the passport or another personal identification document containing the given name, surname, year and date of birth, and personal identity number shall be submitted;

2) information regarding the persons referred to in Section 11, Paragraph one, Clause 10 of this Law;

3) the business plan of the payment institution which, inter alia, also attests to the conformity with the condition referred to in Paragraph one, Clause 1 of this Section;

4) information as to how the payment institution will ensure the fulfilment of the requirements of Section 38, Paragraph one of this Law;

5) the procedures of the institution which ensure the establishment and efficient operation of the internal control system for the prevention of money laundering and terrorism and proliferation financing;

6) information regarding the identity of such persons who have directly or indirectly acquired qualifying holding in the institution, as well as regarding the amount of their holding;

7) information regarding the procedure for ensuring continuity of commercial activity;

8) other documents to be submitted and indicated in the regulations of Latvijas Banka.

(3) Latvijas Banka shall, within 30 days after all the information and documents referred to in Paragraph two of this Section have been received, evaluate whether the person who wishes to provide payment services meets the requirements of Paragraph one of this Section. If the person meets these requirements, it shall be registered in the register referred to in Section 10, Paragraph three of this Law.

(4) Latvijas Banka has the right to not register the person in the register referred to in Section 10, Paragraph three of this Law if:

1) the person has not proved the conformity of the planned commercial activity with the condition of Paragraph one, Clause 4 of this Section;

2) the information specified in Paragraph two of this Section or the additional information requested by Latvijas Banka has not been submitted;

3) the information submitted by the person does not attest to sound and prudent management of the institution;

4) persons who have qualifying holding in the institution do not meet the requirements of Paragraph one, Clause 2.1 of this Section;

5) one or several of the persons referred to in Section 11, Paragraph one, Clause 10 of this Law do not meet the requirements of Section 20 of this Law and are subject to the restrictions indicated in Section 21 of this Law;

6) the documents submitted by the institution contain false information;

7) the close links of the institution within the meaning of the Credit Institution Law with the third parties may endanger its financial stability or restrict the rights of Latvijas Banka to perform the supervisory functions specified in this Law.

[*17 March 2011; 24 April 2014; 20 June 2018; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 5.1**(1) An electronic money institution does not need a licence of Latvijas Banka and it is entitled to commence its activity in Latvia after registration in the register referred to in Section 10, Paragraph three of this Law if it conforms to all of the following conditions:

1) the average outstanding electronic money within the scope of commercial activity conducted by the electronic money institution does not exceed two million euros. If the electronic money institution additionally performs any of the activities referred to in Section 36.1, Paragraph one of this Law and the amount of electronic money is not known, the electronic money institution shall use the amount of the issued electronic money for the calculation of the average outstanding electronic money. The electronic money institution which has not conducted commercial activity for six full calendar months shall determine the average outstanding electronic money on the basis of the business plan, unless Latvijas Banka has requested amendments to such plan;

2) the restrictions specified in Section 21, Paragraph one of this Law are not applicable to any of the persons referred to in Section 11, Paragraph one, Clause 10 of this Law and they conform to the requirements of Section 20 of this Law;

21) the persons who have directly or indirectly acquired qualifying holding in the institution have impeccable reputation;

3) all the information and documents referred to in Paragraph two of this Section have been submitted in accordance with the requirements of this Law and regulations of Latvijas Banka;

4) the electronic money institution offers only an established and maintained closed system for the issuing and redeeming of electronic money, as well as the electronic money holders and payment service users thereof, if any, are linked to the Republic of Latvia.

(2) In order to register in the register referred to in Section 10, Paragraph three of this Law, the electronic money institution shall submit to Latvijas Banka a registration notification and the following information:

1) information regarding its firm name, legal address, registration number, and place of registration;

2) information regarding the persons referred to in Section 11, Paragraph one, Clause 10 of this Law;

3) the business plan of the electronic money institution which, inter alia, also attests to the conformity with the condition referred to in Paragraph one, Clause 1 of this Section;

4) information as to how the electronic money institution will ensure fulfilment of the requirements of Section 38, Paragraph one of this Law;

5) the procedures of the institution which ensure the establishment and efficient operation of the internal control system for the prevention of money laundering and terrorism and proliferation financing;

6) information regarding the identity of such persons who have directly or indirectly acquired qualifying holding in the institution, as well as regarding the amount of their holding;

7) information regarding the procedure for ensuring continuity of commercial activity;

8) other documents to be submitted and indicated in the regulations of Latvijas Banka.

(3) Latvijas Banka shall, within 30 days after all the information and documents referred to in Paragraph two of this Section have been received, assess whether the person who wishes to commence the operation of an electronic money institution meets the requirements of Paragraph one of this Section. If the person meets these requirements, it shall be registered in the register referred to in Section 10, Paragraph three of this Law.

(4) The electronic money institution which is registered in the register referred to in Section 10, Paragraph three of this Law is entitled, in addition to the issuing of electronic money, to provide the services of issuing of a payment instrument and money remittance if it meets the requirements of Section 5, Paragraph one of this Law and has submitted the information and documents referred to in Section 5, Paragraph two of this Law to Latvijas Banka.

(5) Latvijas Banka has the right to not register the person in the register referred to in Section 10, Paragraph three of this Law if:

1) the person has not proved the conformity of the planned commercial activity with the condition of Paragraph one, Clause 4 of this Section;

2) the information specified in Paragraph two of this Section or the additional information requested by Latvijas Banka has not been submitted;

3) the information submitted by the person does not attest to sound and prudent management of the institution;

4) persons who have qualifying holding in the institution do not meet the requirements of Paragraph one, Clause 2.1 of this Section;

5) one or several of the persons referred to in Section 11, Paragraph one, Clause 10 of this Law do not meet the requirements of Section 20 of this Law and are subject to the restrictions indicated in Section 21 of this Law;

6) the documents submitted by the institution contain false information;

7) the close links of the institution within the meaning of the Credit Institution Law with the third parties may endanger its financial stability or restrict the rights of Latvijas Banka to perform the supervisory functions specified in this Law.

[*17 March 2011; 12 May 2011; 24 April 2014; 20 June 2018; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 5.2**(1) If significant amendments are being made to the information of an institution referred to in Sections 5 and 5.1 of this Law, including to the information regarding the persons referred to in Section 11, Paragraph one, Clause 10 of this Law, as well as the persons who have directly or indirectly acquired qualifying holding in the institution, after the institution has already been registered in the register referred to in Section 10, Paragraph three of this Law, the relevant institution shall submit updated information to Latvijas Banka prior to making such amendments.

(2) Before commencing the payment service referred to in Section 1, Clause 1 of this Law or making significant changes in the payment service procedures, the institution which is registered in the register referred to in Section 10, Paragraph three of this Law shall submit to Latvijas Banka the information specified in Section 5 of this Law on the planned payment services.

(3) Latvijas Banka is entitled to request additional information from the institution in order to evaluate the conformity of the changes intended by the institution with the requirements of this Law.

(4) Latvijas Banka has the right, within 30 days from the day when it has received a notification on changes and the necessary information, to object against the changes intended by the institution if:

1) as a result of such changes the institution does not conform to the requirements of Section 5, Paragraph one or Section 5.1, Paragraph one of this Law;

2) they may affect the sound and prudent management of the institution;

3) the institution does not submit or refuses to submit to Latvijas Banka the information specified in this Law or the additional information requested by Latvijas Banka.

[*17 March 2011; 24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 5.3**When examining the documents referred to in Sections 5 and 5.1 of this Law, Latvijas Banka has the right to request the institution to make corrections in them or submit additional documents which are necessary for Latvijas Banka to verify that the institution is managed soundly and prudently, as well as that the requirements of this Law are complied with.

[*24 April 2014; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 6.**(1) If the payment institution, upon regular assessment of its operation, establishes that it might not meet the requirements of Section 5, Paragraph one, Clause 1 of this Law, it shall inform Latvijas Banka without delay.

(2) If the electronic money institution, upon regular assessment of its operation, establishes that it might not meet the requirements of Section 5, Paragraph one, Clause 1 or Section 5.1, Paragraph one, Clause 1 of this Law, it shall inform Latvijas Banka without delay.

(3) After submission of the notification referred to in Paragraph one or two of this Section to Latvijas Banka, the institution shall ensure its conformity with the restrictions specified in Section 5, Paragraph one, Clause 1 and Section 5.1, Paragraph one, Clause 1 of this Law until it receives the relevant licence for the operation of a payment institution or electronic money institution.

[*20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 7.**(1) The executive board and legal address (official seat) of an institution licensed in Latvia shall be situated in the Republic of Latvia. The place where commercial activity of the licensed institution is conducted shall be at least partially linked to the Republic of Latvia.

(2) The executive board and legal address (official seat) of an institution registered in the register referred to in Section 10, Paragraph three of this Law in accordance with the requirements of Section 5 or 5.1 of this Law shall be situated in the Republic of Latvia. The place where commercial activity of such institution is conducted shall only be the territory of the Republic of Latvia. A registered institution shall not offer and provide payment services and electronic money services outside the territory of Latvia or using international payment systems.

[*20 June 2018*]

**Section 8.**(1) The provisions of Section 4, Paragraph two, Section 9, Section 11, Paragraphs one, two, 2.1, 2.2, 2.3, and three, Section 12, Section 13, Paragraph one, Sections 14, 15, 16, 17, 18, 19, 22, 24, 25, 26, 31, 32, 33, 34, 35, and 37, Section 46, Paragraph three, as well as Sections 50 and 51 of this Law shall not be binding on the institutions to which the exemption specified in Sections 5 and 5.1 of this Law is applicable in relation to the licence.

(2) The requirements of Sections 14, 15, 16, 17, 18, 19, 27, 28, 29, 30, 34, 35 and Chapters VII, VIII, IX, IX.1, X, XI of this Law, except for the requirements of Sections 80.2 and 82 and Chapters XII, XIII, and XIII.1, shall not be binding on a payment institution which has received a licence in accordance with the procedures laid down in Section 11 of this Law only for the provision of the account information service. The requirements of Sections 61, 64, and 73 of this Law shall be binding on the payment institution referred to in the first sentence of Paragraph two of this Section to the extent in which they are applicable to the provision of the account information service.

[*24 April 2014; 20 June 2018*]

**Section 9.**A licensed institution has the right to commence the operation of a payment institution or the operation of an electronic money institution in another Member State in accordance with the procedures laid down in Sections 32 and 33 of this Law.

[*17 March 2011; 24 April 2014*]

**Section 10.**(1) Licensed institutions, their agents and branches, as well as branches of foreign electronic money institutions which have received a licence in Latvia shall be registered in the Register of Licensed Institutions maintained by Latvijas Banka.

(2) The right of an electronic money institution or branch of a foreign electronic money institution which has received a licence in Latvia to issue electronic money, as well as the payment services which the persons referred to in Paragraph one of this Section are entitled to provide shall be indicated in the Register of Licensed Institutions.

(3) The institutions for the commencement of the operation of which a licence is not necessary, their representatives and branches shall be registered in the Register of Institutions maintained by Latvijas Banka.

(4) Latvijas Banka shall send to the European Commission information regarding the number of the institutions referred to in Paragraph three of this Section, their agents and branches as regards the situation on 31 December of the calendar year, in addition indicating the total amount of payments executed thereby in 12 months of the relevant calendar year and the amount of the issued electronic money in turnover.

(5) Latvijas Banka shall, without delay, notify the European Banking Authority of the changes which are made in the registers referred to in Paragraphs one and three of this Section.

[*17 March 2011; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 11.**(1) In order to receive a licence for the operation of an institution or for the issuing of electronic money, an applicant shall submit the relevant application to Latvijas Banka, appending thereto:

1) the programme of operations of the institution indicating the types of envisaged payment services. If the electronic money institution is planning to conduct the issuing of electronic money, it shall indicate information regarding the planned issuing of electronic money in the programme of operations;

2) a business plan of the institution for not less than the first three financial years reflecting in detail the operational strategy of the institution, financial forecasts, as well as draft balance, draft profit or loss account, draft calculation of capital adequacy, market research plans, and other information which is specified in the regulations issued by Latvijas Banka and which demonstrates that the applicant will be able to ensure stable, sound, and prudent operation of the institution;

3) evidence of the existence of the initial capital referred to in Section 12 of this Law;

4) description of the measures taken for safeguarding the money of payment service users and electronic money holders in accordance with the provisions of Section 38 of this Law, including information regarding the execution of the requirements of Section 38, Paragraph one of this Law;

5) description of the internal control system and risk management of the institution which also includes a description of the administrative, risk management, and accounting procedures necessary for ensuring adequate and sufficient management of the institution;

6) the procedures of the institution which ensure the establishment and efficient operation of the internal control system for the prevention of money laundering and terrorism and proliferation financing;

7) description of the structural organisation of the institution, including information regarding the agents, branches, outsourcing contracts of the institution and its participation in a national or international payment system;

8) information regarding the identity of the persons having, directly or indirectly, qualifying holding in the institution, as well as regarding the amount of their actual holding and certification of their conformity with Section 15 of this Law;

9) list of those persons with whom the institution has close links within the meaning of the Credit Institution Law;

10) information regarding members of the executive board and supervisory board of the institution, the persons who, upon taking significant decisions on behalf of the institution, cause civil liabilities for the institution, regarding the persons responsible for the fulfilment of the requirements for the prevention of money laundering and terrorism and proliferation financing, also regarding the persons directly responsible for the management of the operation of the payment services of the institution, as well as the documents certifying the conformity of the respective persons with the requirements of Sections 20 and 21 of this Law;

11) information regarding a sworn auditor or a commercial company of sworn auditors (hereinafter – the sworn auditor), if it is necessary in accordance with the Law on the Annual Financial Statements and Consolidated Financial Statements;

12) the articles of association of the institution, if such information is not available in the public registers;

13) [20 June 2018];

14) description of the internal control and management system of the institution in relation to security incident management and of the examination of complaints submitted by payment service users and electronic money holders in relation to the security and monitoring of information systems, including a mechanism according to which incidents are reported, arising from the requirements of Section 104.2 of this Law;

15) description of the processes in place to register, monitor, track, and restrict access to sensitive payment data;

16) description of the commercial activity continuity measures of the institution, including effective plans provided for emergency situations and description of the procedure for the regular testing and reviewing of the adequacy and efficiency of such plans;

17) description of the process for the collection of statistical data on the operation of the institution where data on the efficiency, provided services, and cases of fraud of the institution are compiled;

18) description of the information system security policy, including detailed assessment of the risks associated with the provided services, as well as description of the security control and risk mitigation measures.

(2) The audit and organisational measures of the institution for the protection of the interests of payment service users and electronic money holders, as well as for ensuring continuity and credibility, upon executing payment services and issuing electronic money, shall be indicated in the documents specified in Paragraph one, Clauses 4, 5, and 7 of this Section.

(21) An applicant who wishes to provide a payment initiation service or account information service shall, until the day when the decision to issue a licence is taken, submit to Latvijas Banka a certified copy of the professional indemnity insurance or another guarantee.

(22) In order to receive a licence for the operation of such payment institution which provides only account information service, the applicant shall submit the relevant application to Latvijas Banka, appending the information indicated in Section 11, Paragraph one of this Law thereto, except for the information indicated in Clauses 3, 4, 6, 8, 9, 11, and 17 of the abovementioned Paragraph.

(3) Upon examining the documents referred to in Paragraph one of this Section, Latvijas Banka has the right to request the institution to make corrections in them or submit additional documents which are necessary for Latvijas Banka to be able to verify that the institution is managed soundly and prudently, as well as other requirements of this Law are fulfilled.

(4) Latvijas Banka shall determine the procedures by which an institution operating licence shall be issued, the institution shall be registered, and the information shall be provided, as well as the documents to be submitted.

[*17 March 2011; 24 April 2014; 19 May 2016; 20 June 2018; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 12.**(1) A payment institution shall ensure that on the day when the decision to issue a payment institution operating licence is taken, its initial capital is at least:

1) EUR 20 000, if the payment institution provides only money remittance services;

2) EUR 50 000, if the payment institution provides the payment services referred to in Section 1, Clause 1, Sub-clause “h” of this Law;

3) EUR 125 000, if the payment institution provides any of the payment services referred to in Section 1, Clause 1, Sub-clause “a”, “b”, “c”, “d”, or “e” of this Law.

(2) An electronic money institution shall ensure that on the day when the decision to issue an electronic money institution operating licence is taken, its initial capital is at least EUR 350 000.

(3) [20 June 2018 / See Paragraph 35 of Transitional Provisions]

[*17 March 2011; 24 April 2014; 20 June 2018*]

**Section 13.**(1) Only the person who meets the criteria specified in Section 15, Paragraph one of this Law shall be entitled to acquire qualifying holding in an institution.

(2) Latvijas Banka has the right to request information on the persons who apply for a qualifying holding (the actual acquirers of the qualifying holding or persons suspected of having acquired such a holding), including the owners of legal persons (beneficial owners) who are natural persons in order to assess the conformity of such persons with the criteria specified in Section 15, Paragraph one of this Law.

(3) Latvijas Banka has the right to identify founders (shareholders and stockholders) and owners (beneficial owners) of legal persons who apply for a qualifying holding (the actual acquirers of the qualifying holding or persons suspected of having acquired such a holding) until the information on the owners (beneficial owners) who are natural persons is obtained. In order for Latvijas Banka to be able to identify such persons, the abovementioned legal persons have the obligation to provide information to Latvijas Banka requested thereby if such information is not available in the public registers from which Latvijas Banka is entitled to receive such information.

(4) If persons (stockholders or shareholders) who are suspected of the acquisition of qualifying holding in an institution do not provide or refuse to provide the information referred to in Paragraph two or three of this Section and their participation in total comprises 10 or more per cent of the equity capital or number of voting stocks or shares of the institution, such persons may not exercise the voting rights of all the stocks belonging thereto. Latvijas Banka shall, without delay, inform the relevant stockholders or shareholders and the institution of this fact.

(5) [2 March 2017]

[*17 March 2011; 2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 14.**(1) A person who wishes to acquire a qualifying holding in an institution shall notify Latvijas Banka thereof in writing in advance. The amount of holding to be acquired from the equity capital or number of voting stocks or shares of the institution shall be indicated in the notification in per cent. The information provided for in the regulatory enactments of Latvijas Baka which is necessary to assess the conformity of the person with the criteria specified in Section 15, Paragraph one of this Law shall be appended to the notification.

(2) If a person wishes to increase its qualifying holding, thereby reaching or exceeding 20, 33, or 50 per cent of the equity capital or number of voting stocks or shares of the institution, or if the institution becomes a subsidiary of such person, the relevant person shall notify Latvijas Banka thereof in writing in advance. The amount of the qualifying holding to be acquired as a percentage of the equity capital or number of voting stocks or shares of the institution shall be indicated in the notification and the information provided for in the regulatory enactments of Latvijas Banka which is necessary in order to assess the conformity of the person with the criteria specified in Section 15, Paragraph one of this Law shall be appended thereto.

(3) Within two business days after the day of receipt of the notification referred to in Paragraph one or two of this Section or within two business days after receipt of the additional information requested thereby, Latvijas Banka shall notify the person in writing of the receipt of the notification or additional information and of the final date of the assessment period.

(4) During the assessment period specified in Section 15, Paragraph one of this Law, but not later than on the fiftieth business day of the assessment period, Latvijas Banka has the right to request additional information on the persons referred to in this Section in order to evaluate the conformity thereof with the criteria specified in Section 15, Paragraph one of this Law.

[*17 March 2011; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 15.**(1) Not later than within 60 business days from the day when the information referred to in Section 14, Paragraph three of this Law regarding receipt of the notification or additional information has been sent to the person, Latvijas Banka shall assess the free capital adequacy of the person, taking into account the number of all the shares or stocks of the institution to be purchased thereby, the financial stability of such person, and the financial feasibility of the planned acquisition of the holding in order to ensure stable and diligent management of such institution in which the relevant person is planning to acquire holding, as well as the potential influence of such person on the management and operation of the institution. Latvijas Banka shall take the following criteria into account during the assessment process:

1) impeccable reputation of the person and his or her conformity with the requirements laid down for stockholders or shareholders of the institution;

2) impeccable reputation and professional experience of such person who will manage the operation of the institution as a result of the planned acquisition of holding;

3) financial stability of the person, particularly as to the way in which the institution in which such person is planning to acquire holding is conducting economic activity;

4) whether the institution will be able to fulfil the requirements of this Law and other laws and regulations and whether the structure of its group of commercial companies in the composition of which the institution will become included does not restrict the possibilities of Latvijas Banka to perform the supervisory functions specified for it in the Law, to ensure efficient exchange of information among the supervisory institutions, and to determine the distribution of authorisations among supervisory institutions;

5) whether there is reasonable suspicion that, in relation to the planned acquisition of the holding, money laundering and terrorism and proliferation financing has been carried out or an attempt to carry out such activities has been made, or that the planned acquisition of the holding could increase such a risk.

(2) When requesting the additional information referred to in Section 14, Paragraph four of this Law, Latvijas Banka has the right to suspend the assessment period once until the day when such information is received, but not longer than for 20 business days. Latvijas Banka has the right to extend the abovementioned suspension of the assessment period for up to 30 business days if the person who wishes to acquire, has acquired, wishes to increase, or has increased its qualifying holding in the institution is not subject to the supervision of activities of institutions, investment firms, credit institutions, insurance companies, reinsurance companies, or investment management companies, or the declared place of residence or place of registration of such person is in a foreign country. If, upon requesting additional information, Latvijas Banka has suspended the assessment period, the period of suspension shall not be included in the assessment period.

(3) Within the time period referred to in Paragraph one of this Section, Latvijas Banka shall take the decision by which the person is prohibited from acquiring or increasing a qualifying holding in the institution if:

1) the person does not meet the criteria specified in Paragraph one of this Section;

2) the person does not submit or refuses to submit to Latvijas Banka the information specified in this Law or the additional information requested by Latvijas Banka;

3) due to circumstances beyond the control of the person, he or she is unable to provide the information specified in this Law or the additional information requested by Latvijas Banka.

(4) Within two business days after taking the decision referred to in Paragraph three of this Section and without exceeding the assessment period specified in Paragraph one of this Section, Latvijas Banka shall send it to the person who is prohibited from acquiring or increasing a qualifying holding in the institution.

(5) If Latvijas Banka fails, within the time period referred to in Paragraph one of this Section, to send to the person the decision by which such person is prohibited from acquiring or increasing a qualifying holding in the institution, it shall be considered that Latvijas Banka agrees that the relevant person acquires or increases qualifying holding in the institution.

(6) Provisions of Paragraph three, Clause 3 of this Section shall not be applicable to a legal person if its stocks are listed on the regulated market of Latvia or another Member State, or on such regulated market the operator of which is a lawful member of the World Federation of Exchanges, and such legal person shall provide information to Latvijas Banka on its stockholders which have a qualifying holding therein.

(7) If Latvijas Banka has agreed that a person acquires or increases a qualifying holding in the institution, such person shall acquire or increase its qualifying holding therein within six months from the day when the information referred to in Section 14, Paragraph three of this Law regarding receipt of notification or additional information has been sent. If, until expiry of the relevant time period, the person has failed to acquire or increase a qualifying holding in the institution, the consent of Latvijas Banka for acquiring or increasing a qualifying holding in the institution is no longer effective. Upon receipt of a reasoned written request of the person, Latvijas Banka may decide to extend the abovementioned time period.

(8) When assessing the notifications referred to in Section 14, Paragraphs one and two of this Law, Latvijas Banka shall consult with the supervisory institutions of the relevant Member State if the person who has acquired qualifying holding in the institution is an institution, investment firm, credit institution, investment management institution, insurance company, or reinsurance company registered in another Member State, a parent undertaking of an institution, investment firm, credit institution, investment management institution, insurance company, or reinsurance company registered in another Member State, or a person who controls an institution, investment firm, credit institution, investment management institution, insurance company, or reinsurance company registered in another Member State, and if, upon acquisition or increase of the qualifying holding by the relevant person, the institution becomes the subsidiary of such person or falls into control thereof.

(81) Upon assessing the reputation of the persons referred to in Section 14, Paragraphs one and two of this Law, Latvijas Banka is entitled to verify identity, criminal record of such persons and other information which allows to ascertain that the relevant person has impeccable reputation.

(9) If the influence of the persons who have acquired a qualifying holding in the institution endangers or may endanger its financially stable and prudent management and operation that conforms to laws and regulations, Latvijas Banka shall, without delay, request termination of such influence and, if necessary, revocation of the executive board or supervisory board of the institution, or any member of the executive board or supervisory board, or prohibit the relevant persons who have acquired qualifying holding from exercising the voting rights of all the stocks or shares belonging to them.

(10) Appeal of the administrative act referred to in Paragraphs three and nine of this Section and issued by Latvijas Banka shall not suspend its operation.

[*17 March 2011; 20 June 2018; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 16.**(1) If a person wishes to terminate a qualifying holding in an institution, he or she shall provide a written notification of such decision to Latvijas Banka in advance. In the notification, the person shall indicate the share of the fixed capital of the institution or the amount of voting stocks or shares in percentage from the equity capital or the number of voting stocks or shares of the institution remaining thereto.

(2) If a person wishes to decrease its qualifying holding below 20, 33, or 50 per cent of the equity capital or number of voting stocks or shares of the institution, or if the institution is not a subsidiary company of such person anymore, the person shall notify Latvijas Banka of such decision in writing in advance.

[*17 March 2011; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 17.**Before 31 January of each year, an institution shall submit to Latvijas Banka a list of the stockholders or shareholders which had qualifying holding in the institution as on 31 December of the previous year, appending to this list information on the stockholders or shareholders and mutually linked groups of stockholders or shareholders and the amount of participation in percentage from the equity capital or number of voting stocks or shares of the institution.

[*17 March 2011; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 18.**If a person has not fulfilled the requirements of Section 14 of this Law, he or she does not have the right to exercise the voting rights of all stocks or shares belonging thereto, but the decisions of the meeting of stockholders or shareholders which have been taken by exercising the voting rights of such stocks or shares shall be void from the moment of their taking, and requests to make entries in the Commercial Register and other public registers may not be made on the basis of such decisions.

[*24 April 2014*]

**Section 19.**(1) Upon determining the amount of holding indirectly acquired by a person in an institution, the voting rights acquired by such person (hereinafter – the particular person) in the institution shall be taken into account:

1) the voting rights which a third party with which the particular person has entered into an agreement, assigning coordination of the policy for exercising the voting rights and action policy in long-term in relation to the management of the institution as an obligation, is entitled to exercise;

2) the voting rights which a third party is entitled to exercise according to an agreement which has been entered into with the particular person and provides for temporary transfer of the relevant voting rights;

3) the voting rights arising from stocks which the particular person has received as a security if such person may exercise the voting rights and has expressed its intention to exercise them;

4) the voting rights which the particular person is entitled to exercise for an unlimited time;

5) voting rights which may be exercised by a commercial company controlled by the specific person or which may be exercised by such commercial company in accordance with the provisions of Clauses 1, 2, 3, and 4 of this Paragraph;

6) the voting rights arising from stocks which have been transferred into holding to the particular person and which may be exercised thereby at its discretion, if it has not received special instructions;

7) the voting rights arising from stocks held in the name of a third party and for the benefit of the particular person;

8) the voting rights which may be implemented by the particular person as an authorised person if it is entitled to exercise the voting rights at its discretion and if it has not received special instructions;

9) the voting rights arising from the stocks acquired by the particular person in any other indirect way.

(2) The person who wishes to acquire, has acquired, wishes to increase, or has indirectly increased qualifying holding in the institution shall, upon request of Latvijas Banka, submit information thereto which allows to ascertain the conformity of the relevant person with the requirements of Section 15, Paragraph one of this Law.

[*17 March 2011; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 20.**(1) The following persons may be the chairperson of the executive board of the institution, a member of the executive board, the chairperson of the supervisory board (if such has been established), a member of the supervisory board, a person who, upon taking significant decisions on behalf of the institution, causes civil liabilities to the institution, the person responsible for the fulfilment of the requirements for the prevention of money laundering and terrorism and proliferation financing, as well as such person who is directly responsible for the management of the operation of payment services of the institution or the issuing of electronic money:

1) who are competent in financial management issues;

2) who have the necessary education and relevant professional work experience of three years which has been obtained in a commercial company, organisation, or institution of corresponding size;

3) who have impeccable reputation;

4) who have not been deprived of the right to conduct commercial activity.

(2) The chairperson of the executive board of the institution and members of the executive board must have higher education.

(21) If, in addition to the provision of payment services or issuing of electronic money, the institution conducts commercial activity of another type which is considered its basic commercial activity, it shall appoint one or several persons from amongst the members of the executive board and supervisory board (if such has been established) of the institution who meet the requirements of Paragraphs one and two of this Section and are responsible for the provision of payment services or issuing of electronic money.

(3) The competent management body of the institution has an obligation, upon its own initiative or upon request of Latvijas Banka, to immediately remove the persons referred to in Paragraphs one and 2.1 of this Section from the office if they do not conform to the requirements of this Section.

(4) If Latvijas Banka takes the decision to remove the persons referred to in Paragraphs one and 2.1 of this Section from the office due to non-conformity to the requirements of this Section, appeal of the decision of Latvijas Banka shall not suspend its operation.

[*17 March 2011; 19 May 2016; 26 October 2017; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 21.**(1) The following persons may not be the chairperson of the executive board of the institution, a member of the executive board, the chairperson of the supervisory board (if such has been established), a member of the supervisory board, a person who, upon taking significant decisions on behalf of the institution, causes civil liabilities to the institution, the person responsible for the fulfilment of the requirements for the prevention of money laundering and terrorism and proliferation financing, as well as the person who is directly responsible for the management of the operation of payment services of the institution or the issuing of electronic money:

1) who have been convicted of committing an intentional criminal offence or on whom a public prosecutor’s penal order has been imposed for committing an intentional criminal offence;

2) who have been convicted of committing an intentional criminal offence or on whom a public prosecutor’s penal order has been imposed for committing an intentional criminal offence, even if he or she has been released from serving the sentence due to expiration of a limitation period, amnesty, or clemency;

3) the criminal proceedings for committing an intentional criminal offence initiated against whom have been terminated due to expiration of a limitation period or amnesty;

4) the criminal proceedings for committing an intentional criminal offence initiated against whom have been terminated by releasing from criminal liability if such damage has not been caused by the offence as to impose a criminal punishment, or if a settlement with the victim or his or her representative has been reached;

5) the criminal proceedings for committing an intentional criminal offence initiated against whom have been terminated if he or she has provided significant assistance in discovering a serious or especially serious crime which is more serious or dangerous than the criminal offence committed by the person itself;

6) the criminal proceedings for committing an intentional criminal offence initiated against whom have been terminated by conditional release from criminal liability.

(2) The competent management body of the institution has an obligation, upon its own initiative or upon request of Latvijas Banka, to immediately remove the persons referred to in Paragraph one of this Section from the office if the restrictions referred to in Paragraph one of this Section can be applied thereto.

(3) If Latvijas Banka takes the decision to remove the persons referred to in Paragraph one of this Section from the office due to non-conformity to the restrictions imposed thereon, the appeal of the decision of Latvijas Banka shall not suspend its operation.

[*17 March 2011; 19 May 2016; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 22.**Latvijas Banka has the right not to issue the licence to an institution if:

1) the information specified in Section 11 of this Law or the additional information requested by Latvijas Banka has not been submitted;

2) the information submitted by the applicant does not ensure sound and prudent management of the institution;

3) Latvijas Banka establishes that the financial resources invested in the equity capital of the institution have been acquired in unusual or suspicious financial transactions or the lawfulness of the acquisition of these financial resources has not been proved by documentary evidence;

4) persons who have qualifying holding in the institution do not meet the requirements of Section 15, Paragraph one of this Law;

5) one or several of the persons referred to in Section 11, Clause 10 of this Law do not meet the requirements of Sections 20 and 21 of this Law;

6) the documents submitted by the institution contain false information;

7) close links of the institution with third parties may endanger the financial stability thereof or restrict the right of Latvijas Banka to perform the supervisory functions specified in the law;

8) laws and other regulatory enactments of a foreign country (non-Member State) which apply to the persons who have close links with the institution restrict the rights of Latvijas Banka to perform the supervisory functions specified in the law.

[*17 March 2011; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 23.**(1) If, in addition to the provision of payment services, the payment institution is conducting commercial activity of another type which impairs or is likely to impair either the financial stability of the payment institution or the ability of Latvijas Banka to monitor the conformity of the payment institution with the requirements of this Law, Latvijas Banka may request establishment of an individual legal person for the provision of payment services.

(2) If, in addition to the issuing of electronic money and the provision of payment services, the electronic money institution is conducting commercial activity of another type which impairs or is likely to impair either the financial stability of such institution or the ability of Latvijas Banka to monitor the conformity of the electronic money institution with the requirements of this Law, Latvijas Banka may request establishment of an individual legal person for the issuing of electronic money or provision of payment services.

[*17 March 2011; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 24.**(1) Latvijas Banka shall take the decision to issue a licence or to refuse to issue a licence and shall inform the submitter of the application within three months after receipt of all the necessary documents, notifying the reasons for refusal in case of refusal.

(2) Latvijas Banka shall issue a licence for the operation of the institution for an indefinite period of time.

[*17 March 2011; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 25.**(1) Latvijas Banka may cancel the licence of the institution if:

1) the institution has not commenced operation within 12 months from the day of issuing the licence;

2) it is established that the institution has provided false information for the receipt of the licence or has obtained the licence by any other illegal means;

3) the institution has ceased operation for a time period exceeding six months;

4) the institution has commenced liquidation proceedings;

5) the institution is surrendering the licence in the event of the reorganisation of the institution;

6) insolvency proceedings of the institution have been declared or the meeting of creditors has taken the decision to commence bankruptcy procedure;

7) the institution fails to comply with the requirements of this Law and other laws and regulations governing the operation of payment services and issuing of electronic money, including the directly applicable legal acts issued by the European Union authorities and the regulations of Latvijas Banka in the field of operation of payment services or issuing of electronic money, or the continuation of operation thereof would endanger the stability of the payment system;

8) the institution is requesting cancellation of the licence issued thereto;

9) a prohibition for exercising the voting rights of the stocks or shares belonging to the person has set in for the person who has qualifying holding in the institution, and it lasts for more than six months;

10) the institution does not conform to the conditions for granting the licence anymore.

(2) The licence of the institution shall not be renewed if Latvijas Banka has cancelled it.

(3) Information on the cancelled licence of the institution shall be published on the website of Latvijas Banka.

(4) If Latvijas Banka takes the decision to cancel the licence of the institution, the appeal of such decision shall not suspend its operation.

[*17 March 2011; 24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 25.1**(1) Latvijas Banka may cancel an entry in the register referred to in Section 10, Paragraph three of this Law if:

1) the institution has not commenced operation within 12 months since it has been recorded in the register referred to in Section 10, Paragraph three of this Law or ceased its operation for a period of time exceeding six months;

2) it is established that the institution has provided false information or has obtained an entry in the register referred to in Section 10, Paragraph three of this Law by any other illegal means;

3) the institution has commenced liquidation proceedings;

4) insolvency proceedings of the institution have been declared or the meeting of creditors has taken the decision to commence bankruptcy procedure;

5) the institution fails to comply with the requirements of this Law and other laws and regulations governing the operation of payment services and issuing of electronic money, including the directly applicable legal acts issued by the European Union authorities and the regulations of Latvijas Banka in the field of operation of payment services or issuing of electronic money, or the continuation of operation thereof would endanger the stability of the payment system;

6) the institution is requesting to cancel the entry in the register;

7) the institution does not conform to the conditions for the registration of an institution provided for in Section 5 or 5.1 of this Law.

(2) If Latvijas Banka takes the decision to cancel an entry in the register referred to in Section 10, Paragraph three of this Law, the appeal of such decision shall not suspend its operation.

[*24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 26.**(1) If the institution wishes to make significant changes in the information specified in Section 11 of this Law and to be submitted to Latvijas Banka, it shall notify Latvijas Banka thereof in writing and submit the information referred to in Section 11 of this Law thereto, including also the intended changes therein.

(2) Latvijas Banka is entitled to request additional information from the institution in order to assess the conformity of the changes intended by the institution with the requirements of this Law.

(3) Latvijas Banka has the right, within 30 days from the day when it has received a notification on changes and the necessary information, to object against the changes intended by the institution if:

1) they may affect the sound and prudent management of the institution;

2) they do not conform to the requirements of this Law;

3) the institution does not submit or refuses to submit to Latvijas Banka the information specified in this Law or the additional information requested by Latvijas Banka.

[*17 March 2011; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Chapter II.1**

**Registration of Retail Payment Systems**

[*24 April 2014*]

**Section 26.1**(1) A retail payment system to which Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 is applicable shall be registered by Latvijas Banka.

(2) The retail payment system is entitled to commence operation after registration in the Register of Retail Payment Systems maintained by Latvijas Banka.

(3) Latvijas Banka shall determine the procedures by which the retail payment system shall be registered and the information shall be provided, as well as the documents to be submitted.

[*23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 26.2**(1) Latvijas Banka may cancel a registration entry in the register referred to in Section 26.1, Paragraph two of this Law if:

1) it is established that the operator of the retail payment system has provided false information or obtained an entry in the register referred to in Section 26.1, Paragraph two of this Law by any other illegal means;

2) the operation of the retail payment system fails to comply with the requirements of this Law and other laws and regulations governing the operation of retail payment systems, including the directly applicable legal acts issued by the European Union authorities and the regulations of Latvijas Banka in the field of operation of payment services and payment systems, or the continuation of operation thereof would endanger the stability of the financial system;

3) the operator of the retail payment system requests cancellation of the entry from the register.

(2) If Latvijas Banka takes the decision to cancel an entry in the register referred to in Section 26.1, Paragraph two of this Law, the appeal of such decision shall not suspend its operation.

[*23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Chapter II.2**

**Registration of Foreign Exchange Trading Companies, Supervision of Their Operation, and Liability**

[*23 September 2021 / This Chapter shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.3**(1) A foreign exchange trading company shall be registered by Latvijas Banka.

(2) A foreign exchange trading company is entitled to commence operation after registration in the Register of Foreign Exchange Trading Companies maintained by Latvijas Banka if it conforms to all of the following conditions:

1) the capital company has been registered in accordance with the procedures laid down in the laws and regulations governing commercial activity;

2) the capital company does not have tax debts;

3) stockholder or shareholder of the capital company (down to the natural person who is the beneficial owner within the meaning of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing), chairperson of the supervisory board (if any has been established), member of the supervisory board, chairperson of the executive board, member of the executive board, or procurator meets the conditions of Section 20, Paragraph one, Clause 3 of this Law and is not subject to that laid down in Section 21, Paragraph one of this Law;

4) the person appointed by the capital company and responsible for conformity with the requirements of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing in the capital company meets the requirements of the abovementioned law;

5) all the information and documents referred to in Paragraph four of this Section have been submitted in accordance with the requirements of this Law.

(3) Latvijas Banka shall determine the registration requirements for foreign exchange trading companies and the procedures for registering a foreign exchange trading company, submitting a registration notification, documents, and information necessary for the registration of a foreign exchange trading company.

(4) In order to register a capital company in the register referred to in Paragraph two of this Section as a foreign exchange trading company, it shall submit to Latvijas Banka the registration notification and the following documents and information:

1) information on its firm name, legal address, and registration number;

2) information on the persons referred to in Paragraph two, Clause 3 of this Section and their identity and also the documents certifying the conformity of the respective persons with the conditions of Section 20, Paragraph one, Clause 3 of this Law and that the provisions specified in Section 21, Paragraph one of this Law are not applicable to him or her if such information is not available in the State information systems;

3) information on the persons referred to in Paragraph two, Clause 4 of this Section and also the documents certifying the conformity of the respective persons with the requirements of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing;

4) descriptions of such policies and procedures of the capital company which ensure the establishment and efficient operation of the internal control system for the prevention of money laundering and terrorism and proliferation financing and the internal control system for the sanction risk management within the meaning of the Law on International Sanctions and National Sanctions of the Republic of Latvia;

5) the articles of association of the institution if such information is not available in the public registers;

6) other documents and information specified by Latvijas Banka in accordance with Paragraph three of this Section.

(5) Within 30 days after receipt of all the information and documents referred to in Paragraph four of this Section, Latvijas Banka shall assess whether the capital company meets the requirements of Paragraph two of this Section. If the capital company meets the abovementioned requirements, it shall be registered in the register referred to in Paragraph two of this Section.

(6) Latvijas Banka is entitled to verify the identity, criminal record of the persons referred to in Paragraph two, Clause 3 of this Section and other information which allows to ascertain that the relevant person meets the conditions of Section 20, Paragraph one, Clause 3 of this Law and is not subject to that laid down in Section 21, Paragraph one of this Law.

(7) Latvijas Banka has the right to not register the capital company in the register referred to in Paragraph two of this Section as a foreign exchange trading company if:

1) the information referred to in Paragraph four of this Section has not been submitted;

2) one or several of the persons referred to in Paragraph two, Clause 3 of this Section do not meet the conditions of Section 20, Paragraph one, Clause 3 of this Law and are subject to that laid down in Section 21, Paragraph one of this Law;

3) one or several of the persons referred to in Paragraph two, Clause 4 of this Section do not meet the requirements of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing;

4) foreign exchange trading venue of a capital company does not meet the requirements determined for the establishment of a foreign exchange trading venue in accordance with Section 26.5 of this Law;

5) the documents submitted by the capital company contain false information;

6) the capital company has not paid the fee for the examination of documents specified in Section 26.4, Paragraph one of this Law.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraphs 42 and 43 of Transitional Provisions*]

**Section 26.4**(1) The capital company who wishes to be registered in the register referred to in Section 26.3, Paragraph two of this Law as a foreign exchange trading company shall pay to Latvijas Banka:

1) for the examination of the documents submitted in accordance with the procedures laid down in Section 26.3 of this Law for the registration in the Register of Foreign Exchange Trading Companies – EUR 2500;

2) for the examination of the documents submitted in accordance with the procedures laid down in Section 26.3 of this Law for the registration in the Register of Foreign Exchange Trading Companies if the capital company has already been registered in the Register of Institutions in accordance with Section 5 or 5.1 of this Law – EUR 500.

(2) After registration in the register referred to in Section 26.3, Paragraph two of this Law, a foreign exchange trading company shall pay to Latvijas Banka EUR 2000 per year and additionally up to 0.2 per cent (including) of the total annual amount in EUR of the foreign currency purchased and sold but the total fee paid by the foreign exchange trading company to Latvijas Banka shall not exceed EUR 20 000 per year. If a foreign exchange trading company is an institution registered in the Register of Institutions in accordance with Section 5 or 5.1 of this Law, the total fee to be paid thereby to Latvijas Banka shall not exceed EUR 100 000 per year.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.5**Latvijas Banka shall determine the requirements for foreign exchange trading and the procedures for establishing a foreign exchange trading venue and performing foreign exchange trading, and also the procedures for performing inspections in foreign exchange trading companies.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.6**Information on a foreign exchange trading company and its customers, the operation of a foreign exchange trading company and its customers which has not been previously published in accordance with the procedures laid down by law or the disclosure of which is not determined by other laws, or on disclosure of which a decision has not been taken by Latvijas Banka shall be considered restricted access information for the protection and disclosure of which the provisions of Section 52 of this Law are applicable.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.7**(1) Prior to changing a stockholder or shareholder (down to the natural person who is the beneficial owner within the meaning of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing), chairperson of the supervisory board (if any has been established), member of the supervisory board, chairperson of the executive board, member of the executive board, or procurator, a foreign exchange trading company shall inform Latvijas Banka thereof for it to be able to ascertain the conformity of such persons with the requirements of this Law.

(2) Latvijas Banka shall determine the information and documents to be submitted in relation to the change of the persons referred to in Paragraph one of this Section and the procedures for submitting such information and documents.

(3) Latvijas Banka has the right, within 30 days after the day it has received information and documents from the foreign exchange trading company on the change of the persons referred to in Paragraph one of this Section, to object against it if:

1) as a result of such changes the foreign exchange trading company does not conform to the requirements of Section 26.3, Paragraph two of this Law;

2) a foreign exchange trading company does not submit or refuses to submit the information determined according to Paragraph two of this Section.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.8**If, during operation of a foreign exchange trading company, significant amendments are made to the documents referred to in Section 26.3, Paragraph four of this Law or such documents are issued anew, the foreign exchange trading company has the obligation to inform Latvijas Banka thereof by submitting the abovementioned documents within 10 days after the day the amendments were made to such documents or the documents were issued anew.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.9**(1) If Latvijas Banka establishes that the foreign exchange trading company fails to comply with the requirements of this Law, the requirements or procedures for establishing a foreign exchange trading venue or performing foreign exchange trading, Latvijas Banka is entitled:

1) to apply the following supervisory measures:

a) to request the person who is responsible for foreign exchange trading to immediately take measures which are necessary to eliminate the non-conformity of the operation of the foreign exchange trading company with the laws and regulations and to submit an action plan to Latvijas Banka within the time period specified thereby;

b) to impose restrictions on the operation of a foreign exchange trading company, including to partially or completely suspend the provision of foreign exchange trading services until the violation of the requirements of a legal act has been eliminated;

2) impose the following sanctions:

a) to give a warning to the foreign exchange trading company or the natural person responsible for the violation;

b) to impose a fine on the foreign exchange trading company or the natural person responsible for the violation in the amount of up to EUR 142 300 for violations of requirements or procedures for establishing a foreign exchange trading venue or performing foreign exchange trading;

c) to cancel a registration entry in the register referred to in Section 26.3, Paragraph two of this Law in accordance with Section 26.10, Clause 3 or 4 of this Law.

(2) For the violations of the laws and regulations in the field of the prevention of money laundering and terrorism and proliferation financing, Latvijas Banka shall apply the sanctions specified in the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

(3) Latvijas Banka shall post the information on the sanctions and supervisory measures imposed on the person in accordance with Paragraphs one and two of this Section on its website by indicating information on the person (for a legal person – name, for a natural person – given name, surname) and the violation committed thereby, and also on contesting the administrative act issued by Latvijas Banka, the ruling adopted, and its appeal.

(4) Latvijas Banka may publish the information referred to in Paragraph three of this Section without identifying the person if it is established after an ex-ante assessment that disclosing of the data of the relevant natural or legal person may endanger the stability of the financial market or cause incommensurate harm to the persons involved.

(5) If it is foreseeable that the circumstances referred to in Paragraph four of this Section may end in a commensurate period of time, publishing of the information referred to in Paragraph three of this Section may be postponed for such period of time.

(6) The information posted on the website of Latvijas Banka in accordance with the procedures laid down in this Section shall be available for five years from the day of its posting.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.10**Latvijas Banka may cancel a registration entry in the register referred to in Section 26.3, Paragraph two of this Law if:

1) a foreign exchange trading company has not commenced operation within two months since it has been recorded in the register referred to in Section 26.3, Paragraph two of this Law or has ceased its operation for a period of time exceeding six months;

2) it is established that a foreign exchange trading company has provided false information or has obtained an entry in the register referred to in Section 26.3, Paragraph two of this Law by any other illegal means;

3) a foreign exchange trading company fails to comply, in its operation, with the requirements of this Law and other laws and regulations governing the operation of a foreign exchange trading company or the continuation of operation thereof would endanger the stability of the financial system;

4) a foreign exchange trading company has not eliminated, within the time period determined by Latvijas Banka, the violations due to which the supervisory measures specified in Section 26.9, Paragraph one, Clause 1 of this Law have been applied thereto;

5) a foreign exchange trading company has commenced liquidation proceedings;

6) insolvency proceedings of a foreign exchange trading company have been declared;

7) a foreign exchange trading company is requesting to cancel the entry in the register;

8) a foreign exchange trading company does not conform to the foreign exchange trading company registration conditions determined in Section 26.3 of this Law.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.11**If Latvijas Banka establishes that foreign exchange trading is performed without registration in accordance with the procedures laid down in this Law, Latvijas Banka is entitled to give a warning or impose a fine of up to EUR 142 300 on the natural or legal person responsible for the violation.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Section 26.12**(1) The administrative act of Latvijas Banka which has been issued on the basis of provisions of Section 26.3, Paragraph seven, Section 26.9, Paragraph one or two, Section 26.10, and Section 26.11 of this Law may be appealed to the Regional Administrative Court. The court in the composition of three judges shall examine the case as the court of first instance. A judgement of the Regional Administrative Court may be appealed by submitting a cassation complaint.

(2) If Latvijas Banka, on the basis of the provisions of Section 26.3, Paragraph seven, Section 26.9, Paragraph one or two, Section 26.10, and Section 26.11 of this Law, has issued an administrative act, except for a decision to impose a fine, the appeal of such act shall not suspend its operation.

[*23 September 2021* / *Section shall come into force on 1 January 2023. See Paragraph 42 of Transitional Provisions*]

**Chapter III**

**Use of Agents, Branches or Outsourced Departments**

**Section 27.**(1) The institution may provide payment services directly or through its agent in accordance with the procedures laid down in this Section.

(11) In addition to the provisions of Paragraph one of this Section an electronic money institution may distribute and redeem electronic money through the agent.

(2) Only such person who has the necessary qualification and experience in fulfilment of the duties delegated thereto may be the agent of the institution.

(21) The agent of the institution shall inform payment service users or electronic money holders that he or she is offering services on behalf of the institution.

(3) The institution shall inform Latvijas Banka by submitting a written application that it wishes to provide payment services or distribute or redeem electronic money through the agent. In the application, the institution shall indicate the given name, surname, declared place of residence, and personal identity number of the agent or information equivalent thereto if the agent is a natural person. If the agent is a legal person or merchant, the firm name, legal address, and registration number of the legal person or merchant shall be indicated.

(4) The institution shall append the following to the application referred to in Paragraph three of this Section:

1) description of the operational policy of the agent providing a true and clear view of the procedures for the provision of such services which will be provided through the agent;

2) description of the procedure of services to be provided through the agent of a representative and the original copy or certified copy of the authorisation agreement entered into with the agent;

3) description of such internal control mechanism which will be used by the agent to comply with the requirements of the laws and regulations for the prevention of money laundering and terrorism and proliferation financing;

4) information certifying that the restrictions specified in Section 21 of this Law are not applicable to members of the management bodies of agents and to the persons responsible for the activity of the agent.

(5) The following shall be included in the authorisation agreement:

1) a description of the procedure of services to be provided through the agent;

2) accurate requirements in relation to the quality of services which will be provided through the agent;

3) the rights and obligations of the institution and the agent, including:

a) the right of the institution to continuously supervise the quality of services, as well as how the agent complies with the requirements of the laws and regulations for the prevention of money laundering and terrorism and proliferation financing;

b) the right of the institution to give instructions to the agent which are mandatory to execute in issues related to honest, qualitative, timely provision of services conforming to the laws and regulations;

c) the right of the institution to submit a motivated written request to the agent to terminate the authorisation agreement without delay if it has established that the agent does not fulfil the requirements laid down in the authorisation agreement in relation to the amount or quality of services;

d) the obligation of the agent to ensure the institution with the possibility of continuous supervision of the quality of services, as well as how the agent complies with the requirements of the laws and regulations for the prevention of money laundering and terrorism and proliferation financing;

e) the obligation of the agent to terminate the authorisation agreement without delay upon receipt of a motivated written request of the institution.

(6) The procedure of services to be provided through the agent shall govern:

1) the internal procedures by which decisions to delegate the provision of services shall be taken;

2) the procedures for the conclusion, supervision of execution, and termination of an authorisation agreement;

3) the rights and obligations of the person and the unit which are responsible for cooperation with the agent and supervision of the amount and quality of services which are provided through the agent, as well as of the relevant person;

4) action of the institution in cases when the agent is not fulfilling or cannot fulfil the provisions of the authorisation agreement.

(7) Latvijas Banka has the right to inspect the activity of the agent at its location or site where services are provided, to become acquainted with all the documents, accounting and document registers, to make copies of documents, as well as to request from the agent information which is related to the provision of the services delegated thereto or is necessary to Latvijas Banka for the performance of its functions.

(8) The institution may commence the provision of services through the agent if Latvijas Banka has not objected against the provision of services through the relevant agent within 30 days from the day of submitting the application referred to in Paragraph four of this Section and the documents appended thereto.

(9) Latvijas Banka has the right to request additional information on the procedures by which services will be provided through the agent for it to be able to evaluate the impact of the agent on the operation of the institution.

(10) If a licensed institution wishes to provide payment services or services for the distribution or redeeming of electronic money through an agent in another Member State or by opening a branch in another Member State, it shall follow the procedures laid down in Section 32 of this Law.

(11) The competent management body of the institution has an obligation, without delay, to terminate the provision of payment services or distribution of electronic money through the relevant agent by itself or upon request of Latvijas Banka if the abovementioned agent does not conform to the requirements of this Section or does not ensure provision of services corresponding to the requirements of this Law.

[*17 March 2011; 24 April 2014; 20 June 2018; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 28.**(1) Latvijas Banka shall prohibit the institution from providing payment services or distributing or redeeming electronic money through the agent if:

1) the requirements of this Law are not conformed to;

2) the documents submitted by the institution contain false information;

3) the provision of services through the agent endangers or may endanger the stable operation of the institution, as well as may infringe the lawful interests of service users of the institution;

4) the provision of services through the agent may limit the possibilities of the management bodies of the institution to fulfil the obligations specified thereto in laws and regulations, articles of association of the institution, or in other internal regulatory enactments;

5) the provision of services through the agent will prevent or restrict the possibilities of Latvijas Banka to perform the functions specified thereto in the law;

6) the authorisation agreement does not conform to this Law and does not provide a clear and true view regarding the intended cooperation of the institution and the agent and the requirements brought forward to the agent in relation to the amount and quality of services delegated thereto;

7) it is possible that the provision of services through the agent does not ensure conformity with the requirements of the laws and regulations for the prevention of money laundering and terrorism and proliferation financing.

(2) The fact that the institution is providing services through the agent shall not release the institution from the liability specified in this Law or in contracts which it has concluded with its customers. The institution shall be responsible for activities of the agent and their result to the same extent as for its own operations as a whole.

(3) Latvijas Banka has the right to request the institution to eliminate deficiencies which have occurred, upon its agent acting on behalf of the institution, and to determine the time periods for the elimination of such deficiencies. If the deficiencies are not eliminated by the deadline specified by Latvijas Banka, Latvijas Banka shall request the institution to terminate the authorisation agreement and shall determine a deadline for its termination.

(4) Latvijas Banka is entitled to request the institution to immediately terminate the authorisation agreement if Latvijas Banka establishes that:

1) the institution does not supervise the quality of the services to be provided through the agent or supervises it irregularly and insufficiently;

2) the institution does not manage the risks related to such services which are provided through the agent, or manages them insufficiently and in poor quality;

3) there are significant deficiencies in the activity of the agent which endanger or may endanger fulfilment of the liabilities of the institution;

4) any of the circumstances referred to in Paragraph one of this Section has occurred.

(5) If the institution establishes that the agent does not meet the requirements laid down in the authorisation agreement in relation to the amount or quality of services delegated thereto, it shall, without delay, inform Latvijas Banka thereof.

(6) If the institution makes amendments to the policy and procedure of services to be provided through the agent, it shall submit such amendments to Latvijas Banka not later than on the business day following their approval.

(7) The agent is entitled to further delegate the provision of payment services or issuing of electronic money to another person only after he or she has received a written consent of the institution. Prior to further delegation of the provision of these services, the institution shall inform Latvijas Banka thereof in writing and submit the documents referred to in Section 27 of this Law thereto. The provisions of this Law shall also be applicable to further delegation of the provision of services and to the final service provider.

(8) If Latvijas Banka takes a decision on the basis of the provisions of Paragraphs one, three, and four of this Section, the appeal of such decision shall not suspend its operation.

[*17 March 2011; 20 June 2018; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 29.**(1) Activities (outsourced services) which are necessary for the provision of the operation of the institution in the field of the provision of payment services or issuing of electronic money, i.e., for accounting, for the management or development of information technologies or systems, for the fulfilment of the obligations of the internal audit service, may be delegated to one or several outsourcing service providers. In addition the institution may delegate the organisation of the internal control system and provision of some element of the payment service or electronic money service to one or several outsourcing service providers in a way that would not significantly deteriorate the quality of internal control of the institution.

(2) Only such outsourcing service provider which has the qualification and experience necessary for the fulfilment of the obligations delegated thereto is entitled to provide outsourced services to the institution.

(3) The obligations of the internal audit service of a licensed institution may be delegated only to a sworn auditor or the parent company of the institution – an institution registered in the Member State.

(4) Prior to receipt of an outsourced service, an institution shall submit to Latvijas Banka a substantiated written application for the planned receipt of an outsourced service. A description of the policy and procedure of the outsourced service and the original copy or certified copy of the outsourcing contract shall be appended to the application.

(5) The following shall be included in the outsourcing contract:

1) a description of the receivable outsourced service;

2) accurate requirements for the amount and quality of the outsourced service;

3) the rights and obligations of the institution and the outsourcing service provider, including:

a) the right of the institution to continuously supervise the quality of outsourced services;

b) the right of the institution to give instructions to the outsourcing service provider which are mandatory to execute in issues related to honest, qualitative, timely provision of the outsourced service conforming to the laws and regulations;

c) the right of the institution to submit a motivated written request to the outsourcing service provider to terminate the outsourcing contract without delay if it has established that the provider of outsourced services does not fulfil the requirements laid down in the outsourcing contract in relation to the amount or quality of the outsourced service;

d) the obligation of the outsourcing service provider to ensure the institution with a possibility to continuously supervise the quality of the outsourced service;

e) the obligation of the outsourcing service provider to terminate the outsourcing contract without delay upon receipt of a motivated written request of the institution;

4) the right of Latvijas Banka to become acquainted with all the documents, accounting and document registers and to request any information from the outsourcing service provider which is related to the provision of the outsourced service and performance of the functions of Latvijas Banka.

(6) The institution which is planning to receive an outsourced service in accordance with the procedures laid down in this Law shall develop a relevant outsourcing policy and procedure. The outsourcing procedure shall govern:

1) the internal procedures by which decisions to receive an outsourced service shall be taken;

2) the procedures for the conclusion, supervision of execution, and termination of an outsourcing contract;

3) the persons and units responsible for the cooperation with the outsourcing service provider and for the supervision of the amount and quality of the outsourced service received, as well as the rights and obligations of the relevant persons;

4) action of the institution in cases when the outsourcing service provider fails to fulfil or cannot fulfil the provisions of the outsourcing contract.

(7) Latvijas Banka has the right to inspect the activity of the outsourcing service provider at its location or site where outsourced services are provided, to become acquainted with all the documents, accounting and document registers, to make copies of documents, as well as to request information from the outsourcing service provider which is related to the provision of the outsourced service or is necessary for Latvijas Banka to perform its functions.

(8) The outsourcing service provider shall commence the provision of the outsourced service to the institution if Latvijas Banka has not objected against the receipt of the outsourced service within 30 days from the day of submission of the application referred to in Paragraph four of this Section.

[*17 March 2011; 24 April 2014; 26 October 2017; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 30.**(1) Latvijas Banka shall prohibit the institution to receive the planned outsourced service if:

1) the provisions of this Law are not conformed to;

2) receipt of the outsourced service may limit the possibilities of the institution to provide payment services or electronic money services, as well as infringe the lawful interests of service users of the institution;

3) receipt of the outsourced service may limit the possibilities of the management bodies of the institution to fulfil the obligations specified thereto in laws and regulations, in the articles of association of the institution, or in other internal regulatory enactments;

4) the receipt of the outsourced service will preclude or restrict the possibility of Latvijas Banka to perform the functions specified thereto in the law;

5) the outsourcing contract does not conform to this Law and does not provide a clear and true view of the intended cooperation of the institution and the outsourcing service provider and the requirements for the amount and quality of the outsourced service.

(2) The fact that the institution is receiving an outsourced service shall not release it from the liability specified in this Law or in contracts concluded by the institution with its customers. The institution shall be responsible for the activities of the outsourcing service provider and their result to the same extent as for its own operations as a whole.

(3) Latvijas Banka has the right to request the institution to eliminate the deficiencies which have occurred upon receipt of the outsourced service and to determine deadlines for the elimination of such deficiencies. If the deficiencies are not eliminated by the deadline specified by Latvijas Banka, Latvijas Banka shall request the institution to terminate the outsourcing contract and shall determine a deadline for its termination.

(4) Latvijas Banka is entitled to request the institution to immediately terminate the outsourcing contract if Latvijas Banka establishes that:

1) the institution does not supervise the quality of the outsourced service or supervises it irregularly and insufficiently;

2) the institution does not manage the risks associated with the provision of the outsourced service or manages them insufficiently and in poor quality;

3) there are significant deficiencies in the activities of the outsourcing service provider which endanger or may endanger the fulfilment of the liabilities of the institution;

4) any of the circumstances referred to in Paragraph one of this Section has occurred.

(5) If the institution establishes that the outsourcing service provider fails to comply with the requirements laid down in the outsourcing contract for the amount or quality of the outsourced service, it shall, without delay, inform Latvijas Banka thereof.

(6) If the institution makes amendments to the policy and procedure for providing the outsourced service, it shall submit such amendments to Latvijas Banka not later than on the following business day after their approval.

(7) The outsourcing service provider is entitled to further delegate the provision of the outsourced service to another person only after he or she has received a written consent of the institution. Prior to further delegation of the provision of the outsourced service, the institution shall inform Latvijas Banka thereof in writing and submit the documents referred to in Section 29 of this Law thereto. The provisions of this Law shall also be applicable to further delegation of the provision of the outsourced service and to the final provider of the outsourced service.

(8) If Latvijas Banka takes a decision on the basis of the provisions of Paragraphs one, three, and four of this Section, the appeal of such decision shall not suspend its operation.

[*17 March 2011; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 31.**(1) An institution licensed in another Member State may open a branch or engage an agent in Latvia, without the licence specified in this Law, only after:

1) Latvijas Banka has received a notification of the supervisory authority of institutions of the relevant home Member State which conforms to the requirements of Commission Delegated Regulation (EU) 2017/2055 of 23 June 2017 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for the cooperation and exchange of information between competent authorities relating to the exercise of the right of establishment and the freedom to provide services of payment institutions (Text with EEA relevance) (hereinafter – Regulation No 2017/2055) and the documents appended thereto;

2) within 30 days, Latvijas Banka has assessed the notification submitted in accordance with Clause 1 of this Paragraph and the documents appended thereto and has informed the supervisory authority of institutions of the relevant home Member State of its assessment;

3) Latvijas Banka has received a notification from the home Member State of the date of commencing the operation of the branch or agent of the institution or the date from which the branch or agent is registered in the relevant Register of Institutions of the home Member State.

(2) An institution licensed in another Member State shall commence the operation of a payment institution or electronic money institution in Latvia, without opening a branch after:

1) Latvijas Banka has received the notification of the supervisory authority of institutions of the relevant home Member State which conforms to the requirements of Regulation No 2017/2055;

2) Latvijas Banka has, within 30 days, assessed the notification submitted in accordance with Clause 1 of this Paragraph and has informed the supervisory authority of institutions of the relevant home Member State of its assessment;

3) Latvijas Banka has received a notification from the home Member State of the date from which the institution is planning to commence operation in Latvia.

[*20 June 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 32.**(1) An institution licensed in Latvia shall open a branch or use the agent in another Member State in accordance with the procedures laid down in this Section and in Regulation No 2017/2055.

(2) The institution shall inform Latvijas Banka in writing that it wishes to open a branch or use the agent in another Member State. In the application it shall indicate the Member State in which it intends to provide the services, and also the information regarding the types of services of the operation of the payment institution or electronic money institution which the institution is planning to provide in the relevant Member State.

(3) If the institution is planning to use the agent, then the following shall be appended to the application referred to in Paragraph two of this Section:

1) the name, registration number or the given name, surname, and personal identity number, if such has been assigned, of the agent;

2) the address of the agent;

3) description of the internal control system which will be used by the agent to follow the requirements of the laws and regulations for the prevention of money laundering and terrorism and proliferation financing;

4) documents certifying that the restrictions specified in Section 21 of this Law do not apply to the members of the management bodies of the agent of the institution and to persons who are responsible for the provision of the payment service or for the distribution or redeeming of electronic money if the agent is not already a licensed provider of payment services or electronic money institution.

(4) If the institution is planning to open a branch, then a description of the organisational structure of the branch, the given name, surname, personal identity number, if such has been assigned, of the head of the branch, as well as the information specified in Section 11, Paragraph one, Clauses 2 and 5 of this Law shall be appended to the application referred to in Paragraph two of this Section.

(5) If the institution is planning to receive an outsourced service in the participating Member State for the provision of payment services or for the distribution or redeeming of electronic money, it shall inform Latvijas Banka thereof accordingly.

(6) After receipt of all the necessary documents prepared in accordance with the requirements of the laws and regulations, Latvijas Banka shall, within 30 days, forward the application for the opening of a branch or use of the agent in another Member State to the supervisory authority of institutions of the participating Member State.

(7) Latvijas Banka shall, within three months after it has received an application for the opening of a branch or use of the agent in another Member State, take the decision to register the branch or agent of the institution in the Register of Institutions referred to in Section 10 of this Law or to refuse to register the branch or agent of the institution and shall notify the relevant institution and the supervisory authority of institutions of the participating Member State of its decision, if necessary, indicating an appropriate justification. When taking the decision, Latvijas Banka shall also take into account the assessment provided by the competent authorities of the participating Member State.

(8) After receipt of the decision of Latvijas Banka, the institution shall notify Latvijas Banka of the date from which it shall commence its operation through a branch or the agent in the respective participating Member State. After receipt of the notification, Latvijas Banka shall inform the supervisory authority of institutions of the participating Member State thereof.

(9) The institution shall, not later than 30 days before making amendments to the information referred to in Paragraphs two, three, four, and five of this Section, including regarding additional agents, branches, or outsourcing service providers, notify Latvijas Banka thereof in writing. Latvijas Banka shall forward the information received regarding amendments to the supervisory authority of institutions of the participating Member State in accordance with Paragraph six of this Section and shall take a relevant decision within the time period and in accordance with the procedures laid down in Paragraph seven of this Section.

(10) Irrespective of the number of branches established in another Member State, they shall be considered as one branch in the respective Member State.

[*20 June 2018; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 33.**(1) An institution licensed in Latvia shall commence the provision of payment services or issuing of electronic money in another Member State, without opening a branch therein and without the use of the agent, in accordance with the procedures laid down in this Section and in Regulation No 2017/2055.

(2) The institution shall inform Latvijas Banka in writing, by submitting an application, that it wishes to commence the provision of payment services or issuing of electronic money in another Member State, without opening a branch therein and without the use of the agent. In the application, the institution shall indicate the Member State in which the provision of payment services or issuing of electronic money is intended, and the types of payment services planned to be provided thereby.

(3) Latvijas Banka shall examine the application for the provision of payment services or issuing of electronic money in another Member State, without opening a branch therein and without the use of the agent, within 30 days after receipt of all the necessary documents which have been prepared in accordance with the requirements of the laws and regulations, and shall forward it to the supervisory authority of institutions of the participating Member State.

(31) Latvijas Banka shall, within three months after receipt of the application referred to in Paragraph two of this Section, decide to allow or prohibit the institution to provide payment services or issue electronic money in the participating Member State, without opening a branch therein and without the use of the agent, and shall notify the relevant institution and the supervisory authority of institutions of the participating Member State of its decision, if necessary, indicating an appropriate justification. When taking the decision, Latvijas Banka shall also take into account the assessment provided by the competent authorities of the participating Member State, if such has been provided.

(4) The institution may commence operation in another Member State, without opening a branch therein and without the use of the agent, if it has received the notification of Latvijas Banka referred to in Paragraph 3.1 of this Section regarding its decision.

(5) The payment institution which has received a licence for the provision of the account information service in accordance with the procedures laid down in this Law has the right to commence the provision of the payment service in another Member State in accordance with the procedures laid down in Sections 32 and 33 of this Law.

[*17 March 2011; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Chapter IV**

**Requirements Governing the Operation of the Institution**

[*17 March 2011*]

**Section 34.**(1) The own funds of the institution may not fall below the highest of the following values – the minimum initial capital or the capital requirement which has been calculated in accordance with the provisions of Section 35 of this Law.

(2) [20 June 2018 / See Paragraph 35 of Transitional Provisions]

(3) Latvijas Banka may allow the institution which is a subsidiary of a credit institution registered in Latvia and is subject to the requirements of consolidated supervision to derogate from the requirements of Section 35 of this Law if all of the following conditions to ensure corresponding allocation of own funds between the parent company and the subsidiary have been met:

1) there is no current or foreseen practical or legal impediment for the parent company to make prompt transfer of own funds to the subsidiary or to settle the liabilities of the subsidiary;

2) the parent company ensures proper management of the subsidiary and guarantees fulfilment of the liabilities of the subsidiary, or the risks of the subsidiary are insignificant at the level of the consolidation group;

3) the risk assessment, measurement and control procedures of the parent company also apply to the subsidiary;

4) the parent company has more than 50 per cent of the voting stock of the subsidiary, or the parent company has the right to appoint or remove the majority of the members of the management body of the subsidiary.

[*17 March 2011; 24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 34.1**An institution which is registered in the register referred to in Section 10, Paragraph three of this Law, as well as a licensed payment institution which provides only the account information service shall ensure that, in accordance with the Law on the Annual Financial Statements and Consolidated Financial Statements, the total sum of the items of the balance sheet section “Own Funds” is not negative.

[*20 June 2018*]

**Section 35.**(1) The payment institution, except for an institution which provides only the payment services referred to in Section 1, Clause 1, Sub-clause “h” or “i” of this Law, shall ensure that its own funds are always higher than or equal to the own funds requirement.

(2) Latvijas Banka shall issue regulations laying down the procedures for calculating the own funds requirements of the payment institution.

(3) Based on the risk management process of the institution, data on the current and potential risk of losses, and the internal control system, Latvijas Banka is entitled to impose an obligation on the institution to maintain a level of own funds that is up to 20 per cent higher than the own funds requirement which has been calculated according to the regulations of Latvijas Banka.

(4) If the electronic money institution provides payment services, it shall meet the own funds requirement calculated in accordance with the conditions of Paragraphs one and two of this Section for the provision of such services.

(5) If the electronic money institution only performs issuing of electronic money, such institution shall ensure that its own funds are always higher than or equal to two per cent from the average outstanding electronic money.

(6) The electronic money institution which in addition to the issuing of electronic money also provides payment services shall ensure that its own funds are always higher than or equal to the own funds requirement which is formed by the sum of amounts of own funds calculated in accordance with the conditions of Paragraphs two and five of this Section.

(7) If the electronic money institution performs payment services or any of the activities referred to in Section 36.1, Paragraph one of this Law and the average outstanding electronic money is not known in advance, the forecast of the average outstanding electronic money which is determined on the basis of the data of previous periods of the issuing of electronic money shall be used for the calculation of the own funds requirement. The electronic money institution which has not conducted commercial activity for six full calendar months shall determine the average outstanding electronic money on the basis of the business plan, unless Latvijas Banka has requested to make amendments to such plan.

[*20 June 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 35.1**(1) The institution which provides the payment initiation service shall insure the civil liability of its professional activity which arises if, due to the professional activity or negligence of the institution, an unauthorised payment is executed, a payment is not executed, is executed by mistake or with delay, causing losses to the payer, payment service user, or payment service provider. A professional indemnity insurance contract shall be in effect in the territory where the institution is providing or is planning to provide the payment initiation service.

(2) The institution which provides the account information service shall insure the civil liability of its professional activity which arises from unauthorised or unlawful access to the payment account information or from unauthorised or unlawful use of the payment account information. The professional indemnity insurance contract shall be in effect in the territory where the institution is providing or is planning to provide the account information service.

(3) The institution is entitled to choose another guarantee issued by a credit institution which is considered equivalent to the professional indemnity insurance referred to in Paragraphs one and two of this Section in relation to the liability referred to in Paragraphs one and two of this Section. The requirements of Paragraphs four, five, and six of this Section shall be applicable to the guarantee issued by the credit institution.

(4) The institution shall ensure that the civil liability of its professional activity is insured at any time in sufficient amount, in conformity with the requirements of the minimum limit of professional indemnity insurance.

(5) The professional indemnity insurance contract concluded with the provider of the payment initiation service shall provide that the insurer compensates the losses which are causally related to an unauthorised, non-executed, defective or delayed payment within the insurance period, if the payment service provider which services the account has submitted the claim for the compensation of losses against the provider of the payment initiation service within 18 months after the end of the insurance period.

(6) The institution shall notify Latvijas Banka of an early termination of the professional indemnity insurance contract at least 10 days before the early termination of the abovementioned insurance contract.

(7) Latvijas Banka shall issue regulations regarding the amount of the minimum limit of the professional indemnity insurance and the procedures for its calculation.

[*20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 36.**(1) In addition to the provision of payment services, the payment institution may perform:

1) an activity which is related to the provision of payment services;

2) an activity of payment systems;

3) a commercial activity of another type in accordance with the requirements of the laws and regulations.

(2) The payment institution shall ensure that the money which has been received from payment service users or for the execution of payments of another payment service provider are held in payment accounts which may only be used for payment services.

**Section 36.1**(1) In addition to the issuing of electronic money, the electronic money institution may:

1) provide payment services;

2) ensure services related to the issuing of electronic money or provision of payment services;

3) ensure the operation of payment systems;

4) conduct commercial activity of another type in accordance with the requirements of the laws and regulations.

(2) The electronic money institution shall ensure that the funds which have been received from payment service users or for the execution of payments of another payment service provider are held in payment accounts which may only be used for payment services.

[*17 March 2011*]

**Section 36.2**The electronic money institution shall, without delay, exchange the money which it receives from an electronic money holder for electronic money.

[*17 March 2011*]

**Section 37.**A licensed institution may grant a credit linked to payment services if the following conditions are met:

1) the credit is granted only for the provision of the payment services referred to in Section 1, Clause 1, Sub-clauses “d” and “e” of this Law;

2) the credit must be repaid within not longer than 12 months from the day of its issuance;

3) the credit is not granted from the financial resources which have been received or are held for the execution of payments, or have been received in exchange for electronic money;

4) the total amount of credits granted by the institution at any time is commensurable with the amount of own funds which has been determined in accordance with Section 34 of this Law.

[*17 March 2011; 24 April 2014; 20 June 2018*]

**Section 38.**(1) The institution shall ensure that the money which has been received from payment service users or for the execution of payments of another payment service provider is secured with a guarantee insurance policy or another guarantee issued by an insurer or such credit institution which is not in any group of commercial companies together with the institution, or also shall ensure that this money:

1) is separated from the money of such other persons which are not payment service users on whose behalf the money is held. The payment institution shall transfer the money which it has not transferred to the account of the payee or sent to another payment service provider at the end of the business day following its receipt to an individual account in the bank or shall invest in safe, liquid, low-risk assets which are considered such in accordance with the regulations of Latvijas Banka;

2) is kept separately from the money of such other persons which are not the payment service users on whose behalf the money is held, as well as ensure that the money is not included in the property of the institution from which claims of other creditors of such institution are covered.

(2) The requirements of Paragraph one of this Section shall also apply to the money which has been received by the institution for the execution of future payments. If the amount of such money is not known, the institution shall apply the requirements of Paragraph one of this Section, taking into account the previous data on such transactions in the period of a year of operation of the institution. The institution which has not conducted commercial activity for a full year of operation shall apply the requirements of Paragraph one of this Section, taking into account the business plan.

(3) If the institution has concluded a contract for the receipt of the guarantee insurance policy or another guarantee referred to in Paragraph one of this Section, it shall inform Latvijas Banka of the provisions of such contract.

(4) The institution has an obligation to create an internal control system which ensures continuous control of conformity with the requirements laid down in Paragraphs one and five of this Section.

(5) The electronic money institution shall ensure the fulfilment of the requirements laid down in Paragraphs one, two, and three of this Section in relation to the money which has been received in exchange for the electronic money issued, within the time period specified in Section 94, Paragraph one of this Law.

(6) The requirements referred to in Paragraph five of this Section shall not be applicable to the money which has been received by the electronic money institution in the form of a payment executed using a payment instrument, until the moment when the relevant money has not been transferred to the payment account of the electronic money institution or has otherwise come at the disposal of the electronic money institution for the execution of the payment at the time of executing the payment specified in this Law, but not later than five business days after issuing of electronic money.

[*17 March 2011; 12 May 2011; 24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 38.1**(1) The funds which have been received by the institution for making the payments from payment service users or another payment service provider, as well as from electronic money holders are not included in the property of the institution from which other claims of creditors or third parties are satisfied and expenses of insolvency proceedings or liquidation are covered. Only justified claims of payment service users, other payment service providers, and electronic money holders may be satisfied from the abovementioned funds.

(2) After declaration of insolvency proceedings or after the decision of Latvijas Banka on the cancellation of the licence of the institution or on the cancellation of the entry in the register referred to in Section 10, Paragraph three of this Law, the funds referred to in Paragraph one of this Section are disbursed, without delay, to payment service users or another payment service provider from which they have been received for execution of payments, as well as to electronic money holders according to justified requests.

[*20 June 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 39.**The institution shall store the documentation which is related to the licensing of the institution, the use of agents, branches, and outsourced departments, the governing requirements laid down for the institution and its supervision for not less than five years.

[*17 March 2011*]

**Section 39.1**A person who wishes to provide payment services or electronic money services shall pay to Latvijas Banka:

1) for the examination of the documents submitted for the registration in the Register of Institutions and in accordance with the procedures laid down in Section 5 or 5.1 of this Law – EUR 2500;

2) for the examination of the documents submitted for the receipt of a licence of a payment institution or electronic money institution and in accordance with the procedures laid down in Section 11 of this Law – EUR 5000;

3) for the examination of the documents submitted for the receipt of a licence of a payment institution or electronic money institution and in accordance with the procedures laid down in Section 11 of this Law if the person is already registered in the Register of Institutions – EUR 4000;

4) for the examination of the documents submitted for the registration in the Register of Institutions and in accordance with the procedures laid down in Section 5 or 5.1 of this Law or for the examination of the documents submitted for the receipt of a licence of a payment institution or electronic money institution and in accordance with the procedures laid down in Section 11 of this Law if the person is planning to offer an innovative service in the field of electronic payments – EUR 450;

5) for the examination of the documents submitted for the registration in the Register of Institutions and in accordance with the procedures laid down in Section 5 or 5.1 of this Law if the institution is already registered in the Register of Foreign Exchange Trading Companies in accordance with the procedures laid down in Section 26.3 of this Law – EUR 1500.

[*2 March 2017; 23 September 2021* / *Clause 5 shall come into force on 1 January 2023. Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraphs 41 and 42 of Transitional Provisions*]

**Section 40.**(1) The payment institution which has received a licence of Latvijas Banka shall pay to Latvijas Banka EUR 7000 per year and additionally up to 1.4 per cent (inclusive) of its gross revenue annually which are related to the provision of payment services, however, the total payment of the institution to Latvijas Banka shall not exceed EUR 100 000 per year.

(11) The electronic money institution which has received a licence of Latvijas Banka shall pay to Latvijas Banka EUR 7000 per year and additionally up to 1.4 per cent (inclusive) of its gross revenue annually which are related to the provision of services of the electronic money institution, however, the total payment of the institution to Latvijas Banka shall not exceed EUR 100 000 per year.

(12) [2 March 2017]

(13) If the institution is only offering an innovative service in the field of electronic payments, it shall pay to Latvijas Banka EUR 1000 per year for the subsequent three years from the day when a licence for the operation of the institution has been received.

(14) The institution which has received a licence of Latvijas Banka only for the provision of the account information service or the provision of the payment initiation service, or for the provision of both such services, shall pay to Latvijas Banka EUR 3000 per year and additionally up to 1.4 per cent (inclusive) of its gross revenue annually which are related to the provision of payment services, however, the total payment of the institution to Latvijas Banka shall not exceed EUR 100 000 per year.

(15) A payment institution or electronic money institution licensed in another Member State which has commenced operation in Latvia in accordance with the procedures laid down in Section 31, Paragraph one of this Law shall pay up to EUR 7000 to Latvijas Banka per year by making the payments by 30 January of the following year.

(2) [1 January 2023 / See Paragraph 44 of Transitional Provisions]

(3) [23 September 2021 / See Paragraph 41 of Transitional Provisions]

[*17 March 2011; 12 September 2013; 24 April 2014; 2 March 2017; 20 June 2018; 23 September 2021* / *Amendment to Paragraphs one, 1.1, 1.3, and 1.4 regarding the replacement of the words “for financing the operation of the Commission” with the words “to Latvijas Banka”, amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka”, and also amendment regarding the deletion of Paragraphs two and three shall come into force on 1 January 2023. See Paragraphs 41 and 44 of Transitional Provisions*]

**Section 40.1**(1) The payment institution which does not need a licence to commence the operation in accordance with the provisions of Section 5 of this Law shall, after registration in the register referred to in Section 10, Paragraph three of this Law, pay to Latvijas Banka EUR 1000 per year and additionally up to 1.4 per cent (inclusive) of its gross revenue annually which are related to the provision of payment services, however, the total payment of the institution to Latvijas Banka shall not exceed EUR 100 000 per year.

(2)The electronic money institution which does not need a licence to commence its operation in accordance with the provisions of Section 5.1 of this Law shall, after registration in the register referred to in Section 10, Paragraph three of this Law, pay to Latvijas Banka:

1) EUR 1000 per year and additionally up to 1.4 per cent (inclusive) of its gross revenue annually which are related to the provision of services of the electronic money institution, however, the total payment of the institution to Latvijas Banka shall not exceed EUR 100 000 per year;

2) [20 June 2018].

(3) [2 March 2017]

(31) If the institution is only offering an innovative service in the field of electronic payments, it shall pay to Latvijas Banka EUR 1000 per year for the subsequent three years from the day when the institution has been registered in the Register of Institutions referred to in Section 10, Paragraph three of this Law.

(4) [23 September 2021 / See Paragraph 41 of Transitional Provisions]

(5) A retail payment system which is being registered in the register referred to in Section 26.1, Paragraph two of this Law shall pay EUR 1000 to Latvijas Banka per year by making the payments by 30 January of the following year.

(6) [23 September 2021 / See Paragraph 41 of Transitional Provisions]

[*24 April 2014; 2 March 2017; 20 June 2018; 23 September 2021* / *Amendment to Paragraphs one, two, 3.1, and five regarding the replacement of the words “for financing the operation of the Commission” with the words “Latvijas Banka”, and also amendment regarding the deletion of Paragraphs four and six shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Chapter V**

**Relationship of the Payment Service Provider and the Payment Service User**

[*17 March 2011; 20 June 2013*]

**Section 41.**The relationship of a payment service provider and a payment service user shall be governed by this Law, other laws and regulations governing the operation of the field of payment services, the directly applicable legal acts of the European Union in the field of payment services and electronic money, as well as civil contracts which have been entered into by and between the payment service provider and the payment service user.

[*20 June 2013*]

**Section 42.**The institution has an obligation, within a year after expiry of the term of operation of the contract mutually concluded between the institution and the payment service user, to refund the unused money upon a request of the payment service user, without requesting payment for that. The provision referred to in the first sentence of this Section shall be included in the contract between the institution and the payment service user.

[*17 March 2011*]

**Section 43.**(1) The institution has an obligation to guarantee secrecy of the person, accounts, and transactions of the payment service user.

(2) Information regarding payment accounts of and transactions made by natural persons shall be provided to the natural persons themselves and their legal representatives.

(3) Information regarding payment accounts of and transactions make by legal persons shall be provided to the authorised representatives and senior bodies of such legal persons upon a request of the heads of such institutions.

(4) Information regarding the payment service user, his or her payment accounts and transactions made according to a written contract shall be provided to a third party if the service user has unequivocally agreed thereto in the contract concluded with the institution.

(5) Information regarding the payment service user and his or her transactions which is obtained by the institution upon provision of payment services according to the concluded contracts is non-disclosable information that does not contain an official secret.

[*17 March 2011*]

**Section 44.**(1) Everyone who has intentionally or unintentionally made public or disclosed information regarding customer accounts of the institution or the payment services provided to customers to persons who do not have the right to receive the relevant information, if such information has been entrusted or become known to him or her as a stockholder or shareholder of the institution, a member of the supervisory board (if such has been established) or executive board, or an employee of the institution, shall be held criminally liable in accordance with the procedures laid down in the law.

(2) Persons who have committed the violation referred to in Paragraph one of this Section shall also be punished in such case if the violation was committed after the abovementioned persons had terminated contractual relationship or fulfilment of obligations, or employment relationship in the institution.

[*17 March 2011*]

**Section 44.1**(1) Information regarding the customer, its payment account and individual safe-deposit box in use shall be provided to the State Revenue Service as the manager of the account register in accordance with the amount and the procedures laid down in the Account Register Law. The payment service provider specified in Section 2, Paragraph two, Clauses 2, 4, 7, and 8 of this Law has an obligation to provide such information regarding the following persons and their payment accounts and individual safe-deposit boxes in use:

1) regarding a natural person – resident of the Republic of Latvia;

2) regarding a natural person – non-resident;

3) regarding a legal person – resident of the Republic of Latvia and the permanent representative office of a non-resident in Latvia;

4) regarding a legal person – non-resident of the Republic of Latvia.

(11) The payment service providers specified in Section 2, Paragraph two, Clauses 2, 3, 4, 7, and 8 of this Law have an obligation to provide the State Revenue Service information regarding suspicious transactions, within the meaning of the Law on Taxes and Duties and in accordance with the procedures and within the amount laid down in the aforementioned Law, of persons whose country of residence (registration) is the Republic of Latvia.

(2) The payment service provider specified in Section 2, Paragraph two, Clause 1 of this Law – a credit institution – shall provide information to the State Revenue Service as the manager of the account register in accordance with the provisions of the Credit Institution Law and in accordance with the procedures and within the amount laid down in the Account Register Law.

(3) The payment service providers specified in Section 2, Paragraph two, Clauses 2, 3, 4, 7, and 8 of this Law have an obligation to provide the State Revenue Service information regarding customers – natural persons who are residents of the Republic of Latvia – and the amount of the total annual debit or credit turnover of the previous year of whose payment accounts (including closed payment accounts) within the scope of one payment service provider reaches or exceeds the amount specified in the Law on Taxes and Duties. The abovementioned information shall be provided within the amount and the time period specified in the Law on Taxes and Duties and in accordance with the procedures laid down in the laws and regulations issued on the basis of the Law on Taxes and Duties.

[*12 May 2011; 24 April 2014; 30 November 2015; 23 November 2016; 20 June 2018; 17 June 2020*]

**Section 44.2**(1) The payment service provider shall not commence a business relationship with such gambling operator or its intermediary which is indicated in the decision of the Lotteries and Gambling Supervisory Inspection, sent to the payment service provider, on the prohibition to commence and continue business relationship with a gambling operator which conducts activity without the licence specified in the laws and regulations of the Republic of Latvia or its intermediary (hereinafter – the unlicensed gambling operator). If the payment service provider has commenced a business relationship with the unlicensed gambling operator, it shall terminate such business relationship after receipt of the decision.

(2) The payment service provider is prohibited from making credit transfers to an account of the unlicensed gambling operator indicated in the decision referred to in Paragraph one of this Section. The payment service provider shall fulfil this obligation without delay, but not later than within three business days from the day of receipt of the decision.

(3) The payment service provider shall not be responsible for losses which have occurred upon executing that specified in the decision of the Lotteries and Gambling Supervisory Inspection.

(4) In addition to the restrictions on making payments, if such have been imposed on a payer, the payment service provider shall refuse the making of remote payments, using the payment card issued to the resident of the Republic of Latvia, for the payment service recipient – an organiser of gambling and interactive lotteries unlicensed in the Republic of Latvia. The abovementioned remote payment shall be identified according to the identifiers specified for providers of gambling and lottery services which have been assigned in the international payment card schemes.

(5) The Lotteries and Gambling Supervisory Inspection shall provide payment service providers with the current information regarding merchants which are organisers of gambling and interactive lotteries licensed in the Republic of Latvia. The information shall be published on the website of the Lotteries and Gambling Supervisory Inspection.

(6) The payment service provider shall, each year by 1 February, submit information to the State Revenue Service regarding remote payments which were refused in the previous calendar year in accordance with Paragraph four of this Section, indicating the given name, surname, personal identity number of the payer, as well as the payment date and the data identifying the payee at the disposal of the payment service provider. One report may include information regarding several payers.

[*24 April 2014; 3 April 2019; 23 September 2021*]

**Section 44.3**(1) The State Revenue Service shall notify for enforcement the following orders which are mandatorily enforceable in accordance with the procedures laid down in this Section to the payment service provider specified in Section 2, Paragraph two, Clauses 2, 3, 4, 7, and 8 of this Law (hereinafter – the subject of this Section):

1) an order on the partial or complete suspension of the settlement operations of the taxpayer;

2) an order on the attachment of funds;

3) an order on the transfer of funds;

4) an order regarding the enforceable activity or adjustment of the amount of funds determined with the order referred to in Clauses 1, 2, and 3 of this Paragraph, or regarding cancellation of a previously notified order.

(2) Bailiffs shall notify for enforcement the following orders which are mandatorily enforceable in accordance with the procedures laid down in this Section to the subject of this Section:

1) an order on the attachment of funds;

2) an order on the transfer of funds;

3) an order regarding the enforceable activity or adjustment of the amount of monetary funds laid down by the order provided for in Clauses 1 and 2 of this Paragraph, or regarding cancellation of a previously notified order.

(3) The subject of this Section shall accept for enforcement the order specified in Paragraphs one and two of this Section and provide the notification on the enforcement of the order (hereinafter – the data exchange) in one of the following ways of data exchange:

1) electronically through the State information system integrator managed by the State Regional Development Agency;

2) [1 July 2019; see Paragraph 19 of Transitional Provisions];

3) [1 July 2019; see Paragraph 19 of Transitional Provisions].

(4) The payment service provider specified in Section 2, Paragraph two, Clause 1 of this Law shall perform the data exchange with the State Revenue Service and bailiffs in accordance with the procedures laid down in the Credit Institution Law.

(5) The subject of this Section has an obligation to accept the order specified in Paragraphs one and two of this Section which has been notified during the previous business day for execution not later than until the end of the current business day (23:59). The subject of this Section shall, without delay, suspend the settlement operations after acceptance of the order specified in Paragraph one, Clause 1 of this Section for enforcement in the amount indicated in the order. The subject of this Section shall, without delay, attach the funds in accounts of the person after acceptance of the order specified in Paragraph one, Clause 2 and Paragraph two, Clause 1 of this Section for enforcement in the amount indicated in the order or, if there are not enough funds, – as soon as they are received in accounts of the person until reaching the sum indicated in the order.

(6) The subject of this Section which, using the type of data exchange specified in Paragraph three, Clauses 1 and 2 of this Section, has accepted the order specified in Paragraph one, Clause 2 and Paragraph two, Clause 1 of this Section for execution shall, within three business days after acceptance of the relevant order for execution, notify the giver of the order of the execution of the order, sending a notification on the execution. The identification data of the person (regarding a natural person – the given name, surname, and personal identity number or date of birth; regarding a legal person – the name and registration number), the number of the executed order, and the amount of the attached sum shall be indicated in the notification on the enforcement.

(7) The subject of this Law has an obligation to, without delay after acceptance of the order specified in Paragraph one, Clause 3 and Paragraph two, Clause 2 of this Section for enforcement, transfer the funds to the giver of the order to the account indicated in the order. The funds shall be transferred in such amount which is not smaller than that indicated in the notification on the enforcement of the order, except when a reduced amount of funds to be transferred is indicated in the order on the transfer of funds. If, after the funds have been transferred in the amount specified in this Paragraph, the order specified in Paragraph one, Clause 3 and Paragraph two, Clause 2 of this Section has not been enforced completely, the subject of this Section shall attach the funds as soon as they are received in accounts of the person and, without delay, transfer them to the account indicated in the order.

(8) Until complete enforcement of the orders specified in Paragraphs one and two of this Section or their revocation the subject of the Law shall not provide payment services to the customer (its authorised person) and shall not carry out other tasks which are related to the transfer of the funds in accounts of the person or issuing them from the account of the person, except for the transfer of funds specified in this Section.

(9) Upon receipt of several orders the subject of this Section shall accept them for enforcement and enforce them in such order as they were notified. An order which has been sent, using the type of data exchange specified in Paragraph three, Clause 1 of this Section, shall be considered notified at the moment when it has been posted in the State information system integrator managed by the State Regional Development Agency and shall be accepted for enforcement in the order of the assigned unique numbers. The order specified in Paragraph one, Clause 4 and Paragraph two, Clause 3 of this Section shall be accepted for enforcement in the order of the assigned unique numbers and enforced in such order as was specified for the enforcement of the initial order (order to be replaced).

(10) The Cabinet shall determine the procedures by which the subject of this Section, upon enforcing the order specified in Paragraphs one and two of this Section, shall commence and perform data exchange, using the type of data exchange specified in Paragraph three, Clause 1 of this Section.

[*23 November 2016* / *The second sentence of Paragraph ten (in relation to delegation to the Cabinet to determine the procedures by which the subject of this Section, upon enforcing the order specified in Paragraph one of this Section, shall commence and perform data exchange, using the type of data exchange specified in Paragraph three, Clause 2 of this Section) is repealed from 1 July 2019. See Paragraphs 18, 19, and 20 of Transitional Provisions*]

**Chapter VI**

**Supervision of Operations and Responsibility of Payment Service Providers, Electronic Money Institutions and Payment Systems**

[*24 April 2014*]

**Section 45.**(1) Latvijas Banka has the right to additionally specify other requirements governing the operation of institutions in order to reduce the risk of operation of institutions and to protect electronic money holders and payment service users.

(2) Latvijas Banka shall publish information on its website regarding a website created by the Consumer Rights Protection Centre in which consumers can compare the fee stipulated by payment service providers for the services related to the payment account.

[*17 March 2011; 24 April 2014; 2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 46.**(1) The payment institution which is a commercial company shall, in the annual statement and in the consolidated annual statement, reflect information regarding payment services which are referred to in Section 1, Clause 1 of this Law and regarding other activities performed thereby in accordance with Section 36, Paragraph one of this Law in items of the annual statement and in the consolidated annual statement.

(11) The electronic money institution shall, in the annual statement and in the consolidated annual statement, reflect information regarding the activities related to the provision of electronic money services and another activities performed thereby in accordance with Section 36.1, Paragraph one, Clauses 2, 3, and 4 of this Law in individual items of the annual statement and the consolidated annual statement.

(12) In addition to the provisions of Paragraph 1.1 of this Section, the electronic money institution which is providing payment services shall, in the annual statement and in the consolidated annual statement, reflect information regarding the activities performed thereby in accordance with Section 36.1, Paragraph one, Clause 1 of this Law in individual items of the annual statement and the consolidated annual statement.

(2) The payment institution which is a commercial company and an electronic money institution performing payment services shall present the sum total of payments made in the reporting year in annex to the annual statement and the consolidated annual statement. The reporting year of the institution shall coincide with the calendar year.

(21) The electronic money institution shall, in annex to the annual statement and the consolidated annual statement, indicate the outstanding electronic money as on 31 December of the reporting year and the amount of electronic money redeemed in the reporting year. The reporting year of the electronic money institution shall coincide with the calendar year.

(3) The payment institution which is a natural person shall, by 1 April of the current calendar year, submit information to Latvijas Banka on the sum total of payments made in the previous calendar year.

[*17 March 2011; 24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 46.1**(1) The payment service provider which is providing services linked to a payment account shall, once a year, submit the current information to the Consumer Rights Protection Centre regarding the fee for services referred to in Section 60.1, Paragraph two of this Law. If changes have been made in the information previously provided by the payment service provider, the payment service provider shall notify the Consumer Rights Protection Centre thereof within the time period provided for in the provisions referred to in Paragraph two of this Section.

(2) The Cabinet shall determine the amount and content of the information to be provided to the Consumer Rights Protection Centre in accordance with Paragraph one of this Section, and also the procedures and time periods for its submission, and the form of its submission.

[*2 March 2017 / See Paragraph 23 of Transitional Provisions*]

**Section 47.**The institution shall be obliged to inform Latvijas Banka of any circumstances which may have a significant influence on further operation of the institution.

[*17 March 2011; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 48.**(1) For the performance of the supervisory functions, Latvijas Banka is entitled to request the institution to prepare reports on its operations in accordance with the regulations issued by Latvijas Banka regarding the procedures for the preparation and submission of such reports.

(2) Latvijas Banka shall issue the regulations determining the requirements for the establishment and operation of the internal control system of the institution in order to ensure risk management of the operation of the institution and to protect the lawful interests of payment service users and electronic money holders.

(3) Latvijas Banka has the right to stipulate requirements governing the operation of institutions and the payment system which arise from the decisions, guidelines, and recommendations adopted by the European Banking Authority in the field of payment services and electronic money, taking into account the nature of cross-border activities of the European financial supervision system in order to ensure uniform and efficient practice of supervision in Member States.

[*17 March 2011; 20 June 2013; 24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 49.**(1) In order to inspect the conformity of the operations of institutions and payment systems with the requirements of this Law as well as with the requirements of the directly applicable legal acts of the European Union, Latvijas Banka has the right:

1) to request the institution or body, or person who is responsible for the operation of the payment system to provide the information necessary for supervision;

2) to perform inspections in the institution or body, or person who is responsible for the operation of the payment system and the inspect the operation of the respective system.

(2) In order to inspect the conformity of the operation of branches opened by institutions licensed in another Member State and agents used which have commenced their operation in Latvia in accordance with the procedures laid down in Section 31, Paragraph one of this Law with the requirements of Chapters V, VII, VIII, IX, X, XI, XII, XIII, XIV, XIV.1, and XV of this Law, Latvijas Banka has the right:

1) to request the branch, agent or central contact point of agents to provide the information necessary for supervision;

2) to perform inspections in the branch or location of the agent.

[*24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 49.1**(1) A branch of the institution licensed in another Member State or an agent which has commenced its operation in Latvia in accordance with the procedures laid down in Section 31, Paragraph one of this Law shall, at least once a year, provide a report to Latvijas Banka on the payment services provided, and a branch or agent of the electronic money institution shall provide information on the electronic money issued, distributed, and redeemed.

(2) The procedures for the submission of the report referred to in Paragraph one of this Section and its content shall be determined by the directly applicable legal acts of the European Union regarding supervisory authorities of institutions of the participating Member States.

(3) Latvijas Banka has the right, in conformity with the requirements of the directly applicable legal acts of the European Union regarding the criteria for the determination of a central contact point, to request an institution licensed in another Member State which has commenced the provision of payment services in Latvia in accordance with the procedures laid down in Section 31, Paragraph one of this Law through agents to determine a central contact point to ensure the conformity of the operation with the requirements referred to in Section 49, Paragraph two of this Law.

[*20 June 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 50.**(1) The supervisory authority of institutions of another Member State has the right to perform inspections in branches of institutions of the relevant Member State registered in Latvia and at agents of institutions, or to authorise Latvijas Banka for such purpose.

(2) Prior to commencing an inspection, the supervisory authority of institutions of another Member State shall, in a timely manner, inform Latvijas Banka thereof in writing. A representative of Latvijas Banka has the right to participate in the inspection. The supervisory authority of institutions of another Member State shall submit a copy of the report on results of the performed inspection to Latvijas Banka.

[*17 March 2011; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 50.1**(1) Latvijas Banka shall be responsible for cooperation with the supervisory authorities of Member States and the European Banking Authority in order to ensure immediate exchange of information regarding the operation of payment service providers licensed and registered in Latvia.

(2) Upon a motivated request, Latvijas Banka shall provide information to the supervisory authorities of Member States and the European Banking Authority on the payment service providers licensed and registered in Latvia which are providing the services referred to in this Law if such information is necessary for the fulfilment of the obligations of supervisory authorities. Latvijas Banka has the right to indicate that the abovementioned information may be disclosed to the third parties which require it for the fulfilment of the functions specified in the law only upon a written consent of Latvijas Banka.

(3) Latvijas Banka has the right to refuse cooperation to the supervisory authority of another Member State in performance of inspections or other supervisory activities or in exchange of the information specified in Paragraph two of this Section if:

1) such inspection on site, another supervisory activity, or exchange of information may have an adverse effect on the State sovereignty, safety, or public order of Latvia;

2) court proceedings have already been initiated in Latvia for the same violation and against the same persons;

3) a court judgment has already entered into effect on the same violation and in relation to the same persons.

(4) Latvijas Banka shall inform accordingly the supervisory authority of the Member State which submitted the request for cooperation of the refusal and its reasons.

[*2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 51.**(1) If Latvijas Banka establishes that a branch of an institution licensed in another Member State or an agent which is operating in Latvia, or an institution licensed in another Member State which is providing financial services without opening a branch or without using an agent therein performs activities which are in contradiction with the laws and regulations, it shall, without delay, request the relevant branch or agent, or institution to terminate such activities.

(2) If a branch of an institution licensed in another Member State or an agent which is operating in Latvia, or an institution licensed in another Member State which is providing financial services without opening a branch or without using an agent therein does not terminate activities which are in contradiction with the laws and regulations, Latvijas Banka shall, without delay, inform the supervisory authority of institutions of the relevant Member State whose obligation is to act in order to eliminate the violations. The supervisory authority of institutions of another Member State shall inform Latvijas Banka of the measures taken.

(3) If a branch of an institution licensed in another Member State or an agent which is operating in Latvia, or an institution licensed in another Member State which is providing financial services without opening a branch therein continues the performance of activities which are in contradiction with the laws and regulations and thus is causing a situation requiring immediate action in order to eliminate a serious threat to the joint interests of payment service users and electronic money holders in Latvia, Latvijas Banka shall inform the supervisory authority of institutions of the relevant Member State thereof and shall take measures in addition to that referred to in Paragraph two of this Section in order to eliminate such violations.

(31) When the established threat has been eliminated, Latvijas Banka shall revoke the specified measures, informing the relevant institution and its branch or agent thereof.

(4) The requirements of Paragraphs one, two, three, and 3.1 of this Section shall not preclude Latvijas Banka from performing activities to eliminate violations which are in contradiction with the laws and regulations protecting public interests and to impose punishments for these violations.

(5) An administrative act of Latvijas Banka which has been issued in accordance with this Law may be appealed to the District Administrative Court. The court in the composition of three judges shall examine the case as the court of first instance. A judgement of the Regional Administrative Court may be appealed by submitting a cassation complaint.

[*17 March 2011; 24 April 2014; 20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 52.**(1) Information on the institution and a branch of the institution licensed in a Member State or an agent which has commenced its operation in Latvia in accordance with the procedures laid down in Section 31, Paragraph one of this Law, and their customers, on the operation of the institution, a branch of the institution licensed in a Member State or an agent and transactions of their customers which has not been previously published in accordance with the procedures laid down in the law or disclosure of which is not determined in other laws or the decision to disclose it has not been taken by Latvijas Banka, the information received in accordance with the procedures laid down in this Section from the competent authorities and persons of Member States and foreign countries, and also from institutional units and the information obtained in inspections for the needs of supervision of a branch of the institution licensed in a Member State or an agent, and also the information at the disposal of Latvijas Banka on the operation of participants of the financial market and payment systems shall be considered restricted access information and shall be disclosed to third parties only in the form of a report or a summary in a way which precludes the possibility of identifying any particular institution, branch of an institution licensed in a Member State or an agent, or their customer. Such information on the institution, a branch of the institution licensed in a Member State or an agent and their customer, and also the operation of the institution, a branch of the institution licensed in a Member State or an agent and transactions of their customers shall have the status of restricted access information also if insolvency proceedings have been initiated or liquidation has been commenced for the institution, an institution licensed in a Member State or an agent, or their customer, or the institution, an institution licensed in a Member State or an agent, or their customer (legal person) has been liquidated.

(2) The provisions of Paragraph one of this Section shall not preclude Latvijas Banka from provision of restricted access information, according to its competence, to other supervisory authorities of participants of the financial market of other Member States by retaining the status of restricted access information for the information provided.

(3) Latvijas Banka is entitled to use the information received in accordance with Paragraphs one and thirteen of this Section only for the performance of the supervisory functions:

1) in order to verify the conformity with the laws and regulations governing obtaining an authorisation for the operation of institutions and operation of institutions;

2) in order to apply the supervisory measures and sanctions specified in this Law;

3) during court proceedings wherein the administrative acts issued by Latvijas Banka or its actual actions are being appealed.

(4) The prohibition of disclosing restricted access information on the relevant economic operator by retaining the status of restricted access information shall not apply to the information:

1) which is used in court proceedings in a civil case if the insolvency proceedings of the institution have been declared or liquidation thereof has been initiated and such information is not related to third parties involved in actions to improve the financial situation of the institution;

2) which has been provided by Latvijas Banka to the court or the person directing the proceedings in a criminal case on the basis of a relevant request;

3) on a possible criminal offence established by Latvijas Banka in the operation of the institution, a branch of the institution licensed in a Member State or an agent, or the payment system by informing the law enforcement institutions thereof.

(5) When preserving the status of restricted access information, the provisions of Paragraphs one and three of this Section shall not preclude Latvijas Banka from providing restricted access information, according to its competence, to:

1) supervisory authorities of participants of the financial market of another Member State, the European Central Bank, and the European Banking Authority;

2) central banks of Member States and other authorities which are responsible for the monitoring of payment systems if they require such information for the fulfilment of the functions specified for them in the law;

3) the authorities or persons which or who are responsible for the discontinuation of payment services, insolvency, liquidation of institutions and similar procedures specified in the legal acts of other Member States, and also to the supervisory authorities of such authorities or persons;

4) the authorities or persons which or who perform the internal inspections and audits specified in the law in institutions, and also to the supervisory institutions of such authorities or persons;

5) the authorities or persons which or who are responsible for detecting and investigating violations of the laws and regulations in the field of commercial activity in Latvia.

(6) In respect of the information received from Latvijas Banka and the supervisory authorities of the participants of the financial market of the Member States, the authorities and persons specified in Paragraph five of this Section shall meet the following requirements:

1) only use the received information for carrying out the responsibilities within the competence thereof;

2) it is prohibited for the authorities and persons specified in Paragraph five of this Section, including the employees thereof, during the fulfilment of their responsibilities and after termination of an employment and other type of contractual relationship with the authorities or persons referred to in Paragraph five of this Section, to publicly or otherwise disclose the information related to the activities of institutions or payment systems which has not been published previously in accordance with the procedures laid down by the law or disclosure of which is not provided for in other laws. In accordance with the procedures laid down in laws and regulations, the authorities or persons referred to in this Section shall be responsible for the unlawful disclosure of restricted access information and for the losses caused to the third parties due to the unlawful action of the authorities or persons referred to in this Paragraph;

3) the authorities or persons referred to in Paragraph five of this Section are only entitled to disclose the received information upon prior written consent of the persons who have provided the relevant information and solely for the purpose for which this consent has been given.

(7) Before information is sent to the authorities or persons referred to in Paragraph five, Clauses 3, 4, and 5 of this Section, the applicant for information shall notify the given name and surname of such persons to the providers of this information to whom the information should be sent and the obligations of such persons, and also shall provide a confirmation that the exchange of information is necessary for the performance of the functions specified in the law, that information will only be available to such persons who are involved in the fulfilment of a task related to the processing of the particular information, and that the requirements for the protection of information are binding on the abovementioned persons in conformity with the requirements of Paragraph six of this Section.

(8) Information which has been received in conformity with Paragraph one or thirteen of this Section or has been obtained by performing inspections is provided to other State administration institutions which are responsible for the conformity with the laws and regulations in the field of the participants of the financial market and the institutions if the supervisory authority of the participants of the financial market of another country from which the relevant information has been received or in the country of which the inspection was performed has given a consent to disclosure of such information.

(9) The provisions of this Section shall not preclude Latvijas Banka from providing restricted access information to the following international authorities in accordance with the procedures laid down in Paragraph thirteen of this Section:

1) the International Monetary Fund and the World Bank – for the assessments intended for the Financial Sector Assessment Programme;

2) the Bank for International Settlements – for the quantitative impact studies;

3) the Financial Stability Board – for the performance of its functions.

(10) Latvijas Banka shall provide restricted access information to the international authorities referred to in Paragraph nine of this Section if a motivated request has been received and the following conditions are met:

1) the request is sufficiently justified by taking into account the particular tasks carried out by the requesting authority in accordance with the laws and regulations governing its operation;

2) the request is sufficiently accurate in relation to the content and amount of the requested information and the means for disclosure thereof;

3) a certification has been provided that the requested information is necessary for the performance of particular tasks of the requesting authority and it does not exceed the scope of functions assigned to such authority in the laws and regulations governing the operation thereof;

4) a certification has been provided that information will be available only to such persons who are involved in the fulfilment of the relevant task and the requirements for the protection of information are binding on them.

(11) The international authorities referred to in Paragraph nine of this Section may become acquainted with restricted access information only in person in the premises of Latvijas Banka.

(12) Latvijas Banka is entitled to request information from the institution on the basis of the request of the supervisory authority of institutions of another Member State or the request of such supervisory authority of institutions with which a contract for exchange of information has been entered into. The supervisory authority of institutions of another State is entitled to disclose such information only upon a written consent of Latvijas Banka and such information may only be used for the purpose for which it has been requested.

(13) Latvijas Banka is entitled to enter into contracts for exchange of information with the supervisory authorities of foreign payment and electronic money institutions or the authorities of the relevant foreign country the functions of which are equivalent to the functions of the authorities referred to in Paragraph five of this Section if the legal acts of such foreign country provide for liability equivalent to the liability specified in the laws and regulations of the Republic of Latvia for unauthorised disclosure of restricted access information and the requirements in force in Latvia in the field of personal data protection have been met. Such information shall only be used for the supervision of financial market participants or the relevant authorities for the performance of the functions laid down by law. The relevant foreign institutions are entitled to disclose the received information only with a written consent of Latvijas Banka and only for the purposes for which such consent was given.

[*23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “financial and capital market” with the words “financial market” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 53.**[23 September 2021 / See Paragraph 41 of Transitional Provisions]

**Section 54.**Payment systems functioning in Latvia shall ensure objective, non-discriminating, and commensurate access (holding) conditions for registered payment service providers – legal persons. Payment systems do not have the right to restrict access to the system (participation in the system) more than is justifiably necessary to protect the system from the settlement, operational, and commercial activity risks or to ensure the operational or financial stability of the system.

**Section 55.**(1) Payment systems functioning in Latvia shall not be permitted to specify any of the following conditions to payment service providers, payment service users, or other payment systems:

1) restricting conditions in relation to actual participation in other payment systems;

2) a condition which mutually discriminates payment service providers which have received a licence or registered payment service providers in relation to their rights and obligations.

3) a condition which includes a restriction that is based on the status of the institution.

(2) Paragraph one of this Section and the provisions of Section 54 of this Law shall not be applied to:

1) the payment systems specified in the law On Settlement Finality in Payment and Financial Instrument Settlement Systems;

2) the payment systems which only include such payment service providers which are in one group of commercial companies;

3) [20 June 2018].

(3) If the provisions of the payment system specified in the law On Settlement Finality in Payment and Financial Instrument Settlement Systems provide for it and a system participant ensures a possibility for the payment service provider which is not a system participant to make transfers via the system, a participant has an obligation to ensure such possibility also to another payment service provider in an objective, commensurate, and non-discriminating manner in accordance with that specified in Section 54 of this Law.

(4) If a participant of the system referred to in Paragraph three of this Section denies the institution the transfers via the relevant system, it shall justify its refusal to the institution.

[*20 June 2018*]

**Section 55.1**(1) A credit institution has an obligation to ensure institutions and foreign exchange trading companies with objective, commensurate, and non-discriminating access to the payment account services provided by the credit institution. Such access shall be sufficiently extensive for the institution and foreign exchange trading company to be able to efficiently provide payment services, electronic money services, and foreign exchange trading services in an unhindered manner.

(2) A credit institution shall, without delay, but not later than within five business days, notify Latvijas Banka of each refusal of the access referred to in Paragraph one of this Section, appending a relevant justification thereto. The credit institution shall send such notification to Latvijas Banka in electronic form.

[*20 June 2019; 23 September 2021* / *The new wording of Paragraph one and amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraphs 41 and 42 of Transitional Provisions*]

**Section 56.**(1) If Latvijas Banka establishes that a payment system, a payment service provider, or an electronic money institution fails to comply with the requirements of this Law, the regulations issued by Latvijas Banka, or the directly applicable legal acts of the European Union in the field of payment services and electronic money, it is entitled to implement and apply the following upon taking a decision:

1) the following supervisory measures:

a) to request the person who is responsible for the operation of the payment system, the payment service provider, or the electronic money institution to immediately take measures which are necessary to eliminate the non-conformity of the operation with the laws and regulations and to submit an action plan to Latvijas Banka within the time period specified thereby;

b) to give to the person who is responsible for the operation of the payment system, the payment service provider, or the monitoring bodies and executive bodies of the electronic money institution, as well as to heads and members of such institutions written orders which are necessary to limit or suspend the operation of the payment system, payment service provider, or electronic money institution which endangers or may endanger their stability, solvency, or reputation;

c) to impose restrictions on the operation of the payment service provider or electronic money institution, including to partially or completely suspend the provision of payment services;

d) to partially or completely suspend the issuing of electronic money to the electronic money institution;

2) the following sanctions:

a) to give a warning to the person who is responsible for the operation of the payment system, the payment service provider, the electronic money institution or the natural person responsible for the violation;

b) to impose an obligation on the meeting of stockholders, meeting of shareholders, supervisory board, or executive board of the person who is responsible for the operation of the payment system, the payment service provider, the electronic money institution to remove from the office a member of the executive board or supervisory board, the person who is directly responsible for the management of the operation of payment services of the institution or the issuing of electronic money, the person who is responsible for the fulfilment of the requirements for the prevention of money laundering and terrorism and proliferation financing, or a procuration holder;

c) to impose a fine on the legal person or the natural person responsible for the violation in the amount of up to EUR 142 300 for violations of the requirements laid down in this Law or the regulations issued by Latvijas Banka, or the directly applicable legal acts of the European Union in the field of payment services and electronic money;

d) to cancel the licence in accordance with Section 25, Paragraph one, Clauses 2 and 7 of this Law or to cancel the entry in the register referred to in Section 10, Paragraph three of this Law in accordance with Section 25.1, Paragraph one, Clauses 2 and 5 of this Law, or to cancel the registration entry in the register referred to in Section 26.1, Paragraph two of this Law in accordance with Section 26.2, Paragraph one, Clauses 1 and 2.

(2) For the violations of the laws and regulations in the field of the prevention of money laundering and terrorism and proliferation financing, Latvijas Banka shall apply the sanctions specified in the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

(21) If Latvijas Banka establishes that the payment service user or the electronic money holder which is not considered to be a consumer fails to comply with the requirements laid down by the directly applicable legal acts of the European Union in the field of payment services and electronic money, it is entitled to give a warning or to impose a fine of up to EUR 142 300 to the payment service user or the electronic money holder which is not considered to be a consumer.

(22) If Latvijas Banka establishes that the operation of the payment system or the issuing of electronic money is carried out or the payment services are provided without obtaining a relevant licence or registration, Latvijas Banka is entitled to express a warning to the natural or legal person liable for the violation or to impose a fine of up to EUR 142 300.

(3) If Latvijas Banka, on the basis of the provisions of Paragraphs one, two, 2.1, and 2.2 of this Section, has issued an administrative act, except for the decision to impose a fine, the appeal of such act shall not suspend its operation.

(4) Latvijas Banka shall post the information on the sanctions and supervisory measures imposed on the person in accordance with Paragraphs one and two of this Section on its website by indicating information on the person and the violation committed thereby, and also on contesting the administrative act issued by Latvijas Banka, the ruling adopted, and its appeal.

(5) Latvijas Banka may publish the information referred to in Paragraph four of this Section without identifying the person if it is established after an ex-ante assessment that disclosing of the data of the relevant natural or legal person may endanger the stability of the financial market or cause incommensurate harm to the persons involved.

(6) If it is foreseeable that the circumstances referred to in Paragraph five of this Section may end in a commensurate period of time, publishing of the information referred to in Paragraph four of this Section may be postponed for such period of time.

(7) The information posted on the website of Latvijas Banka in accordance with the procedures laid down in this Section shall be available for five years from the day of its posting.

[*2 March 2017; 26 October 2017; 7 November 2019; 17 June 2020; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Chapter VII**

**Conditions for the Provision of Payment Services, Holding of Electronic Money, and Redeeming of Electronic Money and Information Requirements**

[*17 March 2011*]

**Section 57.**[2 March 2017]

**Section 58.**(1) Payments shall be made in the currency upon which the payment service provider and the service user have agreed.

(2) If, prior to commencing a payment at the site of selling goods or providing services, the seller offers the payer to perform currency conversion or if it is offered by the payee to perform currency conversion, the person who is offering such currency conversion service to the payer has an obligation to inform the payer of the fee, as well as the exchange rate to be used for converting the payment amount.

**Section 58.1**(1) If a payment service provider offers to open a payment account as part of a package together with another service which is not linked to the payment account, it shall inform the consumer of the individual fee for each service included in the package. The payment service provider shall inform the consumer as to whether it is also possible to open a payment account separately.

(2) If one or several services are offered as parts of a package of services linked to the payment account, the payment service provider shall indicate the fee for the whole package, as well as the individual fee for each service included therein in information regarding the applicable fee.

(3) The payment service provider shall provide the information provided for in this Section free of charge in the customer service premises or website thereof, and also – upon a request – in printed form or using another durable medium.

[*2 March 2017; 23 September 2021*]

**Section 59.**(1) Where, for the use of a given payment instrument, the payee offers a reduction, it shall inform the payer thereof prior to the initiation of the payment.

(2) Where, for the use of a given payment instrument, the payment service provider or another party involved in the payment requests a fee, it shall inform the payment service user thereof prior to the initiation of the payment transaction, unless the payment service provider has provided such information in accordance with the requirements of Section 63 of this Law. The payer does not have an obligation to pay the fee referred to in this Paragraph if it was not informed of such fee before the initiation of the payment.

(3) The electronic money issuer is prohibited from granting interest or other financial benefit to the electronic money holder for a set of activities which is related to the holding of electronic money during a specific period of time.

[*17 March 2011; 20 June 2018*]

**Section 59.1**(1) A payment service provider shall ensure that the informative leaflet developed by the European Commission regarding consumer rights in the field of payment services can be easily accessed by a consumer on their relevant websites, if any, and in printed form at their branches, with their representatives and outsourcing service providers, if any.

(2) The payment service provider shall ensure the information in the informative leaflet to the consumer free of charge.

(3) In relation to persons with disability, the provisions of this Section shall be applied by using relevant alternative means in order to ensure that the information included in the leaflet is available to such persons in a form that is comprehensible.

[*23 September 2021*]

**Section 60.**(1) A payment service provider shall provide the information specified in Chapters VII, VIII, and IX of this Law to a payment service user free of charge.

(2) Upon agreement with the payment service user, the payment service provider may collect a fee if upon a request of the payment user:

1) the information is provided more often than determined in the framework contract;

2) the information is provided using other means of communication than specified in the framework contract;

3) not only the information specified in the framework contract, but also additional information is provided.

(3) If the payment service provider determines a fee for the provision of information in accordance with Paragraph two of this Section, such fee shall be determined in a justified manner corresponding to the actual costs of the payment service provider.

**Section 60.1**(1) Latvijas Banka shall issue regulations determining the list of standardised terms and definitions of terms (hereinafter – the list of standardised terms) of services linked to a payment account and widely used by consumers in the territory of the Republic of Latvia (hereinafter – the services most frequently used by consumers). Latvijas Banka shall evaluate and, if necessary, update the list of standardised terms once in four years.

(2) The payment service provider shall provide information to the consumer regarding the fee applied thereby to the services most frequently used by consumers (hereinafter – the price list of services). Latvijas Banka shall determine the minimum requirements in relation to the content and form of the price list of services.

(3) The payment service provider may supplement the price list of services and the list of standardised terms with information regarding other services linked to a payment account offered thereby. The payment service provider shall ensure the consumer with free access to the abovementioned documents at the customer service premises or on the website thereof. The consumer has the right, upon a request, to receive the abovementioned documents in printed form or using another durable medium.

(4) The payment service provider shall, in a timely manner, prior to conclusion of a framework contract regarding a payment account, ensure the consumer with the information referred to in Paragraph three of this Section in the official language or in another language upon which the parties have agreed.

(5) The payment service provider may fulfil the obligations referred to in Paragraphs three and four of this Section also by providing a price list to the consumer together with the draft framework contract if the requirements of Latvijas Banka laid down in accordance with Paragraph two of this Section have not been violated.

[*2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 60.2**(1) The payment service provider shall, at least once a year free of charge, provide a report on the fee applied to such services which are linked to a payment account in accordance with Paragraph two of this Section, using the means (type) of communication upon which the parties have agreed.

(2) Latvijas Banka shall determine the minimum requirements in relation to the content, form, and type of provision of the report on the fee applied to services (hereinafter – the report on the service fee). The payment service provider is entitled to provide the report on the service fee together with another information to be provided to the consumer regarding services which are linked to a payment account if the requirements of Latvijas Banka laid down in accordance with this Paragraph are not violated.

[*2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 60.3**(1) The payment service provider shall use in the contract intended for the consumer and in provision of any other information the standardised terms which have been stipulated by Latvijas Banka in accordance with Section 60.1, Paragraph one of this Law.

(2) If the brand name used by the payment service provider which designates the service provided can be unequivocally linked to a relevant service included in the standardised list of terms, it may be used in the contract intended for the consumer and in provision of any other information.

(3) In addition to the standardised terms the payment service provider may use brand names as additional designations of the relevant services in the price list of services and the report on the service charge.

[*2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 61.**(1) If a dispute arises between the payment service provider and the payment service user, the payment service provider has an obligation to prove to the payment service user that the former has complied with the information requirements laid down in Chapters VII, VIII, and IX of this Law.

(2) The non-disclosable information at the disposal of the payment service provider shall be provided to a State authority, public official, or another institution and official according to the same procedures as credit institutions in accordance with the provisions of Section 63 of the Credit Institution Law.

**Section 62.**If the payment service user is using a payment instrument which, according to the framework contract, concerns only individual payments that do not exceed EUR 30 or that either have a spending limit of EUR 150 or store funds that do not exceed EUR 150 at any time:

1) the payment service provider shall provide the payer with information regarding the way of use of the payment service, liability of the payment service provider and the payment service user, fees applicable to the payment, and other information needed for the payer to take a justified decision in relation to the use of the payment service, as well as an indicate where any other information referred to in Section 64 of this Law is made available;

2) the payment service provider and the payment service user may agree that, upon making amendments to the framework contract, the provisions of Section 66 of this Law need not be applied;

3) the payment service provider and the payment service user may agree that after making a payment:

a) the payment service provider makes available information only with a reference enabling the payment service user to identify the payment, the amount of the payment, as well as any fee paid by the payment service user to the payment service provider for the payment service. If several payments of the same kind are made to the same payee, the payment service provider shall make available information thereto regarding the total amount and fee for those payments which is paid by the payment service user to the payment service provider for the payment service;

b) the payment service provider does not have an obligation to provide the information referred to in Sub-clause “a” of this Clause, if the payment instrument is used anonymously or if, due to the characteristics of the payment instrument, the information referred to in Sub-clause “a” of this Clause is not available to the payment service provider. In such cases the payment service provider shall provide the payer with a possibility to verify the amount of money stored in the payment instrument.

**Section 62.1**(1) An electronic money issuer has an obligation, upon a request of the electronic money holder, to redeem, at any moment and at par value, the monetary value of the electronic money held by the latter.

(2) The conditions and procedures for redeeming electronic money shall be determined in the contract between the electronic money issuer and the electronic money holder, indicating also the fee for redeeming electronic money therein. The electronic money holder shall be informed of such conditions before it is being bound by the contract or before it agrees to the offer of the electronic money issuer.

(3) The fee determined for redeeming electronic money shall be commensurate with the actual costs which have been incurred by the electronic money issuer. The fee may only be applied if stated in the contract referred to in Paragraph two of this Section and in one of the following cases:

1) redemption is requested before the termination of the contract;

2) the contract provides for a termination date and the electronic money holder terminates the contract before the abovementioned date;

3) redemption is requested more than one year after the date of termination of the contract.

(4) Upon requesting redemption of electronic money within a year after termination of the contract referred to in Paragraph two of this Section, the electronic money holder shall redeem the total monetary value of the electronic money held. If the electronic money issuer is an electronic money institution which conducts the commercial activity referred to in Section 36.1, Paragraph one, Clause 4 of this Law and it is not known which part of the funds will be used as electronic money thereby, the electronic money institution shall redeem all the funds requested for redemption by the electronic money holder.

(5) If redemption of electronic money is requested before the termination of the contract referred to in Paragraph two of this Section, the electronic money holder may request complete or partial redemption of the electronic money.

(6) A person, other than a consumer, who accepts electronic money for the settlement of accounts shall agree with the electronic money issuer on the right to redeem the electronic money by concluding the contract referred to in Paragraph two of this Section.

[*17 March 2011; 2 March 2017*]

**Chapter VIII**

**Payments Subject to the Framework Contract**

**Section 63.**(1) Before conclusion of a framework contract or before a payment service user has agreed to use the offer, the payment service provider shall provide the service user with the information provided for in Section 64 of this Law in printed form or using another durable medium. Information regarding payment services offered in Latvia shall be provided in a clear and comprehensible form in the official language or in any other language agreed between the parties.

(2) If, upon a request of the payment service user, the framework contract has been concluded using a means of distance communication and as a result it is not possible to fulfil the obligations specified in Paragraph one of this Section, the payment service provider shall fulfil its obligations immediately after conclusion of the framework contract.

(3) The payment service provider may fulfil the obligations referred to in Paragraph one of this Section also by submitting a draft framework contract to the payment service user if it contains the information referred to in Section 64 of this Law.

**Section 64.**The payment service provider shall provide the following information to the payment service user in the framework contract:

1) regarding the payment service provider:

a) the name, legal address, electronic mail address of the payment service provider and other addresses to be used for communications with the payment service provider, as well as the legal address of the agent or branch of the payment service provider in Latvia if payment services are provided through an agent or branch. If a payment service provider established and registered in Latvia is providing payment services in another Member State – also the legal address of its agent or branch in the Member State in which payment services are offered;

b) a reference to Latvijas Banka or the supervisory authority of the payment service provider as well as a reference to the register provided for in Section 10 of this Law in which the relevant payment service provider is registered;

2) regarding use of the payment services:

a) a description of the payment service to be provided;

b) a specification of the information or unique identifier that has to be provided by the payment service user in order for a payment order to be properly executed;

c) the form for giving consent to execute a payment and withdrawal of such consent in accordance with the provisions of Sections 80 and 92 of this Law;

d) a reference to the time of considering a payment order received in accordance with Section 90 of this Law and discontinuing acceptance of payment orders, if such has been established by the payment service provider;

e) the maximum execution time for the payment service;

f) whether there is a possibility to agree on spending limits for the use of the payment instrument in accordance with Section 81, Paragraph one of this Law;

g) a reference to the rights of the payment service user in accordance with Article 8 of Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions (Text with EEA relevance) if co-badged, card-based payment instruments are used;

3) regarding fees, interest, and exchange rates:

a) all fees payable by the payment service user to the payment service provider for the payment service and the breakdown of such charges;

b) the interest and exchange rates to be applied to the payment or, if reference interest and exchange rates are to be used, – the method of calculating the actual interest rates and the relevant reference interest or exchange rate which is used as base for currency exchange, as well as the date of determining such rates or currency exchange rate;

c) a reference that changes in reference interest or reference currency rates are applied immediately without prior warning and that information regarding such changes will be provided to the payment service user in accordance with Section 66, Paragraphs three, four, and five of this Law if the payment service user and the payment service provider have agreed thereon;

4) regarding communication:

a) information regarding the means of communication, including the technical requirements for equipment and software of the payment service user regarding the use of which for transmission of the information or notifications specified in this Law the payment service provider and the payment service user have agreed upon;

b) the manner in, and frequency with which, information specified in this Law is to be provided or made available;

c) the language or languages in which the framework contract will be concluded and the parties thereto will communicate during this contractual relationship;

d) a reference to the right of the payment service user to receive the information in accordance with Section 65 of this Law;

5) regarding safety measures:

a) a description of the measures that the payment service user is to take in order to keep safe a payment instrument and information regarding how to notify the payment service provider for the purposes of Section 82, Paragraph one, Clause 2 of this Law;

b) a reference to the cases in which the payment service provider has the right to block a payment instrument in accordance with Section 81, Paragraph two of this Law if the payment service user and the payment service provider have agreed thereon;

c) information regarding the liability of the payer in accordance with Section 87 of this Law;

d) information regarding how and within what period of time the payment service user is to notify the payment service provider of any unauthorised or incorrectly made payment in accordance with Section 84 of this Law, as well as the liability of the payment service provider for an unauthorised payment in accordance with Section 86 of this Law;

e) information regarding the liability of the payment service provider for the initiation or making of payments in accordance with Section 99 of this Law;

f) the conditions for refund in accordance with Sections 88 and 89 of this Law;

g) the procedures for the notification of the payment service user by the payment service provider of a potential fraud, security threats or suspicions of them;

6) regarding amendments to and termination of the framework contract:

a) an indication that the payment service user will be deemed to have agreed to amendments to the framework contract if it has not notified the payment service provider before the date of their proposed date of entry into effect that it has objections against such amendments, if the payment service provider and the payment service user have agreed upon it in accordance with Section 66, Paragraph two of this Law;

b) the duration of the framework contract;

c) the right of the payment service user to terminate the framework contract, as well as any agreements relating to termination of the contract in accordance with Section 66, Paragraph one and Section 67 of this Law;

7) regarding examination of complaints and the issue of compensating the losses:

a) the laws and regulations applicable to the framework contract and the court the competence of which includes examination of cases linked to framework contracts;

b) a reference to out-of-court procedures for handling and appeal of complaints available to the payment service user in accordance with Sections 105 and 106 of this Law.

[*20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 65.**During the term of validity of the framework contract the payment service user has the right to receive information, upon a request, regarding the provisions of the framework contract, as well as the information and provisions indicated in Section 64 of this Law in printed form or using another durable medium.

**Section 66.**(1) The payment service provider shall propose amendments to the framework contract, as well as to the information and provisions indicated in Section 64 of this Law in accordance with the provisions of Section 63, Paragraph one of this Law and not later than two months before the proposed (planned) day of entering into effect of such amendments.

(2) The payment service provider may agree with the payment service user that the service user has agreed to amendments to the framework contract, if it has not notified the payment service provider of its objections against such amendments until the proposed (planned) day of entering into effect of such amendments to the framework contract. In such case, the payment service provider shall also indicate that the payment service user has the right, without delay and free of charge, and without imposition of sanctions, to terminate the framework contract until the day of entering into effect of the relevant amendments.

(3) Changes in the interest or currency rates may be applied without prior notification if an agreement thereon in the framework contract has been reached and if such reference interest or reference currency rates are at the basis of such changes upon which the payment service provider and the payment service user have agreed in accordance with the provisions of Section 64, Clause 3, Sub-clauses “b” and “c” of this Law.

(4) In the cases referred to in Paragraph three of this Section the payment service provider shall inform the payment service user as soon as possible in accordance with the provisions of Section 63, Paragraph one of this Law, except if such persons have agreed upon another way in which the payment service provider provides or makes available the relevant information.

(5) Changes in the interest or currency rates which are more favourable to the payment service user may be applied without prior notification.

(6) Upon calculating and applying the changes in the interest or currency rates used in payments, discrimination of the payment user is not permissible.

[*20 June 2018*]

**Section 67.**(1) The payment service user may terminate the framework contract at any time, except when the payment service provider and the payment service user have agreed upon a time period of prior notification for the termination of the framework contract. The time period of prior notification may not be longer than one month.

(2) If the framework contract has been concluded for an indefinite period or for a time period exceeding six months and the payment service user terminates the framework contract after six months, the payment service provider shall not impose a fine on the termination of the framework contract. In other cases when a fine is intended for the termination of the framework contract, it shall be determined in commensuration with the expenses.

(3) If a relevant agreement has been reached in the framework contract, the payment service provider may terminate the framework contract which has been entered into for an indefinite period, informing the payment service user thereof at least two months in advance in accordance with the provisions of Section 63, Paragraph one of this Law.

(4) The fee which is regularly collected by the payment service provider for the payment service shall be paid by the payment service user in proportion to the period of use thereof until termination of the framework contract. If such fee is collected in advance, the payment service provider shall refund it in proportion.

[*20 June 2018 / Amendments to Paragraph two shall come into force on 1 October 2018. See Paragraph 35 of Transitional Provisions*]

**Section 68.**If, according to the framework contract, a payment commenced by a payer is made, a payment service provider shall, upon a request of the payer prior to commencement of the payment, provide information regarding the maximum period of its making thereof and the fee for the service to be covered by the payer, as well as the breakdown of such fee.

**Section 69.**(1) After the amount of the payment is written off of the account of the payer or – in cases when the payer is not using a payment account – after receipt of the payment order the payment service provider shall, without delay in accordance with the provisions of Section 63, Paragraph one of this Law, provide the following information to the payer:

1) a reference enabling the payer to identify each payment and, if possible, information regarding the payee;

2) the amount of the payment in currency in which such amount has been written off of the account of the payer, or in currency which is used in the payment order;

3) the fee for the service paid by the payment service user and the breakdown of such fee or also interest paid by the payment service user;

4) the currency rate used by the payment service provider of the payer in the payment and the amount of the payment after currency conversion if currency conversion has been performed;

5) the value date for writing off of the amount of the payment from the account of the payer or the date of receipt of the payment order.

(2) The framework contract may contain a provision that the information referred to in Paragraph one of this Section is provided or made available at least once a month, and indicate the way in which the information is to be provided, ensuring a possibility for the payer to store and update such information unchanged.

**Section 70.**(1) After a payment has been made, the payment service provider of the payee shall, without delay in accordance with the provisions of Section 63, Paragraph one of this Law, provide or make available the following information to the payee:

1) a reference enabling the payee to identify the payment and, if possible, also the payer, and any information which has been submitted together with the payment;

2) the amount of the payment in currency in which such sum was transferred to the payment account of the payee;

3) the fee for the service paid by the payment service user and the breakdown of such fee or also interest paid by the payment service user;

4) the currency rate used by the payment service provider of the payee in the payment and the amount of the payment before currency conversion if currency conversion has been performed;

5) the value date for the transfer of the money into the account.

(2) The framework contract may contain a provision that the information referred to in Paragraph one of this Section is provided or made available at least once a month, and indicate the way in which the information is to be provided, ensuring a possibility for the payee to store and update such information unchanged.

[*12 May 2011*]

**Section 70.1**The framework contract may contain a provision that the payment service provider provides or makes available information of the account statement to the payment service user upon a request or within a specific period of time upon agreement, indicating the way in which the account statement must be provided, including ensuring a possibility to store and update such information unchanged.

[*12 May 2011*]

**Chapter IX**

**Single Payments**

**Section 71.**(1) This Chapter shall be applied to single payments not covered by a framework contract.

(2) If a payment order for a single payment is submitted through a payment instrument covered by a framework contract, the payment service provider shall not be obliged to provide or make available information which has already been provided to the payment service user on the basis of the framework contract with another payment service provider or which will be provided thereto according to this framework contract.

**Section 72.**(1) Before the payment service user commits to use the single payment service, the payment service provider shall, in an easily accessible manner, make available to the payment service user the information referred to in Section 73 of this Law. Upon a request of the service user, the payment service provider shall provide such information in printed form or on any other durable medium. Information regarding the payment services offered in Latvia shall be given in easily understandable words and in a clear and comprehensible form in the official language or in any other language agreed between the payment service provider and the payment service user.

(2) If, upon a request of the payment service user, the payment service provider and the payment service user agree upon the single payment service, using a means of distance communication, and as a result the obligations specified in Paragraph one of this Section cannot be fulfilled, the payment service provider shall fulfil these obligations immediately after the execution of the payment.

(3) The payment service provider may fulfil the obligations referred to in Paragraph one of this Section also by submitting a draft contract or draft payment order to the payment service user if it includes the information referred to in Section 73 of this Law.

**Section 73.**(1)A payment service provider shall provide or make available to a payment service user the following information:

1) a reference to the information or unique identifier that has to be provided by the service user in order for a payment order to be properly executed;

2) the maximum execution time for the payment service to be provided;

3) the fee for the service payable by the payment service user, and the breakdown of such fee;

4) the actual or reference exchange rate to be applied to the payment if currency will be exchanged.

(11) Before the initiation of a payment, the payment initiation service provider shall provide or make available to the payment service user the following information:

1) the name, legal address, electronic mail address of the payment initiation service provider and other information to be used for communication with the payment initiation service provider, and also the legal address of the representative or branch of the payment initiation service provider in Latvia if payment services are provided through a representative or branch;

2) a reference to Latvijas Banka or the supervisory authority of the payment initiation service provider and their contact details.

(2) The payment service provider shall, in an easily accessible manner, also make available to the payment service user other information specified in Section 64 of this Law if it applies to the payment service and is at the disposal of the payment service provider.

(3) The payment initiation service provider shall, immediately after initiating the payment, provide or make available to the payer and, where applicable, the payee the following information:

1) confirmation of the successful initiation of the payment order with the payer’s account servicing payment service provider;

2) a reference enabling the payer and the payee to identify the payment and, where appropriate, the payee to identify the payer, and any information transferred with the payment;

3) the amount of the payment;

4) the fee payable to the payment initiation service provider for the service, if such has been specified, and the breakdown of the fee.

(4) If a payment is initiated through a payment initiation service provider, it shall notify the account servicing payment service provider of the payment reference.

[*20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 74.**Immediately after receipt of the payment order, the payment service provider of the payer shall, in the same way as specified in Section 72, Paragraph one of this Law, provide the payer with or make available to the payer the following information:

1) a reference enabling the payer to identify the payment and information regarding the payee if such has been indicated in the payment order;

2) the amount of the payment in the currency indicated in the payment order;

3) the fee for the service payable by the payment service user and the breakdown of such fee;

4) the exchange rate used by the payment service provider of the payer in the payment if currency is exchanged. If, upon executing the payment service, the exchange rate used differs from the rate of which the payer was informed in accordance with Section 73, Paragraph one, Clause 4 of this Law, the payment service provider shall inform the payer of the used exchange rate used. The payment service provider shall inform the payment service user of the amount of the payment after currency exchange;

5) the date of receipt of the payment order.

**Section 75.**Immediately after the execution of a payment, the payment service provider of the payee shall, in accordance with Section 72, Paragraph one of this Law, provide the payee with or make available to the payee the following information:

1) a reference enabling the payee to identify the payment and, if possible, also the payer, and other information which has been submitted together with the payment;

2) the amount of the payment in the currency in which such sum is at the disposal of the payee;

3) the fee for the service payable by the payment service user and the breakdown of such fee;

4) the exchange rate and the amount of the payment before currency conversion if the payment service provider of the payee has exchanged the currency;

5) the value date for the transfer of the money into the account.

**Chapter IX.1**

**Switching of Payment Accounts**

[*2 March 2017*]

**Section 75.1**This Chapter shall apply to payment accounts which have been opened for the payment service user – consumer – with payment service providers the place of conducting commercial activity of which is Latvia.

[*2 March 2017*]

**Section 75.2**(1) The payment service provider shall provide an account switching service in accordance with the procedures provided for in this Law and in the regulations referred to in Paragraph two of this Section if the transferring payment service provider and the receiving payment service provider provide services linked to a payment account in Latvia and both payment accounts are in euro currency.

(2) Latvijas Banka shall issue the regulations in which the procedures for providing an account switching service, including the content and form of an account switching request, is determined.

(3) A consumer shall submit an account switching request to the receiving payment service provider with which it is opening or holding a payment account. The account switching request of the consumer shall contain a consent of the consumer that the information regarding the consumer, its payment account and transactions made therein will be provided to the payment service provider involved in account switching and will be used for activities linked to account switching.

(4) Within the scope of payment account switching change the transferring payment service provider may not block payment instruments before the date indicated in the request of the consumer, except for the cases referred to in Section 81, Paragraph two of this Law.

[*2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 75.3**(1) The transferring and receiving payment service provider shall, free of charge, provide the information at its disposal to the consumer regarding the valid regular payment orders submitted thereby and the direct debit payment in the payment account of the consumer.

(2) The transferring payment service provider shall, free of charge, provide information to the receiving payment service provider which has been requested thereby within the scope of the account switching service in accordance with the regulations of Latvijas Banka referred to in Section 75.2, Paragraph two of this Law.

(3) Upon closing the payment account of the payment service user, the transferring payment service provider shall take into account the provisions of Section 67, Paragraphs two and four of this Law.

(4) If the consumer is using an account switching service and requests closing of a payment account, the transferring payment service provider shall terminate the framework contract and close the payment account on the date indicated in the request of the consumer if all the liabilities arising from the use of the payment account have been settled and other activities indicated in the request have been completed. The payment service provider shall, without delay, inform the consumer if the outstanding liabilities of the consumer prevent the framework contract from being terminated or the payment account from being closed.

(5) If it is intended that the payment service user shall pay for the account switching service, the payment service provider shall determine the service fee commensurate to the actual costs of the service, in conformity with the provisions of Paragraphs one, two, and three of this Section.

[*2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 75.4**The payment service provider involved in the provision of an account switching service shall, without delay, compensate any financial losses to the payment service user which have arisen for the very reason that the abovementioned payment service provider has not fulfilled the obligations linked to the account change service or has been late in the fulfilment of such obligations.

[*2 March 2017*]

**Section 75.5**The payment service provider shall, upon request of the payment service user, provide the following information thereto free of charge regarding provision of an account switching service in printed form or on another durable medium, and also continuously at its customer service premises and on its website:

1) the tasks of the transferring and receiving payment service provider for each step of the account switching process, as indicated in the regulations of Latvijas Banka;

2) the time-frame for the completion of the respective steps;

3) the fees, if any, charged for the account switching service;

4) information that the payment service user will be asked to provide by the relevant payment service provider;

5) the out-of-court dispute handling procedures in accordance with Sections 105 and 106 of this Law;

6) information regarding whether the payment service provider is a participant in the Deposit Guarantee Fund.

[*2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 75.6**(1) If a consumer wishes to open a payment account with a payment service provider located in another Member State, the payment service provider with which the consumer holds a payment account in Latvia shall, upon receipt of the relevant request, take the following activities:

1) provide the consumer with a list of all the currently active standing orders and debtor-driven direct debit mandates, where available, and with available information regarding recurring incoming credit transfers and creditor-driven direct debits made in the payment account of the consumer within the previous 13 months;

2) transfer any positive balance remaining on the payment account held by the consumer to the payment account opened or held by the consumer with the new payment service provider, if the request of the consumer includes full details allowing the new payment service provider and the consumer’s payment account to be identified;

3) close the payment account held by the consumer.

(2) The payment service provider with which the consumer holds a payment account shall carry out the activities referred to in Paragraph one, Clauses 1, 2, and 3 of this Section on the date specified by the consumer, which shall be at least six business days after that payment service provider receives the consumer’s request if it does not have outstanding obligations arising from the use of the payment account and if the parties have not agreed otherwise. The payment service provider shall immediately inform the consumer if outstanding obligations arising from the use of the payment account prevent his payment account from being closed.

(3) The payment service provider with which the consumer holds a payment account shall carry out the activities referred to in Paragraph one, Clauses 1 and 3 of this Section free of charge. If the payment service provider provides the information referred to in Paragraph one, Clause 1 of this Section in a language other than the language of communication specified in the framework contact, it is entitled to apply a fee for the preparation of documents in another language.

[*2 March 2017*]

**Chapter X**

**Rights and Obligations of Payment Service Providers and Payment Service Users**

**Section 76.**If the payment service user is not a consumer, the payment service provider and the payment service user may agree on non-application of individual provisions of Section 77, Paragraph one, Section 80, Paragraph three, as well as Sections 85, 87, 88, 89, 92, and 99 of this Law. The payment service provider and the payment service user may agree on another time period for requesting the compensation of losses than that specified in Section 84 of this Law.

[*2 March 2017*]

**Section 77.**(1) The payment service provider may not request a fee from the payment service user for the fulfilment of its information obligations, as well as for the performance of corrective or preventive activities in accordance with Chapters X, XI, XII, XIII, and XIV of this Law, unless it has been specified otherwise in Section 91, Paragraph two, Section 92, Paragraph seven, and Section 98, Paragraph three of this Law. If the payment service provider agrees with the payment service user regarding application of the fee referred to in Section 91, Paragraph two, Section 92, Paragraph seven, and Section 98, Paragraph three of this Law, then such fee shall be determined commensurately with its actual costs of information, as well as performance of corrective or preventive activities.

(2) If the payment service provider of both the payer and the payee is located in any of the Member States, the payee shall pay the fee for the service requested by its payment service provider, and the payer – the fee requested by its payment service provider. This condition shall not apply to such steps of the payment which are taken outside Member States.

(3) The payee is prohibited from requesting a fee from the payer for the use of the particular payment instrument.

[*20 June 2018*]

**Section 78.**(1) If the payment service user is using a payment instrument which, according to the framework contract, solely concerns individual payments not exceeding EUR 30 or which either have a spending limit of EUR 150 or store funds which do not exceed EUR 150 at any time, the payment service provider may agree with the payment service user that:

1) the provisions of Section 82, Paragraph one, Clause 2, Section 83, Paragraph one, Clauses 3, 4, and 5, and Section 87, Paragraphs four and five of this Law do not apply if the payment instrument does not allow its blocking or prevention of its further use;

2) the provisions of Sections 85, 86 and Section 87, Paragraphs one and two of this Law do not apply if the payment instrument is used anonymously or the payment service provider is not in a position for other reasons which are intrinsic to the payment instrument to prove that a payment was authorised;

3) the payment service provider is not required to notify the payment service user of the refusal of a payment order, if the non-execution of the payment order is apparent from the context;

4) the payer may not revoke the payment order after transmitting the payment order or giving consent to execute the payment to the payee;

5) other payment execution periods than specified in Section 96 of this Law apply.

(2) The provisions of Sections 86 and 87 of this Law shall also be applied in relation to electronic money, except when the payment service provider of the payer cannot freeze the payment account or block the payment instrument.

[*24 April 2014; 20 June 2018*]

**Section 79.**(1) The payment service provider of the payer, the payment service provider of the payee, as well as intermediaries of payment service providers shall transfer the amount of payment and shall not deduct any fee for the service from the transfer amount.

(2) The payer and its payment service provider may agree that the payment service provider deducts a commission from the transferred funds before transferring them into the account of the payee. In such case the full amount of payment and the collected fee for the service shall be indicated individually in the information provided to the payee.

(3) If the payer has initiated a payment and fee other than the fee for the service referred to in Paragraph two of this Section has been deducted from the amount of payment, the payment service provider of the payer shall ensure that the payee receives all the amount of the payment initiated by the payer.

(4) If the payee has initiated a payment or it has been initiated with the intermediation of the payee and fee other than the fee for the service referred to in Paragraph two of this Section has been deducted from the amount of payment, the payment service provider of the payee shall ensure that the payee receives all the amount of the payment.

**Chapter XI**

**Authorisation of Payments**

**Section 80.**(1) The payer may give consent to making a payment prior to or, if agreed between the payer and the payment service provider, after the execution of the payment.

(2) Consent to make a payment, as well as a series of or repeated payments shall be given in the form agreed between the payer and the payment service provider. Consent to make a payment may also be given with the intermediation of the payee or the payment initiation service provider. In the absence of consent, a payment shall be considered to be unauthorised.

(3) Consent may be withdrawn by the payer at any time, but no later than at the moment specified in Section 92 of this Law. Consent to execute a series of or repeated payments may also be withdrawn by the payer. Any future payments made shall be considered to be unauthorised.

[*20 June 2018 / The new wording of Paragraph two shall come into force on 1 October 2018. See Paragraph 35 of Transitional Provisions*]

**Section 80.1**(1) The payer has the right to initiate a payment with the intermediation of a payment initiation service provider from its payment account if it is accessible online.

(2) If the payer gives explicit consent to the payment initiation service provider for the execution of a payment in accordance with Section 80 of this Law, the account servicing payment service provider shall, upon carrying out the activities specified in Paragraph four of this Section, provide the payer a possibility to use the payment initiation service.

(3) The payment initiation service provider shall:

1) not hold at any time the payer’s money in connection with the provision of the payment initiation service;

2) forward the personalised security credentials of the payer, using secure way of communication, in a way that precludes such credentials becoming accessible to other persons than the payer and the issuer of the personalised security credentials;

3) provide any other information regarding the payer, obtained when providing payment initiation service, only to the payee and only with the payment service user’s explicit consent;

4) every time a payment is initiated, identify itself towards the account servicing payment service provider of the payer, as well as communicate with the account servicing payment service provider, the payer, and the payee, using secure way of communication;

5) not store sensitive payment data;

6) not request from the payer any data other than those necessary to provide the payment initiation service;

7) not use, access, and store any data for purposes other than for the provision of the payment initiation service as explicitly requested by the payer;

8) not modify the amount of the payment, the payee or any other feature of the payment.

(4) The account servicing payment service provider shall:

1) ensure secure way of communication for communication with payment initiation service providers;

2) immediately after receipt of the payment order from a payment initiation service provider, provide or make available all information regarding the initiation of the payment and all information accessible to the account servicing payment service provider regarding the execution of the payment to the payment initiation service provider;

3) treat payment orders submitted, using the services of a payment initiation service provider, according to the same conditions for the processing of payment orders (including period, priority, and charges for execution of orders) as for payment orders which have been transmitted by the same payer directly to the account servicing payment service provider, except when there are objective reasons for different processing.

(5) The course of initiation or execution of a payment shall not be dependent on the existence of a contractual relationship between the account servicing payment service provider and the payment initiation service provider.

[*20 June 2018*]

**Section 80.2**(1) The payment service user has the right to receive the account information service regarding its payment account if they are available online.

(2) The account information service provider shall:

1) provide the account information only after receipt of explicit consent from the payment service user for the receipt of such service;

2) forward the personalised security credentials of the payment service user, using secure way of communication, in a way that precludes such personalised credentials becoming accessible to other persons than the payment service user and the issuer of the security credentials;

3) for each communication session, identify itself towards the account servicing payment service provider, as well as communicate with the payment service user, using secure way of communication;

4) access only the information from designated payment accounts and associated payment transactions of the payment service user;

5) not request sensitive payment data linked to the payment accounts;

6) not use, access, and store any data for purposes other than for performing the account information service explicitly requested by the payer, complying with the laws and regulations regarding personal data protection in its operation.

(3) In relation to payment accounts, the account servicing payment service provider shall:

1) ensure secure way of communication for communication with account information service providers;

2) treat data requests transmitted with the intermediation of an account information service provider according to the same conditions as a request expressed directly by the payment service user, except when there are objective reasons for different processing.

(4) The course of provision of an account information service shall not be dependent on the existence of a contractual relationship between the account servicing payment service provider and the account information service provider.

[*20 June 2018*]

**Section 81.**(1) If a specific payment instrument is used for authorisation, the payer may agree with the payment service provider on the limit of use of the payment instrument.

(2) If the payment service provider and the payment service user have agreed thereon in the framework contract, the payment service provider has the right to block the use of the payment instrument in cases which are related to security of the payment instrument, justified suspicions regarding unauthorised or fraudulent use of the payment instrument, or in cases of a payment instrument with a credit line and a significantly increased risk that the payer may be unable to fulfil his liability to pay.

(3) In the cases referred to in Paragraph two of this Section the payment service provider shall inform the payer, in the manner agreed upon thereby with the payment service user, regarding the blocking of the payment instrument and the reasons for it, where possible, before the payment instrument is blocked and at the latest immediately thereafter, except when giving such information would compromise objectively justified security reasons or is prohibited in accordance with the requirements of the laws and regulations of Latvia.

(4) The payment service provider shall unblock the payment instrument or replace it with a new payment instrument once the reasons for blocking ceases to exist.

(5) The account servicing payment service provider has the right to block access of the payment initiation service provider or account information service provider to the account due to such objectively justified reasons which are related to unauthorised or fraudulent access of the providers of such services to the payment account.

(6) In the cases referred to in Paragraph five of this Section the account servicing payment service provider shall inform the payment service user, in the manner agreed upon thereby with the payment service user, regarding the prohibition to access the payment account and the reasons for it, where possible, before access is denied and at the latest immediately thereafter, except when giving such information would compromise objectively justified security reasons or is prohibited in accordance with the requirements of the laws and regulations of Latvia or directly applicable legal acts of the European Union.

(7) As soon as the reasons referred to in Paragraph five of this Section cease to exist, the account servicing payment service provider shall renew access to the payment account.

(8) The account servicing payment service provider shall, without delay, notify Latvijas Banka of the cases when it has blocked access of the account information service provider or payment initiation service provider to the payment account in accordance with Paragraph five of this Section, and shall indicate the reasons for prohibiting access in its report.

[*20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 81.1**(1) The account servicing payment service provider shall, upon a request of the payment service provider issuing card-based payment instruments, immediately confirm whether an amount necessary for the execution of a card-based payment is available on the payment account of the payer, provided that all of the following conditions are met:

1) the payment account of the payer is accessible online at the time of the request;

2) the payer has given explicit consent to the account servicing payment service provider to respond to requests from a specific payment service provider to confirm that the amount corresponding to a certain card-based payment instrument is available on the payment account of the payer;

3) the consent referred to in Clause 2 of this Paragraph has been given before the first request for confirmation is made.

(2) The payment service provider may request the confirmation referred to in Paragraph one of this Section where all of the following conditions are met:

1) the payer has given explicit consent to the payment service provider to request the confirmation referred to in Paragraph one of this Section;

2) the payer has initiated the card-based payment for the amount in question using a card based payment instrument issued by the payment service provider;

3) the payment service provider authenticates itself in the system of the account servicing payment service provider before each confirmation request, and communicates with the account servicing payment service provider, conforming to the secure communication standards specified in accordance with Commission Delegated Regulation (EU) 2018/389 of 27 November 2017 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for strong customer authentication and common and secure open standards of communication (Text with EEA relevance) (hereinafter – Regulation No 2018/389).

(3) The account servicing payment service provider shall provide the confirmation referred to in Paragraph one of this Section only in the form of confirmation or denial, conforming the laws and regulations regarding personal data protection in its operation. The payment service provider which has issued a card-based payment instrument shall not store the answer and use it for purposes other than for the execution of the particular payment using a card-based payment instrument.

(4) The confirmation given by the account servicing payment service provider referred to in Paragraph one of this Section shall result neither in obligation nor the right to block the money in the payment account of the payer. The payment service provider which has issued a card-cased payment instrument shall be responsible for the execution of the payment using a card-based payment instrument.

(5) The payer has the right to request the account servicing payment service provider to inform, each time, the payer of the payment service provider which has requested a confirmation and the answer provided thereto in accordance with Paragraph three of this Section.

(6) This Section shall not be applied if electronic money is stored in the card-based payment instrument.

[*20 June 2018*]

**Section 82.**(1) The payment service user entitled to use a payment instrument shall have the following obligations:

1) to use the payment instrument in accordance with the terms governing the issue and use of the payment instrument and which are objective, commensurate, and non-discriminating;

2) to notify the payment service provider, or the institution specified by the latter, without undue delay of becoming aware of the loss, theft, or misappropriation of the payment instrument or of its unauthorised use.

(2) The payment service user shall take all the necessary measures to keep its personalised authentication features of the payment instrument safe.

[*20 June 2018*]

**Section 83.**(1) The payment service provider issuing a payment instrument shall comply with the following requirements:

1) make sure that the personalised authentication features of the payment instrument are not accessible to persons who are not entitled to use the payment instrument;

2) refrain from sending an unsolicited payment instrument to the payment service user, except for the case where a payment instrument already given to the payment service user is to be replaced with a new payment instrument;

3) continuously ensure the payment service user with a possibility to notify, free of charge, of the cases referred to in Section 82, Paragraph one, Clause 2 of this Law or request unblocking of the payment instrument in accordance with Section 81, Paragraph four of this Law;

4) ensure proof that the payment service user has provided the relevant notification, for 18 months from the moment when the payment service user has informed the payment service provider of the cases referred to in Section 82, Paragraph one, Clause 2 of this Law or has requested unblocking of the payment instrument in accordance with Section 81, Paragraph four of this Law;

5) prevent the use of the payment instrument once the information referred to in Section 82, Paragraph one, Clause 2 of this Law has been received;

6) in the cases referred to in Section 82, Paragraph one, Clause 2 of this Law replace the payment instrument free of charge or for a fee which conforms to the replacement costs.

(2) The payment service provider shall bear the risk which is related to the sending of a payment instrument or any security elements thereof to the payer, except when, upon a request of the payment service user, the payment service provider and the payment service user have agreed upon otherwise before.

[*20 June 2018*]

**Section 84.**(1) The payment service user is entitled to receive a compensation for losses from the payment service provider in accordance with Sections 86 and 99 of this Law if the payment service user has informed the payment service provider thereof without undue delay of becoming aware of any unauthorised or incorrectly executed payment, but not later than within 13 months after writing off of the funds from the account.

(2) If the payment service provider has not provided or made available information regarding the payment in accordance with the provisions of Chapters VII, VIII, and IX of this Law, the payment service user may receive the compensation referred to in Paragraph one of this Section in accordance with Sections 86 and 99 of this Law if it has informed the payment service provider as soon as it become aware of any unauthorised or incorrectly executed payment.

(3) If the service of the payment initiation service provider was used in the execution of an unauthorised or incorrectly executed payment, the payer is entitled to receive a compensation for losses from its account servicing payment service provider in accordance with Sections 86 and 99 of this Law, in conformity with that laid down in Paragraph one of this Section.

[*20 June 2018 / Paragraph three shall come into force on 1 October 2018. See Paragraph 35 of Transitional Provisions*]

**Section 85.**(1) If the payment service user denies having authorised an executed payment or claims that the payment was not correctly executed, the payment service provider has an obligation to prove that the payment was authenticated, accurately recorded, and entered in the accounts and not affected by a technical breakdown or some other deficiency of the services provided by the payment service provider.

(11) If the payment is initiated with the intermediation of the payment initiation service provider, the payment initiation service provider has an obligation to prove that, in the payment step in which it was involved, the payment was authenticated, accurately recorded, and entered in the accounts and not affected by a technical breakdown or some other deficiency related to the relevant payment service provided thereby.

(2) If the payment service user denies having authorised an executed payment, the use of a payment instrument recorded by the payment service provider, including the payment initiation service provider, shall in itself not necessarily be sufficient to prove either that the payment was authorised by the payer or that the payer acted fraudulently or failed with intent or gross negligence to fulfil one or more of his obligations specified in Section 82 of this Law.

(3) The payment service provider has an obligation to prove that the payment service user has acted fraudulently or failed with intent or gross negligence. In the case referred to in Paragraph 1.1 of this Section the payment initiation service provider shall provide the collected evidence also to the account servicing payment service provider.

[*20 June 2018*]

**Section 86.**(1) In the cases referred to in Section 84 of this Law, the payment service provider of the payer shall, without delay, but not later than by the end of the following business day, compensate losses to the payer by refunding the amount of the unauthorised payment or restoring the payment account of the payer from the state from which such amount was written off to such state as was before the execution of the unauthorised payment, except when the payment service provider has justified suspicions that the payment service user has acted unlawfully, and the former has notified Latvijas Banka of such suspicions.

(11) In the cases referred to in Section 84 of this Law, if the payment has been initiated by the payment initiation service provider, the account servicing payment service provider shall, without delay, but not later than by the end of the following business day, compensate losses to the payer by refunding the amount of the unauthorised payment or restoring the payment account of the payer from the state from which such amount was written off to such state as was before the execution of the unauthorised payment.

(12) If the payment initiation service provider is responsible for the unauthorised payment, it shall, upon request of the account servicing payment service provider, compensate all the losses incurred thereby or the amounts refunded to the payer, including the amount of the unauthorised payment, without delay. The payment initiation service provider has an obligation to prove that, in the payment step in which it was involved, the payment was authenticated, accurately recorded, and entered in the accounts and not affected by a technical breakdown or some other deficiency related to the relevant payment service provided thereby.

(2) Additional compensation of losses may be specified in accordance with the laws and regulations applying to the contracts between the payer and the payment service provider.

[*20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 87.**(1) A payment service provider shall not compensate losses to the payer up to EUR 50 if they have arisen in relation to unauthorised payments due to loss, theft, or other illegal misappropriation of the payment instrument. (11) Paragraph one of this Section shall not be applied in the following cases:

1) it was not possible for the payer to establish the loss, theft, or misappropriation of the payment instrument before the payment, except when the payer itself had acted unlawfully;

2) the payer has incurred losses due to the activity or failure to act of an employee, representative, or branch of the payment service provider or the outsourcing service provider.

(2) The payment service provider shall not compensate such losses to the payer which have been incurred thereby in relation to unauthorised payment if the payer has acted fraudulently or failed with intent or gross negligence (including has not fulfilled one or several of the obligations specified in Section 82 of this Law).

(3) [20 June 2018 / See Paragraph 35 of Transitional Provisions]

(31) If the payment service provider does not request the strong authentication, the payer shall not cover the losses unless it has acted unlawfully. If the payee or the payment service provider of the payee does not accept the strong authentication, it shall cover the losses caused to the payment service provider of the payer.

(4) Without prejudice to the provisions of Paragraph one of this Section, the payment service provider shall compensate the losses to the payer which have arisen as a result of the use of a lost, stolen, or otherwise misappropriated payment instrument after the payer had provided information to the payment service provider or the institution indicated thereby in accordance with Section 82, Paragraph one, Clause 2 of this Law, except when the payer itself has acted unlawfully.

(5) If the payment service provider does provide a possibility for the payer to inform of the loss, theft, or other misappropriation of the payment instrument at any time in accordance with Section 83, Paragraph one, Clause 3 of this Law, the payment service provider shall, without prejudice to the provisions of Paragraph one of this Section, compensate the losses incurred by the payer as a result of the use of the payment instrument, except when the payer itself has acted unlawfully.

(6) The amount of the responsibility of the payer specified in Paragraph one of this Section shall not be applied in relation to the payer – consumer if losses have arisen in relation to unauthorised payment due to the theft or other misappropriation of its payment card.

[*12 May 2011; 2 March 2017; 20 June 2019* / *Amendments to Paragraphs one, 1.1, and 3.1 shall come into force on 1 October 2018. See Paragraph 35 of Transitional Provisions*]

**Section 87.1**(1) If a payment is initiated by or through the payee and the exact amount of the payment is not known at the moment when the payer gives consent to execute the payment, the payment service provider of the payer may block funds on the payment account of the payer only if the payer has given consent to the exact amount of the funds to be blocked.

(2) The payment service provider of the payer shall release the funds blocked on the payment account of the payer in accordance with Paragraph one of this Section without undue delay after receipt of the information regarding the exact amount of the payment and at the latest immediately after receipt of the payment order.

[*20 June 2018* / *Section shall come into force on 1 October 2018. See Paragraph 35 of Transitional Provisions*]

**Section 88.**(1) The payer has the right to a refund from the payment service provider of an authorised payment which has already been executed in full amount, if the relevant payment has been initiated by or through a payee and if:

1) upon authorising the payment, the exact amount of the payment was not specified;

2) the amount of the payment exceeded the amount the payer could reasonably have expected for the relevant payment, taking into account the previous spending pattern, the conditions in the framework contract, as well as relevant circumstances of the case.

(2) Upon a request of the payment service provider, the payer shall bear the burden of proving the conditions referred to in Paragraph one of this Section are met.

(21) The value date for the transfer of the funds into the payment account of the payer may be no later than the business day the amount was debited.

(3) [20 June 2018]

(4) The payer may not justify the fulfilment of the condition referred to in Paragraph one, Clause 2 of this Section with currency exchange reasons if the exchange rate agreed thereby with its payment service provider in accordance with Section 64, Clause 3, Sub-clause “b” and Section 73, Paragraph one, Clause 4 of this Law was applied.

(41) If the payment was initiated by the payee, executing a direct debit in accordance with that specified in Article 1 of Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (Text with EEA relevance), the payer has the right to refund in euro currency within the time periods specified in Section 89 of this Law.

(5) It may be agreed in a framework contract between the payer and the payment service provider that the payer has no right to a refund where:

1) the payer has given consent to execute the payment directly to its payment service provider;

2) information regarding the future payment was provided or made available by the payment service provider or by the payee in an agreed manner to the payer for at least four weeks before the date when the payer had an obligation to fulfil the liabilities in relation to the payee.

[*20 June 2018 / Paragraphs 2.1 and 4.1 shall come into force on 1 October 2018. See Paragraph 35 of Transitional Provisions*]

**Section 89.**(1) The payer can request the refund referred to in Section 88 of this Law of an authorised payment initiated by or through a payee for a period of eight weeks from the date on which the funds were debited.

(2) Within ten business days of receiving a request for a refund, the payment service provider shall either refund the full amount of the payment or provide a justification for refusing the refund, indicating the institutions to which the payer may refer the matter in accordance with Sections 105 and 106 of this Law.

(3) [20 June 2018 / See Paragraph 35 of Transitional Provisions]

[*20 June 2018*]

**Chapter XII**

**Payment Order**

**Section 90.**(1) The time of receipt of the payment order is the time when the payment order submitted by the payer, payee, or through a payee is received by the payment service provider of the payer.

(2) If the payment order is received after the end of the business day of the payment service provider of the payer, it shall be deemed to have been received on the following business day.

(3) The payment service provider may establish the time when the acceptance of payment orders is discontinued. Such time may be established near the end of a business day, and any payment orders received after that time shall be deemed to have been received on the following business day.

(4) If the payment service user submitting a payment order and the payment service provider agree that execution of the payment order shall start on a specific day or at the end of a certain period or on the day on which the payer has put money at the disposal of the payment service provider, the time of receipt of the payment order is deemed to be the agreed day.

(5) If the agreed day is not a business day for the payment service provider, the payment order received shall be deemed to have been received on the following business day.

**Section 91.**(1) If the payment service provider refuses to execute a payment order or to initiate a payment, it shall, at the earliest opportunity, but not later than within the time period provided for in Section 94 of this Law, and in the manner previously agreed upon, provide or make available information to the payment service user regarding the refusal and the reasons for it, as well as the procedure for correcting any mistakes that led to the refusal, unless the prohibition of such information is specified in the laws and regulations of Latvia.

(2) The framework contract may include a provision that the payment service provider charges a reasonable fee for the information referred to in Paragraph one of this Section if the refusal is objectively justified.

(3) If all of the provisions set out in the framework contract of the payer and the payment service provider are met, the payment service provider may not refuse to execute an authorised payment order irrespective of whether the payment order is submitted by a payer, including through a payment initiation service provider, or by or through a payee, unless execution of the payment is prohibited by legal acts.

(4) Within the meaning of Sections 94 and 99 of this Law, a payment order the execution of which has been refused shall be deemed not to have been received.

[*20 June 2018*]

**Section 92.**(1) The payment service user may not revoke a payment order once it has been received by the payment service provider of the payer, unless otherwise specified in this Section.

(2) If the payment is initiated through a payee or payment initiation service provider, the payer may not revoke the payment order after submitting it to the payee or payment initiation service provider.

(3) If the payment is initiated by the payee, the payer may not revoke the payment order after giving consent to initiate the payment to the payee.

(4) In the case of a direct debit and in addition to the rights specified in Section 88, Paragraph 4.1 of this Law, the payer may revoke the payment order by the end of the business day preceding the day agreed for writing off the money from the account.

(5) In the case referred to in Section 90, Paragraph four of this Law the payment service user may revoke a payment order at the latest by the end of the business day preceding the day agreed for writing off the funds from the account.

(6) After expiry of the time limits specified in Paragraphs one, two, three, four, and five of this Section, the payment order may be revoked only if the payment service user and the payment service provider have agreed on such possibility. In the cases referred to in Paragraphs two, three, and four of this Section, the payee’s agreement shall also be required to revoke the order.

(7) The payment service provider may collect a fee for the revocation of a payment order, if such possibility is provided for in the framework contract.

(8) This Section shall not be applied in the cases referred to in Section 78, Clause 4 of this Law.

[*20 June 2018 / The new wording of Paragraph four shall come into force on 1 October 2018. See Paragraph 35 of Transitional Provisions*]

**Section 92.1**[23 November 2016]

**Chapter XIII**

**Execution Time and Value Date of the Payment**

**Section 93.**(1) This Chapter shall apply to:

1) payments in euro;

2) [12 September 2013];

3) payments involving only one currency exchange between the euro and the national currency of a Member State. If the required currency exchange is carried out in a Member State, the payment service shall be provided in the national currency of this Member State, but in the case of a cross-border payment – in euro.

(2) This Chapter shall apply to other payments, unless otherwise agreed between the payment service user and the payment service provider. The payment service provider and the payment service user are not be permitted to agree on the non-application of the provisions of Section 97 of this Law. The payment service user and its payment service provider may agree on a longer period than that specified in Section 94 of this Law. If the payment service provider of both the payer and the payee is located in a Member State, the payment term may not exceed four business days following the time of receipt of the payment order specified in Section 90 of this Law.

[*12 September 2013*]

**Section 94.**(1) The payment service provider of the payer shall ensure that after receipt of the payment order in accordance with Section 90 of this Law the amount of the payment is credited to the account of the payment service provider of the payee not later than by the end of the following business day.

(2) When the payment service provider of the payee has received the amount of the payment, it shall determine the value date and make available the amount of the payment to the payment account of the payee in accordance with Section 97 of this Law.

(3) The payment service provider of the payee shall transmit a payment order submitted by or through the payee to the payment service provider of the payee within the time limits agreed between the payee and the payment service provider in order to enable settlement in relation to direct debit is concerned on the date when the payer has obligation to fulfil its liabilities in relation to the payee according to the agreement.

(4) This Section shall not be applied in the cases referred to in Section 78 of this Law.

**Section 95.**(1) If the payee does not have a payment account in the institution of the payment service provider, the payment service provider which has received the money intended for the payee shall make them available to the payee within the time period specified in Section 94 of this Law.

(2) This Section shall not be applied in the cases referred to in Section 78 of this Law.

**Section 96.**If a consumer places cash on a payment account opened in the institution of the payment service provider in the currency of that payment account, the payment service provider shall ensure that the amount is made available immediately after receipt of the money and it is value dated with the date of the same business day or the following business day, if the day of placement is not a business day for the payment service provider. If the payment service user is not a consumer, the payment service provider shall ensure that the amount of the money is made available and value dated at the latest on the following business day after receipt of the funds.

[*20 June 2018*]

**Section 97.**(1) The value date for the transfer of the funds into the payment account of the payee may be no later than the business day when the amount of the payment was credited into the account of the payment service provider of the payee. The payment service provider of the payee shall ensure that the amount of the payment is at the disposal of the payee immediately after that amount is credited to the account of the payment service provider of the payee if the payment service provider of the payee:

1) has not performed currency exchange;

2) has performed currency exchange between the euro and the national currency of a Member State or between two national currencies of Member States.

(2) The value date for writing off of the funds from the payment account of the payer is no earlier than the time at which the amount of the payment is written off that payment account.

(3) The provisions of Paragraphs one and two of this Law shall also apply to payment service providers which provide payment services in Latvia, if the payment service provider of the payer or payee is located in the Member State and if the payment service is provided in euro or national currency of any Member State.

[*20 June 2018*]

**Chapter XIII.1**

**Basic Account of the Consumer**

[*2 March 2017*]

**Section 97.1**This Chapter shall apply to credit institutions which provide services linked to a payment account in Latvia to residents of the European Union – consumers – and determine the procedures by which credit institutions shall offer a resident of the European Union to open and use a basic account.

[*2 March 2017*]

**Section 97.2**(1) The credit institution referred to in Section 97.1 of this Law has an obligation to offer also a basic account in accordance with the procedures and within the amount laid down in this Chapter.

(2) A consumer who is a resident of the European Union, also a person who does not have a residence permit, however, whose removal from Latvia in accordance with the laws and regulations of the Republic of Latvia is not possible, has the right to open and use a basic account in credit institutions which conduct and offer commercial activity in Latvia, unless such rights are restricted in accordance with that laid down in this Law or other laws and regulations.

(3) A credit institution shall offer a basic account without such additional conditions as receipt of additional services or purchase of stocks of the credit institution, unless the condition of purchasing the stocks of the credit institution is applicable to all customers of the credit institution.

(4) A consumer who wishes to open a basic account shall submit an application to the credit institution. The following shall be appended to the application:

1) a signed declaration that he or she has not opened a payment account in order to ensure the services referred to in Paragraph 97.3 of this Law, in another credit institution providing payment services in Latvia;

2) another information requested by the credit institution which is necessary for the opening of the basic account.

(5) The credit institution shall, within 10 business days after receipt of all the information referred to in Paragraph four of this Section, open a basic account for the consumer or refuse to open the basic account.

(6) The credit institution shall refuse the opening of a basic account in any of the following cases:

1) as a result of opening or operating of such account the requirements of the laws and regulations would be violated, including in the field of prevention of money laundering and terrorism and proliferation financing;

2) the consumer has provided false information for the opening of the basic account.

(7) The credit institution is entitled to refuse the opening of a basic account in any of the following cases:

1) the consumer already has an open payment account in this or another credit institution which is conducting commercial activity in Latvia and is providing the services referred to in Paragraph 97.3 of this Law, except when the consumer has already received a notification that the payment account will be closed;

2) the consumer does not conform to that specified in Paragraph two of this Section anymore;

3) opening or operating of a payment account may cause risks to the reputation of the credit institution.

(8) After the credit institution has decided to refuse the opening of a basic account, it shall, without delay in writing and free of charge, inform the consumer of the refusal, as well as of its reasons, except when the disclosure of such information is in contradiction with the national security or public order interests (including the requirements of the laws and regulations in the field of prevention of money laundering and terrorism and proliferation financing). The credit institution shall use the address provided for communication (including electronic mail address) indicated in the application for communication with the applicant.

(9) In case of refusal, the credit institution shall inform the consumer of the procedures for the examination of complaints and the procedures for out-of-court handling of disputes in accordance with Sections 105 and 106 of this Law, indicating the relevant contact details.

[*2 March 2017; 17 June 2020*]

**Section 97.3**(1) A basic account shall include the following services:

1) all the operations required for the opening, operating, and closing of a payment account;

2) funds to be placed in a payment account;

3) cash withdrawals from a payment account at the counter or at automated teller machines during or outside the opening hours of the credit institution;

4) a possibility for the execution of the following payment services:

a) execution of credit transfers, inter alia regular payments, including submission of the relevant standing orders in person or using the online system of the credit institution if the account of the payee is opened with a payment service provider in Latvia or a Member State;

b) execution of payments through a payment card, including online payments;

c) execution of direct debits if the account of the payee is opened with a payment service provider in Latvia or a Member State.

(2) The services referred to in Paragraph one of this Section shall be offered by the credit institution to the extent and range that it already offers and provides them to its customers – consumers holding payment accounts of other kind in the credit institution.

(3) The credit institution shall provide the consumer a possibility to initiate, amend, or revoke payments from the basic account at the counter of the credit institution or using the possibilities of online services if offered by the credit institution.

(4) The credit institution is entitled to agree with the consumer on opening and operating of the basic account in a currency other than euro.

(5) The credit institution shall ensure unlimited number of the services referred to in Paragraph one of this Section to the consumer within the scope of the basic account unless other laws and regulations provide for restrictions in number.

(6) The services referred to in Paragraph one of this Section, except for payments with a credit card, shall be offered by the credit institution free of charge or for a reasonable fee which conforms to the conditions of Section 97.4 of this Law.

(7) In relation to the services referred to in Paragraph one, Clause 4, Sub-clauses “a” and “c” of this Section, Latvijas Banka is entitled to specify a restriction on the number of transactions in the case of exceeding which the credit institution is entitled to apply a fee in addition to the fee referred to in Paragraph six of this Section. Such additional fee together with the fee referred to in Paragraph six of this Section may not exceed the fee which is usually applied by the credit institution in case of exceeding such restrictions within the scope of payment accounts of another kind.

(8) The restrictions on fee specified for a credit institution in Paragraph six of this Section shall not apply to such additional fees applied by the credit institution to the consumer which are determined by the business partners of the credit institution, if the payment services referred to in Paragraph one of this Section are provided with their intermediation.

[*2 March 2017; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 97.4**(1) The fee specified by a credit institution for a basic account and the services included therein shall be commensurate with the type and extent of the services provided.

(2) The credit institution shall determine the contractual penalties applicable to consumers for the failure to comply with the liabilities, taking into account the restrictions specified in the Consumer Rights Protection Law and The Civil Law.

(3) Upon specifying the fee for operating a basic account and the services included therein, the credit institution shall take into account both of the following conditions:

1) it may not exceed the standard fee for the services linked to a payment account which is applied to customers – natural persons – of the credit institution;

2) it may not exceed the average fee applied by the credit institution in Latvia to consumers for the services linked to a payment account by more than 25 per cent, unless such exceeding is related to covering the cost price of the relevant services.

(4) The association Finance Latvia Association shall, once a year, compile and publish information on its website regarding the average fee of credit institutions for the services linked to a payment account. In relation to the carrying out of the delegated State administration task referred to in this Paragraph, the association “Latvijas Finanšu nozares asociācija” shall be in functional subordination of Latvijas Banka, implementing such subordination in the form of monitoring. Credit institutions have an obligation, upon a request of the association “Latvijas Finanšu nozares asociācija” and within the time period stipulated thereby, to provide information regarding the fee applied to consumers for services linked to a payment account.

[*2 March 2017; 3 April 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 97.5**(1) A credit institution, upon concluding a framework contract with a consumer for the opening of a basic account, shall comply with the provisions of Chapter VIII of this Law.

(2) The credit institution shall unilaterally terminate the framework contract in any of the following cases:

1) further operating of the payment account is in contradiction with the requirements of the laws and regulations, including in the field of prevention of money laundering and terrorism and proliferation financing;

2) the consumer has intentionally used the payment account for unlawful activities.

(3) The credit institution is entitled to unilaterally terminate the framework contract in any of the following cases:

1) there has been no transaction on the payment account for more than 24 consecutive months;

2) the consumer has provided false information and the basic account was opened on the basis of such information;

3) the consumer does not conform to that specified in Section 97.2, Paragraph two of this Law anymore;

4) the consumer has opened another payment account which allows him or her to use the services referred to in Section 97.3 of this Law in Latvia;

5) further maintaining of the basic account causes risks to the reputation of the credit institution;

6) the credit institution terminates the provision of the relevant payment service to all its customers – consumers;

7) the debt liabilities of the consumer for the use of the basic account and the services provided within the framework thereof exceed the balance of the basic account within not less than six months.

(4) The credit institution shall, without delay, terminate the framework contract for the basic account in the cases referred to in Paragraph two of this Section, informing the consumer of the termination and its grounds, except when the disclosure of such information would be in contradiction with the national security or public order interests (including the requirements of the laws and regulations in the field of prevention of money laundering and terrorism and proliferation financing).

(5) In the cases referred to in Paragraph three of this Section, the credit institution shall terminate the framework contract for the basic account, in conformity with the provisions of Section 63, Paragraph one and Section 67, Paragraph four of this Law and information regarding the termination and its grounds at least two months in advance, except when the disclosure of such information would be in contradiction with the national security or public order interests.

(6) If the credit institution has an obligation, in accordance with Paragraphs four and five of this Section, to inform the consumer of the termination of the framework contract, it shall indicate the procedures for the submission of complaints, the procedures for appeal, and the procedures for out-of-court handling of disputes which the consumer is entitled to use in accordance with Sections 105 and 106 of this Law, as well as its contact details in such notification.

[*2 March 2017; 17 June 2020*]

**Section 97.6**The credit institution shall, without additional fee, ensure information to the consumer regarding the basic account and the conditions for its use by providing such information in comprehensible form and placing in a visible place at its branches and on its website. The credit institution shall include a clear indication in the abovementioned information that purchase of additional services is not mandatory to access the basic account.

[*2 March 2017; 23 September 2021*]

**Chapter XIV**

**Liability of Payment Service Providers and Electronic Money Issuers**

[*17 March 2011*]

**Section 98.**(1) A payment order is considered to be executed correctly, if it is executed according to the unique identifier indicated therein.

(2) If the payment service user has indicated an incorrect identifier, the payment service provider is not liable in accordance with Section 99 of this Law for the failure to execute or incorrect execution of the payment.

(3) The payment service provider of the payer shall try to recover the money for the failure to execute or defective payment referred to in Paragraph two of this Section. The payment service provider may deduct a fee from the service user for the recovery of the money if it is provided for in the framework contract.

(31) In the case referred to in Paragraph three of this Section, the payment service provider of the payee shall transfer to the payment service provider of the payee all the essential information which is necessary for the recovery of money.

(32) If the money cannot be recovered in accordance with Paragraph 3.1, the payment service provider of the payer shall provide to the payer all the information which is available thereto and is of the essence to the payer for it to able to bring an action before the court regarding recovery of such money.

(4) If the payment service user provides information in addition to such information which has been requested in accordance with Section 73, Paragraph one, Clause 1 or Section 64, Clause 2, Sub-clause “c” of this Law, the payment service provider shall be liable only for the execution of the payment according to the unique identifier indicated by the payment user.

[*20 June 2018*]

**Section 99.**(1) If the payment order has been submitted by the payer, its payment service provider shall be liable to the payer for correct execution of the payment, unless it can prove to the payer and, where relevant, to the payment service provider of the payee that the payment service provider of the payee received the amount of the payment in accordance with Section 94, Paragraph one of this Law. If the payment service provider of the payer can prove that the payment service provider of the payee received the amount of the payment, the payment service provider of the payee shall be liable for the correct execution of the payment.

(2) If the payment service provider of the payer is liable for the execution of the payment in accordance with Paragraph one of this Law, it shall, without delay, refund to the payer the amount of the non-executed or defective payment or restore the payment account of the payer to the state in which it would have been had the defective payment not taken place.

(3) If the payment service provider of the payee is liable for the execution of the payment in accordance with Paragraph one of this Law, it shall, without delay, place the amount of the payment at the disposal of the payee or transfer the corresponding amount to the payment account of the payee.

(31) If a payment is executed late, the payment service provider of the payee shall, upon a request of the payment service provider of the payer, determine the value date of the amount of the payment transferred to the payment account of the payee as not later as it would have been in case of the correct execution of the payment.

(4) In the case of a non-executed or defectively executed payment, where the payment order is submitted by the payer, his or her payment service provider shall, regardless of liability provided for in this Section, upon a request, make immediate efforts to trace the payment and inform the payer of the outcome.

(5) If a payment order is submitted by or through the payee, the payment service provider of the payee shall be liable to the payee for the correct transmission of the payment order to the payment service provider of the payer in accordance with Section 94, Paragraph three of this Law.

(6) If the payment service provider of the payee is liable for the transmission of the payment order in accordance with Paragraph five of this Section, it shall, without delay, re-transmit the relevant payment order to the payment service provider of the payer upon a request of the payee. In the case of a late transmission of the payment order, the amount of the payment transferred to the payment account of the payee shall be value dated no later than the date as it would have been in case of the correct execution of the payment.

(7) The payment service provider of the payee shall be liable to the payee for handling the payment transaction in accordance with Section 97 of this Law.

(8) If the payment service provider of the payee is liable in accordance with Paragraph seven of this Section, it shall make available the amount of the payment to the payee immediately after that amount is transferred to the account of the payment service provider of the payee.

(9) In the case of a non-executed or defectively executed payment for which the payment service provider of the payer is not liable in accordance with this Section, the payment service provider of the payer shall be liable to the payer.

(10) If the payment service provider of the payer is liable in accordance with Paragraph nine of this Law, it shall, without delay, refund to the payer the amount of the non-executed or defective payment or restore the payment account of the payer to the state in which it would have been had the defective payment not taken place.

(101) The obligation specified in Paragraphs nine and ten of this Section shall not apply to the payment service provider of the payer if the payment service provider of the payer proves that the payment service provider of the payee has received the payment, even if execution of payment is merely delayed. The amount of the payment transferred to the payment account of the payee shall be value dated no later than the date as it would have been in case of the correct execution of the payment.

(11) In the case of a non-executed or defectively executed payment where the payment order is submitted by or through the payee, the payment service provider of the payee shall, regardless of liability, upon request, make efforts to trace the payment and notify the payee of the outcome.

(12) Payment service providers shall cover the costs incurred due to a non-executed or defectively executed payment, including a delayed payment.

[*20 June 2018 / Paragraphs 3.1 and 10.1, as well as amendments to Paragraphs six and twelve shall come into force on 1 October 2018. See Paragraph 35 of Transitional Provisions*]

**Section 99.1**(1) If a payment order is submitted by the payer through a payment initiation service provider, the account servicing payment service provider shall refund to the payer the amount of the non-executed or defective payment and, where applicable, restore the debited payment account to the state in which it would have been had the defective payment transaction not taken place.

(2) The payment initiation service provider has an obligation to prove that the payment order was received by the account servicing payment service provider of the payer in accordance with Section 90 of this Law and that, in relation to the stage of the payment under its responsibility, the payment was authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the non-execution, defective or late execution of the transaction.

(3) If the payment initiation service provider is responsible for the non-execution, defective or late execution of the payment, it shall, upon a request of the account servicing payment service provider, immediately refund all the losses incurred thereto and the amounts refunded to the payer.

[*20 June 2018*]

**Section 100.**Any compensation of losses additional to that provided for Sections 98, 99, and 99.1 of this Law may be determined in accordance with the laws and regulations applicable to the contracts concluded between the payment service user and the payment service provider.

[*20 June 2018*]

**Section 101.**(1) If the liability of a payment service provider provided for in Sections 86 and 99 of this Law is attributable to another payment service provider or to an intermediary, the relevant payment service provider or intermediary shall compensate the first payment service provider for any losses incurred or sums paid in accordance with the provisions of Sections 86 and 99 of this Law also if any of the payment service providers fail to use the strong customer authentication.

(2) Additional compensation of losses may be specified in contracts in accordance with the laws and regulations applying to the contracts between the payment service provider and the intermediary.

[*20 June 2018*]

**Section 102.**The liability specified in Section 75.4, Chapters XI, XII, XIII, and XIV of this Law shall not arise in cases of abnormal and unforeseeable circumstances beyond the control of the party pleading for the application of those circumstances, the consequences of which would have been unavoidable despite all efforts to the contrary, or where a party is bound by other legal obligations laid down in legal acts of Latvia.

[*2 March 2017*]

**Section 103.**(1) Payment systems and payment service providers are entitled to process personal data in accordance with the laws and regulations governing personal data protection when it is necessary to prevent unauthorised use of payment instruments or fraudulent payments and ensure investigation and detection of such transactions.

(2) The personal data provided for within the scope of this Law are processed and the information containing such data is transferred in conformity with the requirements of the laws and regulations governing personal data protection.

(3) The payment service provider shall only process and retain such personal data which are necessary for the execution of the payment services and have been provided with the explicit consent of the payment service user.

[*24 April 2014; 20 June 2018*]

**Section 104.**(1) The payment service provider and the electronic money issuer shall ensure an efficient procedure for the examination of submissions and complaints (disputes) of payment service users and electronic money holders regarding provision of services and for the management procedures. Complete written information regarding the procedure for the examination of submissions and complaints (disputes) shall be freely available at the institution of the payment service provider or electronic money issuer and on the website of the payment service provider or electronic money issuer if such has been created.

(2) The payment service provider and the electronic money issuer shall develop and approve the procedures for the examination of submissions and complaints (disputes), ensuring checking of the facts indicated in the complaint, detection and elimination of potential conflicts of interests, and shall be responsible for conformity with such procedures.

(3) If the institution is offering payment services or services of distribution or redeeming of electronic money in another Member State in accordance with the procedures laid down in Section 32 or 33 of this Law, it shall ensure the procedures for the examination of submissions and complaints (disputes) in the official language of the relevant Member State or in another language if the institution and the payment service user or electronic money holder have agreed thereupon.

(4) The payment service provider and the electronic money issuer shall provide, in writing or using another durable medium on which it has agreed with the payment service user or electronic money holder, an extensive answer to the submitter of the complaint within 15 business days after receipt of the complaint.

(5) If it is not possible to provide an answer within the time period specified in Paragraph four of this Section due to reasons beyond the control of the payment service provider, then the payment service provider or electronic money issuer shall inform the submitter of the complaint regarding the reasons for delay and indicate the time period by which the submitter of the complaint will receive the final answer. The time period for the receipt of the final answer may not exceed 35 business days since receipt of the complaint.

(6) The payment service provider and the electronic money institution shall inform the payment service user and the electronic money holder of at least such one out-of-court dispute resolution body within the meaning of the Law on Out-Of-Court Consumer Dispute Resolution Bodies which is competent to handle a dispute regarding the rights and obligations arising from this Law.

(7) The payment service provider and the electronic money issuer shall ensure that information regarding that referred to in Paragraph six of this Law is freely available at the institution of the payment service provider or electronic money issuer and on the website of the payment service provider or electronic money issuer if such has been created, and also in the section of general provision in the contract which has been concluded with the payment service user or electronic money holder.

[*17 March 2011; 20 June 2018; 30 September 2021*]

**Chapter XIV.1**

**Operational and Security Risks and Authentication**

[*20 June 2018*]

**Section 104.1**(1) The payment service provider has an obligation, within the scope of the internal control system, to develop appropriate risk mitigation measures and control mechanisms to manage the operational and security risks, relating to the payment services they provide.

(2) Within the scope of the internal control system, the payment service provider shall determine and maintain effective security incident management procedures of information systems, including procedures for the detection and classification of major operational and security incidents.

(3) The payment service provider shall, each year by 31 January, submit to Latvijas Banka an updated and comprehensive assessment of the operational and security risks relating to the payment services provided thereby in the previous year and on the adequacy of the risk mitigation measures implemented and control mechanisms introduced in response to those risks.

(4) Latvijas Banka shall issue the regulations regarding the procedures by which payment service providers shall determine, classify operational and security incidents and notify it thereof.

(5) Latvijas Banka shall issue the regulations regarding the procedures by which payment service providers shall develop, classify operational and security risk assessment and submit it thereto.

[*20 June 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 104.2**(1) If the payment service provider detects a major operational or information system security incident, it shall, without delay, notify Latvijas Banka thereof.

(2) If the security incident has or may have an impact on the financial interests of payment service users of the payment service provider, the payment service provider shall, without delay, inform its payment service users of the incident and all measures that they can take to mitigate the adverse effects of such incident.

(3) Upon receipt of the notification referred to in Paragraph one of this Section, Latvijas Banka shall, without delay, notify the European Banking Authority and the European Central Bank of the major incident. If necessary, Latvijas Banka shall inform also other participants of the financial market of Latvia and the information technology security incident response institution – the Institute of Mathematics and Computer Science of the University of Latvia – of the major incident.

(4) If Latvijas Banka has received a notification on a major operational or information system security incident in another Member State from the European Banking Authority and the European Central Bank, it shall evaluate such notification and, if necessary, inform thereof the information technology security incident response institution – the Institute of Mathematics and Computer Science of the University of Latvia – and payment service providers which provide their services in Latvia, as well as take other measures to protect security of the financial system.

[*20 June 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “financial and capital market” with the words “financial market” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 104.3**(1) The payment service provider shall, at least twice a year by 31 January and by 31 July, provide statistical data to Latvijas Banka on fraud and other illegal activities in the previous six months which are related to the use of the means of payment in the previous six months.

(2) Latvijas Banka shall issue the regulations regarding the procedures by which payment service providers shall submit statistical data on fraud and other illegal activities which are related to the use of the means of payment.

[*20 June 2018* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 104.4**(1) The payment service provider has an obligation to apply the strong authentication where the payer:

1) accesses its payment account online;

2) initiates a payment;

3) carries out any action through a remote service which may imply a risk of payment fraud or other abuses.

(2) In relation to the initiation of electronic remote payments the payment service provider has an obligation to apply the strong authentication which dynamically links the transaction to a specific amount and a specific payee.

(3) In the cases referred to in Paragraph one of this Section, the payment service provider has an obligation to introduce adequate security measures to protect the confidentiality and integrity of personalised security credentials of payment service users.

(4) If payment is initiated through a payment initiation service provider, the provisions of Paragraphs two and three of this Section shall be applied. If the information is requested through an account information service provider, the provisions of Paragraphs one and three of this Section shall be applied.

(5) The account servicing payment service provider shall ensure that the payment initiation service provider and the account information service provider may rely on the authentication provided by the account servicing payment service provider to the payment service user in accordance with Paragraphs one and three of this Section and, if the payment initiation service provider is involved, in accordance with Paragraphs one, two, and three of this Section.

(6) Payment service providers shall conform to the mutual communication security requirements and the strong authentication requirements which are laid down in this Law, the regulations issued by Latvijas Banka, as well as in Regulation No 2018/389.

(7) The payment service provider has the right to withdraw from the requirements of this Section and to exercise the exceptions specified in Regulation No 2018/389.

[*20 June 2018; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” and amendment regarding the replacement of the words “regulatory provisions” with the word “regulations” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Chapter XV**

**Out-of-court Examination of Complaints and Compensation of Losses**

**Section 105.**(1) The Consumer Rights Protection Centre shall perform supervision in accordance with the laws and regulations over conformity with the provisions of Section 46.1, Chapters VII, VIII, IX, IX.1, X, XI, XII, XIII, XIII.1, and XIV of this Law and the directly applicable legal acts of the European Union in the field of payment services and electronic money in relation to payment service users or electronic money holders which are considered to be consumers. The Consumer Rights Protection Centre shall examine complaints of consumers in accordance with the Consumer Rights Protection Law.

(2) Latvijas Banka shall, in accordance with the laws and regulations, examine the submissions submitted in accordance with the provisions of Chapters VII, VIII, IX, IX.1, X, XI, XII, XIII, XIII.1, XIV, and XIV.1 of this Law and the directly applicable legal acts of the European Union in the field of payment services and electronic money by such payment service users or electronic money holders which are not considered to be consumers. Latvijas Banka is entitled to initiate an administrative case when it arises from the information provided in the submission and the materials appended thereto that such violation has been committed which has caused or may cause significant harm to the interests (collective interests) of a group of such service users or electronic money holders or to an individual user of such services or to the electronic money holder which is not considered to be a consumer. Latvijas Banka shall provide an answer to the submitter of the application in accordance with the procedures laid down by the Law on Submissions.

(3) The Consumer Rights Protection Centre and Latvijas Banka are entitled, according to their competence, to request that payment service users, electronic money holders, payment service providers, and electronic money issuers provide the information necessary for the examination of the case and to specify a time period for its submission.

(4) If the Consumer Rights Protection Centre, upon examining an administrative case, establishes that non-conformity with the provisions of Chapters VII, VIII, IX, IX.1, X, XI, XII, XIII, XIII.1, and XIV of this Law and the directly applicable legal acts of the European Union in the field of payment services and electronic money has caused or may cause significant harm to the interests (collective interests) of a group of consumers or to an individual consumer, it is entitled to take the decision by which the payment service provider or user, the electronic money issuer or holder is requested to eliminate the non-conformity with the provisions of Chapters VII, VIII, IX, IX.1, X, XI, XII, XIII, XIII.1, and XIV of this Law and the directly applicable legal acts of the European Union in the field of payment services and electronic money or to eliminate the violations committed, and to specify a time period for the execution of the activities necessary for such purpose. The procedures by which the Consumer Rights Protection Centre shall take a decision and the procedures for appealing such decision shall be determined in the Consumer Rights Protection Law.

(5) Latvijas Banka, upon examining an administrative case in accordance with Paragraph two of this Section, is entitled to take the decision by which the payment service provider or user, the electronic money issuer or holder is requested to eliminate the non-conformity with the provisions of Chapters VII, VIII, IX, IX.1, X, XI, XII, XIII, XIII.1, XIV, and XIV.1 of this Law and the directly applicable legal acts of the European Union in the field of payment services and electronic money or to eliminate the violations committed, and to specify a time period for the execution of the activities necessary for such purpose.

[*17 March 2011; 20 June 2013; 2 March 2017; 20 June 2018; 7 November 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 106.**(1) If the payment service user or electronic money holder has submitted a complaint regarding non-conformity with the provisions of Chapters VII, VIII, IX, IX.1, X, XI, XII, XIII, XIII.1, XIV, XIV.1, and XV of this Law and the directly applicable legal acts of the European Union in the field of payment services and electronic money to the Ombudsman of the association “Latvijas Finanšu nozares asociācija” (hereinafter in this Section – the Ombudsman) and the Ombudsman detects that the payment service provided does not conform to the requirements of this Law or the contract concluded and, as a result, the service user or electronic money holder has incurred losses, the Ombudsman shall recommend the payment service provider to compensate the losses incurred by the payment service user or electronic money holder.

(2) The Ombudsman shall, once a year, provide a report to the Consumer Rights Protection Centre and Latvijas Banka on the complaints received from payment service users or electronic money holders.

(3) The payment service user or electronic money holder may bring an action before the court regardless of whether it has previously submitted a complaint to the Ombudsman.

[*17 March 2011; 20 June 2013; 2 March 2017; 20 June 2018; 3 April 2019; 23 September 2021* / *Amendment regarding the replacement of the word “the Commission” with the words “Latvijas Banka” shall come into force on 1 January 2023. See Paragraph 41 of Transitional Provisions*]

**Section 107.**If the institution which has commenced the provision of payment services or electronic money services in Latvia in accordance with the procedures laid down in Section 31, Paragraph two of this Law, without opening a branch therein, however, which is operating with or without the intermediation of an agent, has violated the provisions of Chapters VII, VIII, IX, X, XI, XII, XIII, XIV, and XIV.1 of this Law and the directly applicable legal acts of the European Union in the field of payment services and electronic money or there are justified suspicions regarding such violations, the institutions which are responsible for ensuring the conformity with such legal norms (hereinafter in this Section – the competent authorities) shall be the competent authorities of the home Member State of the relevant payment institution and electronic money institution. If the institution is using agents and branches for the provision of services and has commenced the provision of payment service or distribution or redeeming of electronic money in accordance with the procedures laid down in Section 31, Paragraph one of this Law, the competent authorities of such Member State in which the relevant service is provided shall be the competent authorities.

[*20 June 2018*]

**Transitional Provisions**

1. In relation to payments which have been initiated by 1 January 2012, except for the payments referred to in Section 93, Paragraph two of this Law, the payer and its payment service provider may agree on a time period for the execution not exceeding three business days. The time period for the execution of a payment may be extended for one more business day if the payment has been initiated and executed in printed form.

2. Until 31 May 2010, the provisions of Chapters VII, VIII, IX, X, XI, XII, XIII, XIV, and XV need not be applied to payment services which are provided according to the framework contracts concluded by 31 May 2010. Starting from 1 June 2010, payment service providers shall ensure the conformity of the provided payment services with the requirements of Chapters VII, VIII, IX, X, XI, XII, XIII, XIV, and XV of this Law in relation to all valid contracts.

3. The consent of the payer (within the meaning of Section 80) to debit funds from the account of the payer, provided for in the direct debit contracts which have been concluded until the day of coming into force of this Law and in which euros are used for the settlement of accounts, shall be considered, starting from 1 June 2010, a consent of the payee to submit a payment order to the payment service provider to debit funds from the account of the payer.

4. The consent of the payer (within the meaning of Section 80) to debit funds from the account of the payer, provided for in the direct debit contracts which have been concluded until the day of introduction of euro and in which lats are used for the settlement of accounts, shall be considered also a consent of the payee to submit a payment order to the payment service provider to debit funds from the account of the payer.

5. An electronic money institution which, by 30 April 2011, has informed Latvijas Banka of the commencement of operation of an electronic money institution in accordance with the requirements of the Credit Institution Law shall, by 30 October 2011, submit a notification to Latvijas Banka on the registration in the Register of Institutions in accordance with the provisions of Section 5.1 of the Law on Payment Services and Electronic Money.

[*17 March 2011*]

6. An electronic money institution which, by 30 April 2012, is not registered in the Register of Institutions referred to in Section 10 of this Law is prohibited from issuing electronic money after 30 April 2012.

[*17 March 2011*]

7. A payment institution which does not need a licence to commence its operation in accordance with the provisions of Section 5 of this Law and which by 30 April 2011 is already registered in the register of institutions referred to in Section 10, Paragraph three of this Law, shall, until 1 July 2011, submit information to the Commission regarding how the payment institution is ensuring fulfilment of the requirements of Section 38, Paragraph one of this Law, if in addition to the provision of payment services the payment institution is conducting the commercial activity referred to in Section 36, Paragraph one of this Law, as well as certification that the payment institution conforms to the requirements of Section 5, Paragraph one, Clause 2 of this Law.

[*17 March 2011*]

8. The Commission shall exclude a payment institution which by 1 July 2011 has not fulfilled the requirements of Paragraph 7 of Transitional Provisions of this Law regarding submission of the information and the certification from the register of institutions referred to in Section 10, Paragraph three of this Law, and the latter is prohibited to provide payment services.

[*17 March 2011*]

9. A payment institution which does not need a licence to commence its operation in accordance with the provisions of Section 5 of this Law and which by 30 April 2011 is already registered in the register of institutions referred to in Section 10, Paragraph three of this Law shall, by 1 September 2011, pay the fee specified in Section 40.1, Paragraph one of this Law for financing the operation of the Commission in accordance with the procedures laid down in the regulatory provisions of the Commission referred to in Section 40.1, Paragraph two of this Law.

[*17 March 2011*]

10. Section 44.1, Paragraph one of this Law shall come into force on 1 August 2011, but Section 92.1, Paragraph one – on 1 July 2011.

[*12 May 2011*]

11. The Cabinet shall, not later than by 31 July 2011, issue the regulations referred to in Section 44.1 of this Law.

[*12 May 2011*]

12. The payment service providers which are specified in Section 2, Paragraph two, Clauses 3, 4, and 7 of this Law have an obligation, in accordance with the procedures and within the time period stipulated by the Cabinet, to submit information to the State regarding payment accounts of legal persons – residents of the Republic of Latvia, as well as permanent representative offices of non-residents in Latvia – which have been opened and have not been closed prior to the day of coming into force of Section 44.1 of this Law.

[*12 May 2011*]

13. An institution which does not conform to the condition of Section 5, Paragraph one, Clause 1 of this Law regarding non-exceedance of the arithmetic mean of payments or the condition of Section 5.1, Paragraph one, Clause 1 of this Law regarding non-exceedance of the average outstanding electronic money is entitled, after the day of coming into force of these amendments, to continue issuing of electronic money or provisions of payment services if it submits the documents referred to in Section 11 of this Law to the Commission by 31 July 2014 in order to receive a licence for the operation of a payment institution or for the issuing of electronic money. If the institution referred to in this Paragraph has not received a licence for the operation of a payment institution or for the issuing of electronic money until 30 January 2015, its further operation should be terminated.

[*24 April 2014*]

14. The Commission shall register a retail payment system which has commenced operation until the day of coming into force of Section 26.1 of this Law in the register of retail payment systems if the operator of the retail payment system submits information and the necessary documents to the Commission by 15 July 2014. If a retail payment system has not been registered in the register referred to in Section 26.1, Paragraph two of this Law until 29 August 2014, its further operation should be terminated.

[*24 April 2014*]

15. Section 44.2 of this Law shall come into force on 1 July 2014.

[*24 April 2014*]

16. Payment service institutions and electronic money institutions shall ensure the conformity of the persons responsible for the fulfilment of the requirements for the prevention of money laundering and terrorism financing with the requirements of Sections 20 and 21 of this Law by 1 January 2017.

[*19 May 2016*]

17. The Cabinet shall, by 1 March 2017, issue the regulations provided for in Section 44.3, Paragraph ten of this Law.

[*23 November 2016*]

18. The payment service provider which is specified in Section 2, Paragraph two, Clauses 2, 3, 4, 7, and 8 of this Law shall execute such collection tasks, orders on the partial or complete suspension of the settlement operations of the taxpayer, or orders given by bailiffs on the transfer of funds which have been issued by 30 June 2017, and the orders specified in Section 44.3, Paragraphs one and two of this Law which have been notified, using the type of data exchange specified in Section 44.3, Paragraph three, Clauses 2 and 3 of this Law, in the order as they have been received by the payment service provider. The payment service provider which is specified in Section 2, Paragraph two, Clauses 2, 3, 4, 7, and 8 of this Law shall accept orders by which the amount of the funds or the activities to be executed specified in such collection tasks, orders regarding partial or complete suspension of the settlement operations of the taxpayer, or orders regarding transfer of funds which have been issued by 30 June 2017 is updated, for execution in the order of the unique numbers assigned and shall execute in such order as was specified for execution of the initial order (order to be replaced).

[*23 November 2016*]

19. Paragraph three, Clauses 2 and 3 and the second sentence of Paragraph ten of Section 44.3 of this Law (in relation to delegation to the Cabinet to determine the procedures by which the subject of this Section, upon executing the order specified in Paragraph one of this Section, shall commence and perform data exchange, using the type of data exchange specified in Paragraph three, Clause 2 of this Section) is repealed from 1 July 2019.

[*23 November 2016*]

20. The payment service provider which is specified in Section 2, Paragraph two, Clauses 2, 3, 4, 7, and 8 of this Law shall, from 1 July 2019, ensure the type of data exchange specified in Section 44.3, Paragraph three, Clause 1 of this Law. The payment service provider which is specified in Section 2, Paragraph two, Clauses 2, 3, 4, 7, and 8 of this Law may, from 1 July 2017, use the type of data exchange specified in Section 44.3, Paragraph three, Clause 1 of this Law in accordance with the procedures stipulated by the Cabinet, informing the State Revenue Service and the Court Administration thereof in advance. The payment service provider which is specified in Section 2, Paragraph two, Clauses 2, 3, 4, 7, and 8 of this Law and which has not informed the State Revenue Service and the Court Administration regarding commencement of electronic data exchange, using the type of data exchange specified in Section 44.3, Paragraph three, Clause 1 of this Law, shall, until 30 June 2019, use the type of data exchange specified in Section 44.3, Paragraph three, Clause 2 of this Law for data exchange with the State Revenue Service in accordance with the procedures stipulated by the Cabinet and the type of data exchange specified in Section 44.3, Paragraph three, Clause 3 of this Law – with bailiffs in accordance with the procedures provided for in the Civil Procedure Law as were in force until 30 June 2017.

[*23 November 2016*]

21. The Commission shall, within three months after Delegated Regulation of the European Commission regarding the list of standardised terms of services related to a payment account, extensively used by consumers, and their definitions, Delegated Regulation of the European Commission regarding the price list of services, and Delegated Regulation of the European Commission regarding the report on the fee applied to services have come into force, issue the regulatory provisions referred to in Section 60.1 and 60.2 of this Law, and the payment service providers shall commence the fulfilment of the requirements laid down in the abovementioned Section after coming into force of the relevant regulatory provisions of the Commission.

[*26 October 2017*]

22. The first reporting period for which the payment service provider shall provide the report on the payment fee referred to in Section 60.2, Paragraph one of this Law shall start from the day of entry into effect of the regulatory provisions of the Commission referred to in Section 60.2, Paragraph two of this Law.

[*26 October 2017*]

23. The payment service provider shall provide the information referred to in Section 46.1, Paragraph one of this Law to the Consumer Rights Protection Centre for the first time not later than six months after the day of entry into effect of the regulatory provisions of the Commission referred to in Section 60.1, Paragraph one of this Law.

[*2 March 2017; 26 October 2017*]

24. Paragraphs one and 1.1 (in the new wording), Paragraph 1.3, amendment regarding deletion of Paragraph 1.2, as well as amendments to Paragraphs two and three of Section 40, Paragraphs one and two (in the new wording), Paragraph 3.1, amendments regarding deletion of Paragraph three, amendments to Paragraphs four, five, and six of Section 40.1 of this Law shall come into force on 1 April 2017. Institutions shall commence payment of the fee specified in Section 40, Paragraphs one, 1.1, 1.3, Section 40.1, Paragraph one, Paragraph two, Clause 1, and Paragraph 3.1 of this Law for the financing of the operation of the Commission from the second quarter of 2017.

[*2 March 2017*]

25. Institutions shall commence payment of the fee specified in Section 40.1, Paragraph two, Clause 2 of this Law for the financing of the operation of the Commission from 1 January 2018. From 1 April 2017 to 31 December 2017 the institutions referred to in Section 40.1, Paragraph two, Clause 2 of this Law shall pay EUR 2000 per year for financing the operation of the Commission and additionally up to 1.4 per cent (inclusive) from its gross revenue annually which are related to the provision of services of the electronic money institution, however, the total payment of the institution for financing of the operation of the Commission shall not exceed EUR 100 000 per year.

[*2 March 2017*]

26. Amendment regarding deletion of Section 2, Paragraph two, Clause 3 and Paragraph 2.1, Clause 3 of this Law shall come into force on 25 June 2019.

[*26 October 2017*]

27. An institution which does not need a licence for commencing the operation in accordance with the provisions of Section 5 or 5.1 of this Law and which is registered in the register referred to in Section 10, Paragraph three of this Law shall, by 13 November 2018, submit additional information and documents to the Commission certifying the conformity of the former with the conditions of Section 5, Paragraph one, Clauses 2.1 and 4 or Section 5.1, Paragraph one, Clauses 2.1 and 4 of this Law.

[*20 June 2018*]

28. An institution which is registered in the register referred to in Section 10, Paragraph three of this Law, but which does not conform to the conditions of Section 5, Paragraph one or Section 5.1, Paragraph one of this Law anymore shall, by 13 September 2018, submit all the necessary documents and information to the Commission for receipt of the licence. The institutions shall the fee referred to in Section 39.1, Clause 3 of this Law in reduced amount – EUR 2500 – for examination of the documents.

[*20 June 2018*]

29. The institution which, by 13 January 2019, has not received a licence for the operation of a payment institution or electronic money institution in accordance with the procedures laid down in Paragraph 28 of these Transitional Provisions or has not certified its conformity with the conditions of Section 5, Paragraph one or Section 5.1, Paragraph one of this Law in accordance with the procedures laid down in Paragraph 27 of these Transitional Provisions shall be excluded from the register referred to in Section 10, Paragraph three of this Law by the Commission, and the institution is prohibited to provide payment services and to issue electronic money.

[*20 June 2018*]

30. A licensed institution shall, by 1 September 2018, ensure conformity with the requirements of this Law, drawing up the documents referred to in Section 11, Paragraph one, Clauses 14, 15, 16, 17, and 18 of this Law.

[*20 June 2018*]

31. It shall be considered that an institution which is registered in the register referred to in Section 10, Paragraph three of this Law with the right to provide the payment service referred to in Section 1, Clause 1, Sub-clause “g” of this Law and is registered as an electronic communications merchant shall provide the payment service referred to in Section 1, Clause 1, Sub-clause “c” of this Law.

[*20 June 2018*]

32. The Commission shall exclude an electronic communications merchant which is providing the payment service referred to in Section 1, Clause 1, Sub-clause “c” of this Law, however, has not received the licence for the operation of a payment institution in accordance with the procedures laid down in Section 11 of this Law by 13 January 2020, from the Register of Institutions referred to in Section 10 of this Law, and the electronic communications merchant is prohibited from providing payment services, except for the services referred to in Section 3, Paragraph one, Clause 11 of this Law.

[*20 June 2018*]

33. An electronic communications merchant which is providing the services referred to in Section 3, Paragraph one, Clause 11 of this Law shall, by 13 January 2019, submit the report referred to in Section 3, Paragraph four of this Law for the first time.

[*20 June 2018*]

34. A person who is providing the services referred to in Section 3, Paragraph one, Clause 10 of this Law shall, by 1 September 2018, submit the notification referred to in Section 3, Paragraph two of this Law on conformity of services with the conditions of Section 3, Paragraph one, Clause 10 of this Law and a corresponding justification, describing its operation to the Commission.

[*20 June 2018*]

35. Section 1, Clauses 38 and 39, amendments to Section 12, Paragraph three in relation to the deletion of this Paragraph and to Section 34 in relation to the deletion of Paragraph two, Section 35 in the new wording by which new procedures for the calculation of own funds of institutions are introduced, amendments to Section 64 in relation to the supplementation of Clauses 2 and 5 with Sub-clause “g”, amendments to Section 67, Paragraph two, and Section 80, Paragraph two in the new wording, Section 81, Paragraph six, Section 84, Paragraph three, Section 86, Paragraph one in the new wording, and Section 86, Paragraphs 1.1 and 1.2, amendments to Section 87, Paragraphs one and three in relation to the deletion of Paragraph three, Section 87, Paragraphs 1.1 and 3.1, Section 87.1, Section 88, Paragraphs 2.1 and 4.1, amendments to Section 89 in relation to the deletion of Paragraph three, Section 92, Paragraph four in the new wording, as well as Section 99, Paragraph 3.1 and amendment to Paragraph six, Paragraph 10.1, and amendment to Paragraph twelve, as well as Section 104, Paragraphs two, three, four, five, six, and seven of this Law shall come into force on 1 October 2018.

[*20 June 2018*]

36. The payment service provider shall commence the application of the requirements of Section 80.1, Paragraph three, Clause 4 and Paragraph four, Clause 1, Section 80.2, Paragraph two, Clause 3 and Paragraph three, Clause 1, Section 81.1, Paragraph two, Clause 3, and Section 104.4 of this Law from 14 September 2019.

[*20 June 2018*]

37. The payment service provider shall, in accordance with Section 104.1, Paragraph three of this Law by 13 January 2019, submit a comprehensive evaluation on the operational and security risks related to the payment services provided thereby to the Commission.

[*20 June 2018*]

38. By 31 July 2019, the payment service provider shall, in accordance with Section 104.3, Paragraph one of this Law, for the first time submit to the Commission statistical data on fraud and other illegal activities in the previous six months which are related to the use of means of payment in the previous six months.

[*20 June 2018*]

39. Section 44.2, Paragraph four of this Law shall come into force on 1 May 2019.

[*3 April 2019*]

40. Payment service providers shall ensure the fulfilment of the requirements referred to in Section 44.2, Paragraph four of this Law by no later than 1 January 2020.

[*3 April 2019*]

41. Amendments to this Law regarding the replacement of the word “Commission” with the words “Latvijas Banka” throughout the Law, except for the name “European Commission” in Section 10, Paragraph four, the titles of Regulations of the European Commission in Section 31, Paragraph one, Clause 1 and Section 81.1, Paragraph two, Clause 3, and also Transitional Provisions, amendments regarding the replacement of the words “financial and capital market” with the words “financial market” throughout the Law, the replacement of the words “regulatory provisions” with the word “provisions” throughout the Law, amendments to Section 40, Paragraphs one, 1.1, 1.3, and 1.4 (regarding the replacement of the words “for financing the operation of the Commission” with the words “to Latvijas Banka”) and regarding the deletion of Paragraph three, amendments to Section 40.1, Paragraphs one, two, 3.1, and five (regarding the replacement of the words “for financing the operation of the Commission” with the words “to Latvijas Banka”) and regarding the deletion of Paragraphs four and six, and also amendment regarding the deletion of Section 53 shall come into force concurrently with the Law on Latvijas Banka.

[*23 September 2021*]

42. Section 1, Clauses 42 and 43, the new wording of Section 2, Paragraph one, amendments to Section 3, Paragraph one, Clause 5 and Paragraph two, Chapter II.2, Section 39.1, Clause 5, and the new wording of Section 55.1, Paragraph one of this Law shall come into force concurrently with the Law on Latvijas Banka.

[*23 September 2021*]

43. Latvijas Banka shall, on the day of coming into force of the Law on Latvijas Banka, register capital companies which have received a licence of Latvijas Banka for the buying and selling of cash in foreign currencies in the register referred to in Section 26.3, Paragraph two of this Law. The abovementioned capital companies shall ensure conformity with the requirements laid down in Section 26.3, Paragraph two of this Law and applicable to foreign exchange trading companies until 31 December 2023.

[*23 September 2021*]

44. Section 40, Paragraph two of this Law shall be repealed from the day of coming into force of the Law on Latvijas Banka.

[*23 September 2021*]

45. The regulatory provisions issued by the Financial and Capital Market Commission on the basis of this Law, until the day of coming into force of the Law on Latvijas Banka, shall be applied until the day of coming into force of the relevant regulations of Latvijas Banka, but not longer than until 31 December 2024.

[*23 September 2021*]

**Informative Reference to European Union Directives**

[*17 March 2011; 2 March 2017; 20 June 2018; 17 June 2020*]

This Law contains legal norms arising from:

1) Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC;

2) Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC;

3) Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (Text with EEA relevance);

4) Directive 2015/2366/EU of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (Text with EEA relevance);

5) Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 684/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC;

6) Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.

The Law has been adopted by the *Saeima* on 25 February 2010.

President V. Zatlers

Rīga, 17 March 2010