Finance and Capital Market Commission

Regulatory Provisions No. 1

Adopted 3 January 2019

**Regulatory Provisions for the Money Laundering and Terrorism Financing Risk Management**

*Issued pursuant to*

*Section 34.2, Paragraph four of the Credit Institution Law, and Section 37.1 and Section 47, Paragraph two, Clauses 1, 2 and 7 of the Law on the Prevention of Money Laundering and Terrorism Financing*

**I. General Provisions**

1. Regulatory Provisions for the Money Laundering and Terrorism Financing Risk Management (hereinafter – the Provisions) prescribe the minimum requirements for the money laundering and terrorism financing (hereinafter – the ML/TF) risk management which shall be binding on the credit institutions registered in the Republic of Latvia (hereinafter – the credit institution). Credit institutions shall comply with the requirements of these Provisions individually and at the level of consolidation group or consolidation sub-group by ensuring the ML/TF risk management consistent with the requirements of these Provisions in the consolidation group or sub-group,and also in any subsidiary.

2. The following terms are used in these Provisions:

2.1. ML/TF risk – impact and likelihood that the credit institution may be used for money laundering or terrorism financing;

2.2. private banking services – financial services provided by the credit institution to a customer by meeting both of the following conditions:

2.2.1. the total planned or actual annual credit turnover of the customer exceeds EUR 1 000 000. If the customer has several accounts opened with the credit institution, then the total credit turnover shall be calculated by aggregating the credit turnover of funds in all accounts;

2.2.2. the credit institution shall provide the customer with special services, such as advice on financial planning, investment, tax and inheritance issues, or special service provision rules or service procedures, e.g. an employee individually assigned to a customer who has the right to decide on the increase of the restrictions imposed on the customer and who is the only channel of communication between the customer and credit institution, or special communication procedures have been laid down, or provisions for the confidentiality of customer data have been increased;

2.3. ML/TF risk exposure – impact of the ML/TF risk to which the credit institution is exposed, considering the ML/FT risk inherent to its customers, products and services, their delivery channels and geographical scope of credit institution’s activities;

2.4. ML/TF risk management strategy – a document in which the credit institution specifies the ML/TF risk exposure that it deems possible to be assumed, considering its operational development strategy and capacity to manage the ML/TF risk, and also lays down the requirements by which the credit institution shall ensure that the maximum thresholds of the ML/TF risk exposure indicators specified thereby are not exceeded and the ML/TF risk management;

2.5. financial assets – value of the monetary funds (deposits) of a customer which have been transferred for storage into an account of the credit institution for a definite or indefinite time period with or without interest, fiduciary operations (trusts (liabilities under management)), portfolios of customer’s financial instruments that are held at the credit institution, including portfolios of financial instruments which have been transferred to the credit institution for management, and also any other financial assets (such as gold etc.);

2.6. income – the total actual income of the credit institution in the reference quarter, including the following:

2.6.1. the interest income received in the reference quarter in accordance with template F02.00, row No. 010 of the Regulatory Provisions No. 119 of 6 July 2016 of the Finance and Capital Market Commission, Regulatory Provisions for the Drawing up of Supervisory Financial Reports (hereinafter – the FINREP);

2.6.2. the income from the commission received in the reference quarter in accordance with template F02.00, row No. 200 of the FINREP;

2.6.3. the profit and loss on transactions of trade in financial instruments in the reference quarter in accordance with template F02.00, aggregate of rows No. 220, No. 280, No. 287, No. 290 and No. 300 of the FINREP;

2.6.4. other income not specified in Paragraphs 2.6.1–2.6.3 of these Provisions.

3. Within the framework of its internal control system, the credit institution shall undertake the ML/TF risk assessment , and establish, maintain and develop a specific section for the ML/TF risk management in the internal control system which corresponds to its economic activity in accordance with the requirements laid down in the Law on the Prevention of Money Laundering and Terrorism Financing and its subordinate laws and regulations.

4. Before introducing a new financial service or providing a financial service to a new target audience of customers, the credit institution shall assess the ML/TF risk inherent to such services, customers and countries related thereto, and impact thereof on the the capital necessary for covering the risk associated with the credit institution. The credit institution shall assess the need to develop new policies and procedures for the ML/TF risk management of these financial services or to make amendments to the existing policies and procedures.

5. The credit institution shall, on a regular basis, assess and ensure elimination of the deficiencies established in the internal control system for the ML/TF risk management in operation of the existing financial services, including with regard to the financial services the provisions of which are being significantly changed.

**II. The ML/TF Risk Management and Internal Control System for the ML/TF Risk Management**

6. The internal control system for the ML/TF risk management of the credit institution shall include at least the following:

6.1. the ML/TF risk management strategy of the credit institution, including objectives of the ML/TF risk management strategy;

6.2. the policies and procedures for the implementation of the ML/TF risk management strategy, including the structure and operational organisation of the ML/TF risk management, allocation of the responsibilities and authorisation of the management and employees in the area of ML/TF risk management, identification and management of the ML/TF risk,including the measuring, assessment, control, drawing up and submission of reports to the management of the credit institution, recording and documentation of customer information and transactions, requirements for the independence of the remuneration system of employees engaged in the ML/TF risk management from the results of the economic activity of the credit institution, and also the the staff resources and professional qualification required for the ML/TF risk management;

6.3. the requirements for regular review of policies and procedures in accordance with changes in laws and regulations or operational processes of the credit institution, services provided thereby, governance structure, customer base or regions of activity;

6.4. the procedures for assessing (measuring) and maintaining the capital needed to cover the ML/TF risks. Structure of the capital needed to cover the ML/TF risks shall correspond to the provisions of the Regulatory Provisions No. 199 of 29 November 2016 of the Finance and Capital Market Commission, Regulatory Provisions for the Establishment of Process of Assessment of Capital and Liquidity Adequacy;

6.5. the requirements for the provision of information technologies (hereinafter – the IT) necessary for the ML/TF risk management;

6.6. the requirements for undertaking a regular (at least every 18 calendar months) assessment of the internal control system for the ML/TF risk management by an independent external auditor, stipulating the scope, procedures, objectives and deadlines of the review of operation of the internal control system for the ML/TF risk management, and also requirements for the selection of an independent external auditor;

6.7. the requirements for regular review, efficiency evaluation and improvement of the internal control system for the ML/TF risk management by taking into account changes in activity of the credit institution and external circumstances affecting risks and activity of the credit institution;

6.8. the requirements for development of the ML/TF risk exposure indicators and their maximum thresholds;

6.9. regular evaluation of the collection and assessment of the ML/TF risk exposure indicators, and of their development dynamics, and also taking of appropriate decisions in accordance with the ML/TF risk management strategy of the credit institution, and the requirements of the policies and procedures for its implementation;

6.10. the requirements for carrying out the ML/TF risk stress tests;

6.11. the methods (such as imposition of appropriate restrictions etc.) for the ML/TF risk management of the credit institution in compliance with the identified objectives of the ML/TF risk management strategy.

7. The credit institution shall ensure continuous ML/TF risk management for the entirety of its activities by taking into account its interaction with other risks inherent to the activity of the credit institution.

8. The credit institution shall ensure complete implementation of all ML/TF risk management measures with regard to all customers, including the customers who are persons associated with the credit institution.

**III. The ML/TF Risk Management Strategy**

9. The credit institution shall specify in the ML/TF risk management strategy the maximum permissible thresholds for the ML/TF risk exposure indicators which the credit institution is willing to assume and is capable of managing by defining the ML/TF risk exposure indicators and ML/TF risk-mitigating measures in accordance with the requirements of Paragraph 10 of these Provisions.

10. The credit institution shall develop the ML/TF risk management strategy in accordance with the ML/TF risk inherent to the activity of the credit institution. The credit institution shall specify at least the following in the strategy:

10.1. the ML/TF risk exposure indicators of the credit institution by including at least the following indicators:

10.1.1. the ML/TF risk exposure indicators inherent to the customer base of the credit institution and their maximum permissible thresholds up to which the internal control system for the ML/TF risk management of the credit institution is capable of ensuring the ML/TF risk management in accordance with the requirements of laws and regulations, including the following:

10.1.1.1. the proportion of the financial assets and credit turnover of all customers that are subject to the enhanced due diligence in accordance with Paragraphs 40, 41, 42 and 43 of the Regulatory Provisions No. 3 of the Finance and Capital Market Commission of 9 January 2018, Regulatory Provisions for Credit Institutions and Licensed Payment and Electronic Money Institutions Regarding Enhanced Customer Due Diligence (hereinafter – Regulatory Provisions No. 3), and also of the customers who were subject to the enhanced due diligence during the reference period due to the ML/TF risk which was identified upon the establishment of a business relationship and during the business relationship, and which was present during the reference period (hereinafter jointly – the customers subject to the enhanced due diligence), in the total amount of financial assets and credit turnover of credit institutionʼs customers by separately identifying the maximum permissible thresholds for 1) the State and local government institutions of the Republic of Latvia; 2) associations and religious organisations registered in the Republic of Latvia; 3) legal persons and legal arrangements referred to in Paragraph 24.4 of Regulatory Provisions No. 3 whose main activity is not associated with the Republic of Latvia, but which belong to a group of foreign undertakings with good reputation known to the general public; and 4) capital companies of a public person and subsidiaries completely owned by them;

10.1.1.2. the proportion of the income from the customers subject to the enhanced due diligence in the total amount of income of the credit institution by separately identifying the maximum permissible thresholds for 1) the State and local government institutions of the Republic of Latvia; 2) associations and religious organisations registered in the Republic of Latvia; 3) legal persons and legal arrangements referred to in Paragraph 24.4 of Regulatory Provisions No. 3 whose main activity is not associated with the Republic of Latvia, but which belong to a group of foreign undertakings with good reputation known to the general public; and 4) capital companies of a public person and subsidiaries completely owned by them;

10.1.1.3. the proportion of financial assets and credit turnover of the customers who are shell arrangements in the total amount of financial assets and credit turnover of credit institutionʼs customers;

10.1.1.4. the proportion of income from the services which have been provided to the customers who are shell arrangements in the total amount of income of the credit institution;

10.1.1.5. the proportion of financial assets and credit turnover of the 20 largest groups of associated customers of the credit institution subject to the enhanced due diligence in terms of credit turnover in the total amount of financial assets and credit turnover of the credit institutionʼs customers subject to the enhanced due diligence;

10.1.1.6. the proportion of income from the services which have been provided to the 20 largest groups of associated customers of the credit institution subject to the enhanced due diligence in terms of the total credit turnover in the total amount of income of the credit institution;

10.1.1.7. the proportion of financial assets and credit turnover of the customers for the beneficial owner of which the country of residence corresponds to any risk increasing factors referred to in Paragraph 31 of Regulatory Provisions No. 3 in the total amount of financial assets and credit turnover of credit institutionʼs customers;

10.1.1.8. the proportion of the amount of credit turnover of the customers that are a credit institution within the meaning of the Law on the Prevention of Money Laundering and Terrorism Financing in the total amount of credit turnover of transactions of the customers of credit institutionʼs customers;

10.1.2. the proportions of the ML/TF risk exposure indicators inherent to the services and products of the credit institution regarding the proportion of amount of credit turnover and income obtained from transactions conducted within the scope of provision of private banking services in the total amount of credit turnover of transactions of the customers of the credit institution and of income of the credit institution;

10.1.3. the ML/TF risk exposure indicators inherent in delivery channel of services and products of the credit institution, including the following:

10.1.3.1. the proportion of financial assets and credit turnover of the customers who have been identified remotely (a customer has not participated in the identification in person) in the total amount of financial assets and credit turnover of the customers;

10.1.3.2. the proportion of financial assets and credit turnover of the customers who have been identified through third parties (agents, intermediaries) in the total amount of financial assets and credit turnover of the customers;

10.1.3.3. the proportion of amount of credit turnover of the transactions conducted by using service delivery channels with an increased ML/TF risk (customers who themselves provide settlement possibilities to other persons within the scope of e-commerce) in the total amount of credit turnover of transactions of the customers of the credit institution;

10.1.4. the ML/TF risk exposure indicators inherent to the correspondent relationship of the credit institution regarding turnover of incoming and outgoing payments of loro correspondents (respondents) of the credit institution split by countries of registration of loro correspondents (respondents) that correspond to any of the groups of countries with inherent ML/TF risk increasing factors in compliance with the requirements laid down in Regulatory Provisions No. 3;

10.2. with regard to each of the ML/TF risk exposure indicators of the credit institution specified in Paragraph 10.1 of these Provisions the credit institution shall, in line with the objectives identified in the operational development strategy, determine the maximum permissible thresholds for a period, which is at least one calendar year, in the ML/TF risk management strategy and comply with them;

10.3. the conditions limiting the ML/TF risk;

10.4. the envisaged ML/TF risk-mitigation methods;

10.5. the criteria for the adequacy of resources and competence requirements for employees of structural units of the internal control system for the ML/TF risk management the duties of which include ML/TF risk control;

10.6. the principles for the establishment of the system for staff authorisation with regard to the decisions affecting the ML/TF risk exposure of the credit institution;

10.7. the principles for assessment of adequacy of the IT provision necessary for the fulfilment of the ML/TF risk management functions, as well as the procedures for independent testing of IT systems which ensure the ML/TF risk control function;

10.8. the principles for using information available to the general public and from data bases for the purposes of understanding economic activity of the customer;

10.9. the requirements for the evaluation of the ML/TF risk management efficiency, including the following:

10.9.1. the requirements for an independent assessment of operation of the internal control system for the ML/TF risk management;

10.9.2. the requirements for the provision of information regarding compliance with the requirements for the ML/TF risk management strategy to the management of the credit institution;

10.9.3. the requirements for informing the management of the credit institution of any deviations from the approved ML/TF risk management strategy and the policies and procedures for its implementation.

11. The maximum permissible thresholds of the ML/TF risk exposure indicators shall be determined by taking into account the capacity of the credit institution to manage the ML/TF risk associated with the nature of the existing and expected economic activity of the credit institution, as well as the resources available for the ML/TF risk management.

12. When determining credit turnover in the customer’s account, the credit institution shall include all incoming payments therein. If according to the requirements laid down in the policies and procedures of the credit institution all transactions of the customer (including those with the credit institution) are conducted by only using a current account of the customer with the credit institution, then the credit institution shall not include therein any payments made between different accounts of this customer with this credit institution when determining credit turnover in the customer’s account.

13. The credit institution shall submit the ML/TF risk management strategy to the Finance and Capital Market Commission within one month after approval thereof by the council of the credit institution.

14. The board of directors of the credit institution shall, on a regular basis, assess whether the actual determined threshold of or requirements for the ML/TF risk exposure indicators have not been exceeded, as well as the reasons and grounds for it, if the exceedance of thresholds of or requirements for the ML/TF risk exposure indicators has been established. In the case of significant deviations (the determined threshold has been exceeded by 10 per cent) the credit institution shall each time, concurrently with the report on the characterisation of the ML/TF risk exposure of the credit institution in the previous quarter referred to in Paragraph 19 of these Provisions, submit a report to the Finance and Capital Market Commission.

**IV. Responsibility of Officials and Employees of the Credit Institution**

15. The council of the credit institution shall supervise how the board of directors ensures the ML/TF risk management, and it shall carry out at least the following activities:

15.1. approve the ML/TF risk management strategy and changes in the ML/TF risk management strategy;

15.2. approve the policies for the implementation of the ML/TF risk management strategy;

15.3. supervise and control how the board of directors of the credit institution manages the ML/TF risk inherent to the activity of the credit institution and whether this activity is carried out in accordance with the ML/TF risk management strategy;

15.4. determine that the internal audit body examines and assesses on a regular basis the compliance of activity of the credit institution with the ML/TF risk management strategy and the policies and procedures for its implementation, and informs the council of the examination results;

15.5. lay down routine and non-routine procedures for information exchange between the council and the board of directors. The council shall establish that at least once a quarter it receives a report on the ML/TF risk management which contains information regarding the achievement of the objectives identified in the ML/TF risk management strategy;

15.6. determine the remuneration policy of the credit institution which is not in contradiction with its ML/TF risk management strategy and does not facilitate generation of short-term income when conducting transactions which have or pose an increased ML/TF risk, as well as determine that remuneration of employees of structural units of the internal control system whose duties include the ML/TF risk control does not depend on indicators of economic activity of the credit institution;

15.7. on a regular basis, but at least once a year, on the basis of financial results of activity and performance plans of the credit institution and taking into account changes in laws and regulations, economic situation, markets and market development forecasts, as well as introduction of new financial services, review the ML/TF risk management strategy and its implementation policies, and assess adequacy of equity of the credit institution to cover risks of the credit institution which it has assumed or will assume.

16. The board of directors of the credit institution shall be responsible for the implementation of the ML/TF risk management strategy approved by the council of the credit institution and the ML/TF risk management, and it shall carry out at least the following activities:

16.1. ensure regular revision and updating of the ML/TF risk assessment, as well as evaluation of the operating efficiency of the internal control system in accordance with the requirements laid down in Section 8, Paragraphs one and two of the Law on the Prevention of Money Laundering and Terrorism Financing;

16.2. ensure the development of and compliance with the policies and procedures for the implementation of the ML/TF risk management strategy;

16.3. ensure the achievement of the objectives specified in the ML/TF risk management strategy of the credit institution and application of policies and procedures for the implementation of the ML/TF risk management strategy to all structural units of the credit institution in the Republic of Latvia and other countries;

16.4. determine division of powers, duties and responsibilities regarding the ML/TF risk management among structural units and employees of the credit institution;

16.5. ensure that the employees of structural units of the internal control system for the ML/TF risk management whose duties include the ML/TF risk control are informed of the ML/TF risk management strategy and the policies and procedures for its implementation, and responsibility for the compliance with the ML/TF risk management strategy of the credit institution and the policies and procedures for its implementation;

16.6. ensure that employees whose qualification conforms to the duties to be performed are engaged in the area of the ML/TF risk management;

16.7. ensure that during performance of the ML/TF risk management high ethical standards are maintained at all times, including prevention of conflicts of interests which increase or may increase the ML/TF risk, for example, when providing services to the persons associated with the credit institution;

16.8. after analysis of results of the ML/TF risk stress tests approve the corrective measures for the ML/TF risk management in cases when they are necessary, and ensure development of changes in the ML/TF risk management strategy. Changes in the ML/TF risk management strategy shall be submitted to the council of the credit institution for approval.

17. When determining the member of the board of directors who shall supervise the area of the ML/TF prevention in the credit institution and assigning one or several employees to be responsible for the compliance with the requirements for the ML/TF prevention in accordance with Section 10, Paragraphs one and two of the Law on the Prevention of Money Laundering and Terrorism Financing, the credit institution shall determine in its internal regulatory enactments the division of their responsibility by envisaging division of responsibility for at least the following issues:

17.1. the routine and extraordinary informing of the council and board of directors of the credit institution of the compliance with the requirements for the ML/TF risk management strategy of the credit institution, including by providing accurate and complete information regarding the ML/TF risk exposure and dynamics thereof;

17.2. the suitability and adequacy of the ML/TF risk management measures, and duly provision of the changes necessary for the ML/TF risk management;

17.3. the provision of reports to the board of directors on all cases when deviations from the approved ML/TF risk management strategy and the policies and procedures for its implementation have been established in the course of the ML/TF risk management.

**V. Supervision of the ML/FT Risk Exposure**

18. The credit institution shall lay down the procedures for gathering and assessing the ML/TF risk exposure indicators, including the following:

18.1. the sources of information;

18.2. the procedures for acquiring and assessing information;

18.3. the employees of the credit institution who are entitled to prepare, assess and verify the information characterising the ML/TF risk exposure;

18.4. the procedures for providing information regarding the ML/TF risk exposure indicators to the board of directors and council of the credit institution and the scope of this information, as well as the requirements for providing reports on exceeding the thresholds specified in the ML/TF risk management strategy or exceeding the potentials;

18.5. the employee who provides the information referred to in Paragraphs 19 and 49 and the report referred to in Paragraph 14 of these Provisions to the Finance and Capital Market Commission by using the Data Reporting System of the Finance and Capital Market Commission.

19. The credit institution shall, by the last date of the first month of each calendar quarter, submit to the Finance and Capital Market Commission a report on the characterisation of the ML/TF risk exposure of the credit institution in the prior quarter in accordance with Annexes to these Provisions electronically in an XML (Extensive Markup Language) file format according to the XSD (XML Schema Definition) schema prepared by the Finance and Capital Market Commission.

20. The credit institution shall fill in the report on the characterisation of the ML/TF risk exposure of the credit institution in the prior quarter referred to in Paragraph 19 of these Provisions by using the following forms annexed to these Provisions as Annexes 1–3:

20.1. M 11.00 Characterisation of the Money Laundering and Terrorism Financing Risk Exposure (hereinafter – Annex 1);

20.2. M 12.00 Amount of Turnover of Payments of Loro Correspondents (Respondents) of the Credit Institution Split by Countries of Registration of Loro Correspondents (Respondents) (hereinafter – Annex 2);

20.3. M 13.00 Indicators Individually Defined by the Credit Institution (hereinafter – Annex 3).

21. The credit institution shall, concurrently with the filling-in of the forms of Annexes referred to in Paragraph 20 of these Provisions, fill in the forms annexed to these Provisions as Annexes 4–7 and include therein the actual indicators for the reference period:

21.1. M 14.00 Number of Requests from Correspondent Credit Institutions with which the Credit Institution has Opened a Nostro Account (Correspondent Account), and Amount of Funds of Transactions Referred to Within the Scope of Requests (hereinafter – Annex 4);

21.2. M 15.00 Number of Requests/Orders of the State Revenue Service and the Control Service and Amount of Transactions Referred to Within the Scope Thereof (hereinafter – Annex 5);

21.3. M 16.00 Characterisation of Transactions of Customers by Countries (hereinafter – Annex 6);

21.4. M 17.00 Customers with whom the Credit Institution has Decided (after the ML/TF risk assessment) to Terminate the Business Relationship, and the Balance of Their Deposits (hereinafter – Annex 7).

22. The coloured fields in Annexes 1 and 5 to these Provisions shall not be completed.

**Procedures for the Filling in of Annex 1**

23. When providing the report on the characterisation of the ML/TF risk exposure of the credit institution in the prior quarter referred to in Paragraph 19 of these Provisions to the Finance and Capital Market Commission at an individual level (a credit institution registered in the Republic of Latvia shall not include data on its branches in a Member State or a third country), the credit institution shall fill in Annex 1 which consists of the following three main reporting groups:

23.1. the indicators the actual amount of which is indicated for the situation at the end of the reference quarter (on the last day), column No. 010–060 with the collective title of the group “At the end of the reference quarter”;

23.2. the indicators the actual amount of which is indicated for the reference quarter, column No. 070–140 with the collective title of the group “In the reference quarter”;

23.3. the thresholds determined in the ML/TF risk management strategy of the credit institution for the reference year – the proportion of the ML/TF risk exposure indicators, column No. 150–170 with the collective title of the group “Thresholds determined in the strategy (%)”.

24. Upon filling in row No. 010 with the title “Customers in total” in Annex 1, the credit institution shall indicate the following data in columns:

24.1. the actual data on the situation at the end of the reference quarter (on the last day) for the total number of all customers in column No. 010 with the title “Number of customers” in accordance with Annex 1 to the Regulatory Provisions No. 271 of the Finance and Capital Market Commission of 12 November 2014, Regulatory Provisions for the Preparation of Information regarding Amount of Daily Deposits and Number of Customers, item code No. 050 – column with the title “Number of customers”, sub-column with the title “Total”;

24.2. the actual data on the situation at the end of the reference quarter (on the last day) for the total amount of all financial assets of customers shall be indicated in column No. 020 with the title “Financial assets of customers, EUR”, including also the data on other financial assets not indicated in column No. 030–050;

24.3. the actual data on the situation at the end of the reference quarter (on the last day) for the deposits of all customers shall be indicated in column No. 030 with the title “Deposits” in accordance with total sum of rows No. 090, No. 110, No. 120 and No. 130 of the FINREP template F20.06;

24.4. the actual data on the situation at the end of the reference quarter (on the last day) for the fiduciary operations (trusts (liabilities under management)) of all customers shall be indicated in column No. 040 with the title “Trusts (liabilities under management)” in accordance with the total sum of rows No. 010 and No. 110 of the FINREP template F22.02;

24.5. the actual data on the situation at the end of the reference quarter (on the last day) with regard to the securities of customers held by all customers shall be indicated in column No. 050 with the title “Customers’ Securities under Custody”, in accordance with column 13 with the title “Total amount of securities (EUR)” of Annex 1 to the Regulation No. 163 of *Latvijas Banka* of 15 March 2018, Regulations for Compiling Reports on Securities;

24.6. the actual data on the situation at the end of the reference quarter (on the last day) for the amount of loans granted to all customers shall be indicated in column No. 060 with the title “Loans granted to customers, EUR” in accordance with the column No. 10 and rows No. 090, No. 110, No. 120 and No. 150 of the FINREP template F18.00.a;

24.7. the data on the total actual credit turnover of all customers in the reference quarter shall be indicated in group of columns No. 070–100 with the collective title of the group “In the reference quarter”, including the credit turnover in current accounts of customers (deposits), fiduciary operation accounts (trusts (liabilities under management)) of customers, and securities accounts held by the customers;

24.8. the data on the actual total income of the credit institution in the reference quarter shall be indicated in the group of columns No. 110–140 with the collective title of the group “In the reference quarter”, in accordance with the scope of the income specified in Paragraph 2.6 of these Provisions.

25. Upon filling in row No. 020 with the title “Customers subject to the enhanced due diligence” and row No. 030 with the title “Shell arrangements” in Annex 1, the credit institution shall indicate the following data in columns:

25.1. the actual data on the situation at the end of the reference quarter (on the last day) with regard to the total number of all customers subject to the enhanced due diligence and shell arrangements, amount of the total financial assets thereof (listing them in the relevant columns by deposits, fiduciary operations (trusts (liabilities under management)) and customers’ securities under custody), and amount of the loans granted thereto shall be indicated in the group of columns No. 010–060 with the collective title of the group “At the end of the reference quarter” by dividing this information in sub-rows by countries of registration of customers according to the provisions of the titles of sub-rows No. 021–023 and No. 031–032, as well by separating in sub-row No. 024–027 categories of the customers subject to the enhanced due diligence which include 1) the State and local government institutions of the Republic of Latvia; 2) associations and religious organisations registered in the Republic of Latvia; 3) legal persons and legal arrangements referred to in Paragraph 24.4 of the Regulatory Provisions No. 3 the main activity of which is not associated with the Republic of Latvia, but which belong to a group of foreign undertakings with good reputation known to the general public; and 4) capital companies of a public person and subsidiaries completely owned by them;

25.2. the actual data on the total actual credit turnover of all customers subject to the enhanced due diligence and shell arrangements, including credit turnover in current accounts of customers (deposits), accounts of fiduciary operations of customers (trusts (liabilities under management)) and securities accounts held by customers, and on the actual income of the credit institution from servicing such customers shall be indicated in the group of columns No. 070–140 with the collective title of the group “In the reference quarter” (dividing them in the relevant columns by received interest income, received commissions and profit or loss on transactions of trade in financial instruments) by dividing information in the relevant sub-rows by countries of registration of customers according to the provision of the titles of sub-rows No. 021–023 and No. 031–032, as well as by separating in sub-row No. 024–027 categories of the customers subject to the enhanced due diligence which include 1) the State and local government institutions of the Republic of Latvia; 2) associations and religious organisations registered in the Republic of Latvia; 3) legal persons and legal arrangements referred to in Paragraph 24.4 of Regulatory Provisions No. 3 the main activity of which is not associated with the Republic of Latvia, but which belong to a group of foreign undertakings with good reputation known to the general public; and 4) capital companies of a public person and subsidiaries completely owned by them;

25.3. the proportion of financial assets of all customers subject to the enhanced due diligence, including 1) the State and local government institutions of the Republic of Latvia; 2) associations and religious organisations registered in the Republic of Latvia; 3) legal persons and legal arrangements referred to in Paragraph 24.4 of Regulatory Provisions No. 3 the main activity of which is not associated with the Republic of Latvia, but which belong to a group of foreign undertakings with good reputation known to the general public; and 4) capital companies of a public person and subsidiaries completely owned by them, specified in the ML/TF risk management strategy of the credit institution in accordance with Paragraphs 10.1.1.1–10.1.1.4 of these Provisions, and the proportion of financial assets of shell companies in the total amount of financial assets of customers, the proportion of credit turnover of such customers in the total amount of credit turnover of customers of the credit institution and the proportion of income of the credit institution obtained from the servicing of such customers in the total amount of income of the credit institution expressed as percentage shall be indicated in the relevant columns of the group of columns No. 150–170 with the collective title of the group “Thresholds determined in the strategy (%)”.

26. Upon filling in row No. 040 with the title “20 largest customers of groups of (enhanced due diligence) associated customers by the total credit turnover” in Annex 1, the credit institution shall indicate the following data in columns:

26.1. the actual data on the situation at the end of the reference quarter (on the last day) with regard to the total number of these groups of associated customers shall be indicated in the group of columns No. 010–060 with the collective title of the group “At the end of the reference quarter” by listing separately the number of groups which constitute these 20 largest groups of (enhanced due diligence) associated customers by the total credit turnover, amount of the total financial assets of all groups of associated customers (dividing them in the relevant columns by deposits, fiduciary operations (trusts (liabilities under management)) and customers’ securities under custody) and amount of the loans granted to such customers;

26.2. the actual data on the total actual credit turnover of groups of associated customers, including credit turnover in current accounts of customers (deposits), accounts of fiduciary operations of customers (trusts (liabilities under management)) and securities accounts held by customers, and on the actual income of the credit institution in the reference quarter shall be indicated in the group of columns No. 070–140 with the collective title of the group “In the reference quarter” (dividing them in the relevant columns by received interest income, received commissions and profit or loss on transactions of trade in financial instruments);

26.3. the proportion of financial assets and credit turnover of customers of the credit institution subject to the enhanced due diligence specified in the ML/TF risk management strategy of the credit institution in accordance with Paragraphs 10.1.1.5–10.1.1.6 of these Provisions, in the total amount of financial assets and credit turnover of customers, the proportion of credit turnover of such customers in the total amount of financial assets and credit turnover and the proportion of income obtained from the services provided to the 20 largest groups of associated customers of the credit institution subject to enhanced due diligence by the total credit turnover in the total amount of income of the credit institution expressed as percentage shall be indicated in the relevant columns of the group of columns No. 150–170 with the collective title of the group “Thresholds determined in the strategy (%)”.

27. Upon filling in row No. 050 with the title “Customers with a risk increasing factor” in Annex 1, the credit institution shall indicate the following data in columns:

27.1. the actual data on the situation at the end of the reference quarter (on the last day) with regard to the total number of customers for the beneficial owners of which the country of domicile corresponds to any risk increasing factors referred to in Paragraph 31 of Regulatory Provisions No. 3 (hereinafter in this Paragraph – customers with a risk increasing factor), and the actual total amount of financial assets shall be indicated in the group of columns No. 010–060 with the collective title of the group “At the end of the reference quarter” (dividing them in the relevant columns by deposits, fiduciary operations (trusts (liabilities under management)) and customers’ securities under custody) and amount of the loans granted to such customers by dividing this information in sub-rows by countries of registration of the customers according to the provision of the title of sub-row No. 051–052;

27.2. the actual data on the total actual credit turnover of customers with a risk increasing factor, including credit turnover in current accounts of customers (deposits), accounts of fiduciary operations of customers (trusts (liabilities under management)) and securities accounts held by customers, and on the actual income of the credit institution from the servicing of such customers shall be indicated in the group of columns No. 070–140 with the collective title of the group “In the reference quarter” (dividing them in the relevant columns by received interest income, received commissions and profit or loss on transactions of trade in financial instruments) by dividing information in the relevant sub-rows by countries of registration of customers according to the provision of the title of sub-row No. 051–052;

27.3. the proportion of financial assets and credit turnover of customers with a risk increasing factor specified in the ML/TF risk management strategy of the credit institution in accordance with Paragraph 10.1.1.7 of these Provisions in the total amount of financial assets and credit turnover of customers of the credit institution expressed as percentage shall be indicated in the relevant columns of the group of columns No. 150–170 with the collective title of the group “Thresholds determined in the strategy (%)”.

28. Upon filling in row No. 060 with the title “Customers who themselves provide settlement possibilities to other persons within the scope of e-commerce” in Annex 1, the credit institution shall indicate the following data in columns:

28.1. the actual data on the situation at the end of the reference quarter (on the last day) with regard to the total number of customers who conduct transactions by using service delivery channels with an increased ML/TF risk, and the total actual amount of financial assets of such customers shall be indicated in the group of columns No. 010–030 with the collective title of the group “At the end of the reference quarter”, whereas in column No. 030 these shall be indicated by separating deposits from the total financial assets of customers and dividing this information in sub-rows by countries of registration of customers according to provision of the title of sub-row No. 061–062;

28.2. the actual data on the total actual credit turnover of such customers shall be indicated in the group of columns No. 070–140 with the collective title of the group “In the reference quarter”, whereas in columns No. 080 and No. 090 these shall be indicated by separating credit turnover in current accounts of customers (deposits) and accounts of fiduciary operations of customers (trusts (liabilities under management)) from the total turnover of customers, and on the actual income of the credit institution from servicing such customers, whereas in column No. 130 these shall be indicated by separating the actual amount of received commissions from the total income of the credit institution from the servicing of such customers and dividing this information in sub-rows by countries of registration of customers according to the provision of the title of sub-row No. 061–062;

28.3. column No. 160 of column group No. 150–170 under the common title of the group “Thresholds determined in the strategy (%)” includes the proportion of credit turnover of customers of the credit institution who conduct transactions by using service delivery channels with an increased ML/TF risk (customers who themselves provide settlement possibilities to other persons within the scope of e-commerce) specified in the ML/TF risk management strategy of the credit institution in accordance with Paragraph 10.1.3.3 of these Provisions in the total amount of credit turnover of transactions of customers of the credit institution.

29. Upon filling in row No. 070 with the title “Financial institutions” in the Annex 1, the credit institution shall indicate the following data in columns:

29.1. the actual data on the situation at the end of the reference quarter (on the last day) with regard to the total number of customers who are financial institutions, and the total actual amount of financial assets of such customers shall be indicated in the group of columns No. 010–030 with the collective title of the group “At the end of the reference quarter”, whereas in column No. 030 these shall be indicated by separating deposits from the total financial assets of customers and dividing this information in sub-rows by countries of registration of the customers according to provision of the title of sub-row No. 071–072;

29.2. the actual data on the total actual credit turnover of such customers shall be indicated in the group of columns No. 070–140 with the collective title of the group “In the reference quarter”, whereas in columns No. 080 and No. 090 these shall be indicated by separating credit turnover in current accounts of customers (deposits) and accounts of fiduciary operations of customers (trusts (liabilities under management)) from the total turnover of customers, and on the actual income of the credit institution from servicing such customers, whereas in column No. 130 these shall be indicated by separating the actual amount of received commissions from the total income of the credit institution from the servicing of such customers and dividing this information in sub-rows by countries of registration of the customers according to the provision of the title of sub-row No. 071–072;

29.3. the proportion of credit turnover of customers who are the financial institutions specified in the ML/TF risk management strategy of the credit institution in accordance with Paragraph 10.1.1.8 of these Provisions in the total amount of credit turnover of customers of the credit institution shall be indicated in column No. 160 of the group of columns No. 150–170 with the collective title of the group “Thresholds determined in the strategy (%)”.

30. Upon filling in row No. 080 with the title “Provision of private banking services” in the Annex 1, the credit institution shall indicate the following data in columns:

30.1. the actual data on the situation at the end of the reference quarter (on the last day) with regard to the total number of customers serviced within the scope of the provision of private banking services shall be indicated in the group of columns No. 010–030 with the collective title of the group “At the end of the reference quarter”, whereas the amount of deposits of such customers shall be indicated in column No. 030;

30.2. the actual data on the total actual credit turnover of customers serviced within the scope of the provision of private banking services, including credit turnover in current accounts of customers (deposits), accounts of fiduciary operations of customers (trusts (liabilities under management)) and securities accounts held by customers, and on the actual income of the credit institution from servicing of such customers shall be indicated in the group of columns No. 070–140 with the collective title of the group “In the reference quarter”, whereas in columns No. 130 and No. 140 these shall be indicated by separating income from commissions and profit or loss on transactions of trade in financial instruments from such income;

30.3. the proportion of credit turnover of transactions conducted within the scope of the provision of private banking services specified in the ML/TF risk management strategy of the credit institution in accordance with Paragraph 10.1.2 of these Provisions, and the proportion of the obtained income in the total credit turnover of transactions of customers of the credit institution and in the total amount of income of the credit institution shall be indicated in columns No. 160 and 170 of the group of columns No. 150–170 with the collective title of the group “Thresholds determined in the strategy (%)”.

31. Upon filling in row No. 090 with the title “Remotely identified customers” and row No. 100 with the title “Customers identified by intermediaries” in the Annex 1, the credit institution shall indicate the following data in columns:

31.1. the actual data on the situation at the end of the reference quarter (on the last day) with regard to the total number of customers who have been identified remotely (a customer has not participated in the identification in person) (hereinafter – the remotely identified customers), and customers whose identification has been performed through third parties (agents, intermediaries) (hereinafter – the customers identified by intermediaries), the total amount of financial assets of the remotely identified customers and the customers identified by intermediaries (listing them in the relevant columns by deposits, fiduciary operations (trusts (liabilities under management)) and customers’ securities under custody), and amount of the loans granted to the remotely identified customers and the customers identified through intermediaries shall be indicated in the group of columns No. 010–060 with the collective title of the group “At the end of the reference quarter”;

31.2. the actual data on the total actual credit turnover of the remotely identified customers and the customers identified by intermediaries shall be indicated in the group of columns No. 070–140 with the collective title of the group “In the reference quarter”, including the credit turnover in current accounts of customers (deposits), fiduciary operation accounts (trusts (liabilities under management)) of customers, and securities accounts held by the customers;

31.3. the proportion of financial assets of the remotely identified customers and the customers identified by intermediaries specified in the ML/TF risk management strategy of the credit institution in accordance with Paragraphs 10.1.3.1 and 10.1.3.2 of these Provisions, in the total amount of financial assets of customers, and the proportion of credit turnover of such customers in the total amount of credit turnover of customers of the credit institution shall be indicated in the relevant columns of the group of columns No. 150–170 with the collective title of the group “Thresholds determined in the strategy (%)”.

**Procedures for the Filling in of Annex 2**

32. When providing the report on the characterisation of the ML/TF risk exposure of the credit institution in the prior quarter referred to in Paragraph 19 of these Provisions to the Finance and Capital Market Commission, the credit institution shall fill in Annex 2 by indicating the group of countries with inherent ML/TF risk increasing factors in accordance with the requirements laid down in Regulatory Provisions No. 3. Annex 2 consists of the following three main reporting groups:

32.1. the code of the relevant country, column No. 010 with the title “Country code”;

32.2. the indicators the actual amount of which must be indicated with regard to the reference quarter, group of columns No. 020 and No. 030 with the collective title of the group “In the reference quarter”;

32.3. the thresholds determined in the ML/TF risk management strategy of the credit institution – the proportion of the ML/TF risk exposure indicators, group of columns No. 040 and No. 050 with the collective title of the group “Determined in the bank strategy, EUR”.

33. Upon filling in a row in Annex 2, and, where necessary, copying it and numbering it in sequence in the first column of each row, the credit institution shall indicate the following data on loro correspondents (respondents) of the credit institution in columns:

33.1. the code of the country of registration of the relevant loro correspondent of the credit institution shall be indicated in column No. 010 in accordance with the international standard ISO 3166-1:2013;

33.2. the actual data on the total actual amount of incoming and outgoing payments of the loro correspondent (respondent) of the credit institution of the relevant country of registration in the reference quarter shall be indicated in the group of columns No. 020 and 030 with the collective title of the group “In the reference quarter”;

33.3. the turnover of incoming and outgoing payments of loro correspondents (respondents) of the credit institution specified in the ML/TF risk management strategy of the credit institution in accordance with Paragraph 10.1.4 of these Provisions split by countries of registration of loro correspondents (respondents) that correspond to any of the groups of countries having the ML/TF risk increasing factors in compliance with the requirements laid down in Regulatory Provisions No. 3.

**Procedures for the Filling in of Annex 3**

34. If the credit institution has individually defined indicators which are not specified in Paragraph 10 of these Provisions, the credit institution shall fill in Annex 3 by copying and numbering rows in sequence in the first column of each row, if necessary, and indicating the following data in columns:

34.1. the item designation or criterion, column No. 010 with the title “Item designation/criterion”;

34.2. depending on the defined item designation or criterion – the number and percentage at the end of the reference quarter, group of columns No. 020 and No. 030 with the collective title of the group “At the end of the reference quarter”;

34.3. depending on the defined item designation or criterion – the percentage in the reference quarter, column No. 040 with the title “In the reference quarter”;

34.4. the maximum thresholds determined individually in the ML/TF risk management strategy of the credit institution depending on the defined item designation or criterion – the number and percentage, group of columns No. 050 and No. 060 with the collective title of the group “Determined in the strategy of the credit institution”.

**Procedures for the Filling in of Annex 4**

35. Upon filling in Annex 4, the credit institution shall provide the actual indicators for the reference period with regard to the number of requests submitted by each correspondent credit institution with which the credit institution has opened a nostro account (correspondent account), and the amount of funds of transactions referred to within the scope of the requests by copying and numbering rows in sequence in the first column of each row, where necessary, and indicate the following data in columns:

35.1. the identification code of the relevant correspondent in BIC format in accordance with the international standard ISO 9362:2014, column No. 010 with the title “BIC code of correspondent (respondent)”;

35.2. the number of requests received from the correspondent in the reference quarter, column No. 020 with the title “Number of requests”;

35.3. the amount of funds of transactions referred to within the scope of the requests, column No. 030 with the title “Amount, EUR”.

36. Upon filling in column No. 010 with the title “BIC code of correspondent (respondent)” in Annex 4, the credit institution shall indicate only the identification code of the correspondent consisting of 8 or 11 symbols in BIC format in accordance with the international standard ISO 9362:2014.

**Procedures for the Filling in of Annex 5**

37. The credit institution shall fill in Annex 5 by indicating the number of requests/orders from the State Revenue Service and the Office for Prevention of Laundering of Proceeds Derived from Criminal Activity on unusual or suspicious transactions, and the amount of funds of transactions referred to within the scope of requests/orders. Annex 5 consists of the following two main reporting groups:

37.1. the number of requests and the amount of funds of transactions referred to within the scope of requests, group of columns No. 010 and No. 020 with the collective title of the group “Requests”;

37.2. the number of orders regarding freezing of funds and the amount of funds to be frozen referred to within the scope of orders, group of columns No. 030 and No. 040 with the collective title of the group “Orders”.

38. Upon filling in row No. 010 with the title “State Revenue Service”, group of columns No. 010 and No. 020 with the collective title of the group “Requests” in Annex 5, the credit institution shall indicate the number of requests received from the State Revenue Service on unusual or suspicious transactions, and the amount of funds of transactions referred to within the scope of requests.

39. Upon filling in row No. 020 with the title “Control Office” in Annex 5, the credit institution shall indicate the following data in columns:

39.1. the number of requests received from the Office for Prevention of Laundering of Proceeds Derived from Criminal Activity on unusual or suspicious transactions, and the amount of funds of transactions referred to within the scope of requests shall be indicated in the group of columns No. 010 and No. 020 with the collective title of the group “Requests”;

39.2. the number of orders received from the Office for Prevention of Laundering of Proceeds Derived from Criminal Activity on the freezing of funds, and the amount of funds to be frozen referred to within the scope of orders shall be indicated in the group of columns No. 030 and No. 040 with the collective title of the group “Orders”.

**Procedures for the Filling in of Annex 6**

40. The credit institution shall complete Annex 6 by indicating the characterisation of customer transactions by countries. Annex 6 consists of the following four main reporting groups:

40.1. code of the respective country, column No. 010 with the title “Country code”;

40.2. group of columns No. 020–040 with the collective title of the group “Customers by the country of the beneficial owner (BO)”;

40.3. group of columns No. 050–070 with the collective title of the group “Customers by the status of a politically exposed person (POP)”;

40.4. column No. 80 with the title “Customers by the status of enhanced due diligence (EDD)”.

41. Upon filling in a row in Annex 6, and, where necessary, copying it and numbering it in sequence in the first column of each row, the credit institution shall indicate the following data in column No. 010–040 regarding customers by the country of the beneficial owner:

41.1. the code of the country of origin of the customer in accordance with the international standard ISO 3166-1:2013 based on the country of domicile of the beneficial owner – in column No. 010. For example, if the country of domicile of the beneficial owner of the customer is a third country or a Member State, the credit institution shall indicate the country code of the third country or Member State which is the country of domicile of the beneficial owner of the customer;

41.2. the actual data on the number of customers according to the country of domicile of beneficial owners shall be indicated in column No. 020 with the title “Number of BO customers” at the end of the reference quarter. For example, if a customer has one beneficial owner, the credit institution shall indicate number “one” next to the code of the country of domicile of the beneficial owner of the customer contained in column No. 010. If a customer has more than one beneficial owner, and each beneficial owner is from its own country of domicile, the credit institution shall divide them in proportion, namely, assuming that three beneficial owners form a whole, and each beneficial owner constitutes 1/3 of the whole. Thus the credit institution shall, according to the country of origin of the beneficial owner, indicate number “0.33” next to the code of the country of domicile of the beneficial owner of the customer contained in column No. 10 (hereinafter – the principle of proportionality);

41.3. the data on the actual amount of financial assets of customers according to the country of domicile of beneficial owners shall be indicated in column No. 030 with the title “Financial assets of BO in total, EUR” at the end of the reference quarter, whereas in column No. 031 these shall be indicated by separating deposits of the customer who has a beneficial owner from the total financial assets. The credit institution shall comply with the principle of proportionality referred to in Paragraph 41.2 of the Provisions when indicating the actual amount of financial assets;

41.4. the data on the actual credit turnover of customers according to the country of domicile of beneficial owners shall be indicated in column No. 040 with the title “Credit turnover of BO customers, EUR” at the end of the reference quarter. The credit institution shall comply with the principle of proportionality referred to in Paragraph 41.2 of the Provisions when indicating the actual credit turnover.

42. Upon filling in a row in Annex 6, and, where necessary, copying it and numbering it in sequence in the first column of each row, the credit institution shall indicate in columns No. 010 and No. 050-061 the following data on customers by the status of a politically exposed person according to their country of domicile:

42.1. the code of the country of domicile of the customers who are politically exposed persons shall be indicated in column No. 010 with the title “Country code” in accordance with the international standard ISO 3166-1:2013;

42.2. the actual data on the number of customers who are politically exposed persons from the relevant country of residence shall be indicated in column No. 050 with the title “Number of PEP customers” at the end of the reference quarter;

42.3. the data on the actual amount of financial assets of customers who are politically exposed persons shall be indicated in column No. 060 with the title “Financial assets of PEP in total, EUR” at the end of the reference quarter, whereas in column No. 061 these shall be indicated by separating deposits of the customers who are politically exposed persons from the relevant country of domicile from the total financial assets;

42.4. the data on the actual credit turnover of the customers who are politically exposed persons from the relevant country of domicile shall be indicated in column No. 070 with the title “Credit turnover of PEP customers, EUR” in the reference quarter.

43. Upon filling in a row in Annex 6, and, where necessary, copying it and numbering it in sequence in the first column of each row, the credit institution shall indicate the following data on customers by the status of enhanced due diligence (column No. 80) according to their country of domicile:

43.1. the code of the country of domicile of the customers who are subject to the enhanced due diligence shall be indicated in column No. 010 with the title “Country code” in accordance with the international standard ISO 3166-1:2013;

43.2. the actual data on the credit turnover of the customers who are subject to the enhanced due diligence shall be indicated in column No. 80 with the title “Credit turnover of EDD customers, EUR” in the reference quarter.

44. When filling in Annex 6, the credit institution shall ensure the following:

44.1. the total sum of column No. 020 with the title “Number of BO customers” in Annex 6 corresponds to the total sum of row No. 010 with the title “Customers in total” and column No. 010 with the title “Number of customers” in Annex 1;

44.2. the total sum of column No. 030 with the title “Financial assets of BO in total, EUR” in Annex 6 corresponds to the total sum of row No. 010 with the title “Customers in total” and column No. 020 with the title “Financial assets of customers, EUR” in Annex 1;

44.3. the total sum of column No. 031 with the title “Amount of BO deposits, EUR” in Annex 6 corresponds to the total sum of row No. 010 with the title “Customers in total” and column No. 030 with the title “Deposits” in Annex 1;

44.4. the total sum of column No. 040 with the title “Credit turnover of BO customers, EUR” in Annex 6 corresponds to the total sum of row No. 010 with the title “Customers in total” and column No. 070 with the title “Credit turnover of customers, EUR” in Annex 1;

44.5. the total sum of column No. 080 with the title “Credit turnover of EDD customers, EUR” in Annex 6 corresponds to the total sum of row No. 020 with the title “Customers subject to enhanced due diligence” and column No. 070 with the title “Credit turnover of customers, EUR” in Annex 1.

**Procedures for the Filling in of Annex 7**

45. The credit institution shall fill in Annex 7 by providing information regarding customers (shell arrangements) with whom the credit institution has decided to terminate the business relationship and their balance of deposits (deposits of the customers are still serviced by the credit institution). Annex 7 consists of the following two main reporting groups:

45.1. the number of customers (shell arrangements), column No. 010 with the title “Number of customers”;

45.2. the balance of deposits of customers (shell arrangements), column No. 020 with the title “Balance of deposits, EUR”.

46. Upon filling in row No. 010 with the title “a+b and/or a+b+c shell arrangements” in Annex 7 , the credit institution shall indicate the following data in columns in accordance with the indications of a shell arrangement referred to in Section 1, Clause 15.1 of the Law on the Prevention of Money Laundering and Terrorism Financing (in a combination of indications referred to in Sub-clauses “a” and “b” and/or “a”, “b” and “c”):

46.1. the number of customers (shell arrangements) whom the credit institution has decided to terminate the business relationship – in column No. 10 with the title “Number of customers”;

46.2. the balance of deposits of customers (shell arrangements) at the end of the reference quarter (as at the last day thereof) – in column No. 20 with the title “Balance of deposits, EUR”.

47. Upon filling in row No. 020 with the title “Other shell arrangements” of Annex 7, the credit institution shall indicate the following data in columns based on the indications referred to in Section 1, Clause 15.1 of the Law on the Prevention of Money Laundering and Terrorism Financing (in a combination, such as the indications referred to only in Sub-clause “a” or Sub-clauses “a” and “c”):

47.1. the number of other customers (shell arrangements) with whom the credit institution has decided to terminate the business relationship – in column No. 10 with the title “Number of customers”;

47.2. the balance of deposits of other customers (shell arrangements) at the end of the reference quarter (on the last day) – in column No. 20 with the title “Balance of deposits, EUR”.

48. When completing row No. 030 with the title “Other” of Annex 7, the credit institution shall indicate the following data in columns:

48.1. the number of other customers who are not shell arrangements and with which the credit institution has decided to terminate the business relationship according to the provisions of its ML/TF prevention policy – in column No. 10 with the title “Number of customers”;

48.2. the balance of deposits of other customers who are not shell arrangements at the end of the reference quarter (on last day) – in column No. 20 with the title “Balance of deposits, EUR”.

49. The credit institution shall immediately provide information to the Finance and Capital Market Commission regarding each case when an existing or potentially significant non-compliance with the requirements for the ML/TF risk management strategy has been established.

50. The credit institution shall prepare the report on the characterisation of the ML/TF risk exposure referred to in Paragraph 19 of these Provisions in accordance with the requirements and procedures laid down in the Regulatory Provisions No. 146 of the Finance and Capital Market Commission of 14 October 2008, Regulatory Provisions for the Submission of Electronically Prepared Reports.

51. If the Finance and Capital Market Commission finds that the report on the characterisation of the ML/TF risk exposure is incomplete or inaccurate, it shall notify the person who has submitted the report thereof. The credit institution shall submit the corrected report to the Finance and Capital Market Commission not later than on the following working day after receipt of the notice on the existence of errors from the Finance and Capital Market Commission, unless the Finance and Capital Market Commission has specified another deadline.

52. If the credit institution finds that the report on the characterisation of the ML/TF risk exposure is incomplete or inaccurate, it shall immediately inform the Finance and Capital Market Commission thereof and submit a corrected report.

**VI. ML/TF Risk Stress Testing and Methods for the Capacity of the Credit Institution to Manage ML/TF Risk**

53. The credit institution shall, on regular basis, but at least once a year, perform ML/TF risk stress tests regarding at least the following risk factors:

53.1. the termination of correspondent relationships with the direct correspondents of the credit institution in cooperation with which payments are made in the relevant currencies;

53.2. the impact of geopolitical events;

53.3. the impact of restrictions on activity imposed within the scope of sanctions or corrective measures, which have been applied to the credit institution.

54. The credit institution shall develop stress test scenarios according to the ML/TF risk inherent to the activity of the credit institution.

55. The credit institution shall gather results of stress tests, assess the risks identified within the scope of the tests and their impact on liquidity, capital and financial indicators, as well as provide a report to the board of directors.

56. The credit institution shall submit to the Finance and Capital Market Commission the results of stress tests and the decisions taken on their basis regarding ML/TF risk management within 30 days after such decisions have been taken.

57. The credit institution shall develop methods for the capacity of the credit institution to manage ML/TF risk and consider the following criteria:

57.1. the amount of the capital necessary for covering risks of the previous periods and the planned risks associated with activity of the credit institution;

57.2. the ML/TF risk exposure of the credit institution over the previous periods which it had assumed to manage, and the expenditure related to its management, as well as the possible changes with regard to development forecasts of activity of the credit institution;

57.3. the results of a risk stress test regarding correspondent relationships and other types of risk stress tests in accordance with this Chapter.

58. Additionally, the credit institution shall perform the ML/TF risk stress tests in accordance with the scenarios developed and time periods specified by the Finance and Capital Market Commission.

**VII. Closing Provisions**

59. The credit institution shall ensure the submission of the report referred to in Paragraph 19 of these Provisions on the first quarter of 2019 by submitting the first report by 30 April 2019.

60. Upon the entry into force of these Provisions, the Regulatory Provisions No. 154 of 23 September 2016 of the Finance and Capital Market Commission, Regulatory Provisions for the Money Laundering and Terrorism Financing Risk Management, are repealed.

Deputy Chairperson of the Finance and Capital Market Commission G. Razāne

**Annex 1**

Finance and Capital Market Commission

Regulatory Provisions No. 1 3 January 2019

**M 11.00 Characterisation of the Money Laundering and Terrorism Financing Risk Exposure**



|  |  |
| --- | --- |
| Latvian | English |
| Pārskata ceturkšņa beigāsKlientu skaitsKlientu finanšu aktīvi, euroKlientiem izsniegtie aizdevumi, euroNoguldījumiTrasti (pasīvi pārvaldīšanā)Turējumā esoši klientu vērtspapīri | At the end of the reference quarterNumber of customersFinancial assets of customers, EURLoans provided to customers, EURDepositsTrusts (liabilities under management)Customers’ securities under custody |
| Pārskata ceturksnīKlientu kredīta apgrozījums, euroNoguldījumiTrasti (pasīvi pārvaldīšanā)Turējumā esoši klientu vērtspapīri | In the reference quarterCredit turnover of customers, EURDepositsTrusts (liabilities under management)Customers’ securities under custody |
| Kredītiestādes ienākumi, euro% ienākumiKomisijasFinanšu instrumentu tirdzniecības darījumi | Income of the credit institution, EUR% incomeCommissionsTransactions of trade in financial instruments |
| Stratēģijā noteiktie robežlielumi (%)Klientu finanšu aktīviKlientu kredīta apgrozījumsKredītiestādes ienākumi | Thresholds specified in the strategy (%)Financial assets of customersCredit turnover of customersIncome of the credit institution |
| Klienti kopā | Customers in total |
| Padziļinātās izpētes kontit.sk. LVt.sk. citās ES dalībvalstīst.sk. pārējās valstīsLR valsts un pašvaldības iestādesLR reģistrētās reliģiskās organizācijas un biedrībaspubliski zināmi ārvalstu juridiski veidojumipubliskās personaskapitālsabiedrības un tām pilnībā piederošās meitas sabiedrības | Enhanced due diligence accountsincluding in LVincluding in other EU Member Statesincluding in other countriesState and local government institutions of the Republic of Latviareligious organisations and associations registered in the Republic of Latviaforeign legal arrangements known to the general publicpublic personscapital companies and subsidiaries completely owned by them |
| Čaulas veidojumi | shell arrangements |
| 20 pēc kopējā kredīta apgrozījuma lielāko (padziļinātās izpētes) saistīto klientu grupu klientiGrupu skaits | customers of the 20 largest customers in terms of total credit turnover of groups of (enhanced due diligence) associated customersNumber of groups |
| Klienti ar risku paaugstinošu faktoru | Customers with a risk increasing factor |
| Klienti, kas paši sniedz citām personām norēķinu iespējas e-komercijas ietvaros | Customers who themselves provide settlement possibilities to other persons within the scope of e-commerce |
| Finanšu iestādes | Financial institutions |
| Privātbaņķiera pakalpojumu sniegšanaNeklātienē identificēti klientiStarpnieku identificēti klienti | Provision of private banking servicesRemotely identified customersCustomers identified by intermediaries |

**Annex 2**

Finance and Capital Market Commission

Regulatory Provisions No. 1 3 January 2019

**M 12.00 Amount of the Turnover of the Payments of Loro Correspondents (Respondents) of the Credit Institution Split by Countries of Registration of Loro Correspondents (Respondents)**



|  |  |
| --- | --- |
| Latvian | English |
| Valsts kods | Country code |
| Pārskata ceturksnī, euroIenākošie maksājumiIzejošie maksājumi | In the reference quarter, EURIncoming paymentsOutgoing payments |
| Bankas stratēģijā noteikts, euro | Determined in the bank strategy, EUR |
| Rindas identifikators (piem. 1,2,3) | Row identifier (e.g., 1, 2, 3) |
| Pavairojama rinda | Row to be copied |

**Annex 3**

Finance and Capital Market Commission

Regulatory Provisions No. 1 3 January 2019

**M 13.00 Indicators Defined Individually by the Credit Institution**



|  |  |
| --- | --- |
| Latvian | English |
| Pozīcijas nosaukums / Kritērijs | Item designation / Criterion |
| Pārskata ceturkšņa beigāsskaitsīpatsvars (%) | At the end of the reference quarternumberproportion (%) |
| Pārskata ceturksnī | In the reference quarter |
| Kredītiestādes stratēģijā noteikts | Determined in the strategy of the credit institution |
| Rindas identifikators (piem. 1,2,3) | Row identifier (e.g., 1, 2, 3) |
| Pavairojama rinda | Row to be copied |

**Annex 4**

Finance and Capital Market Commission

Regulatory Provisions No. 1 3 January 2019

**M 14.00 Number of Requests from Correspondent Credit Institutions with which the Credit Institution has Opened a Nostro Account (Correspondent Account), and the Amount of Funds of Transactions Referred to Within the Scope of Requests**



|  |  |
| --- | --- |
| Latvian | English |
| Korespondenta (respondenta) BIC kodsPieprasījumu skaitsApmērs, euro | BIC code of correspondent (respondent)Number of requestsAmount, EUR |
| Rindas identifikators (piem. 1,2,3) | Row identifier (e.g., 1, 2, 3) |
| Pavairojama rinda | Row to be copied |

**Annex 5**

Finance and Capital Market Commission

Regulatory Provisions No. 1 3 January 2019

**M 15.00 Number of Requests/Orders of the State Revenue Service and the Control Service, and the Amount of Transactions Referred to Within the Scope Thereof**



|  |  |
| --- | --- |
| Latvian | English |
| PieprasījumiPieprasījumu skaitsApmērs (pieprasījumi), euro | RequestsNumber of requestsAmount (requests), EUR |
| RīkojumiRīkojumu skaitsApmērs (rīkojumi), euro | OrdersNumber of ordersAmount (orders), EUR |
| Valsts ieņēmumu dienestsKontroles dienests | State Revenue ServiceControl Service |

**Annex 6**

Finance and Capital Market Commission

Regulatory Provisions No. 1 3 January 2019

**M 16.00 Characterisation of Customer Transactions by Countries**



|  |  |
| --- | --- |
| Latvian | English |
| Valsts kods | Country code |
| Klienti pēc patiesā labuma guvēja valsts (PLG)Pārskata ceturkšņa beigāsPārskata ceturksnīPLG klientu skaitsPLG finanšu aktīvi kopā, euroPLG noguldījumu apmērs, euroPLG klientu kredīta apgrozījums, euro | Customers by the country of the beneficial owner (BO)At the end of the reference quarterIn the reference quarterNumber of BO customersFinancial assets of BO in total, EURAmount of BO deposits, EURCredit turnover of BO customers, EUR |
| Klienti pēc politiski nozīmīgās personas statusa (PNP)Pārskata ceturkšņa beigāsPārskata ceturksnīPNP klientu skaitsPNP finanšu aktīvi kopā, euroPNP noguldījumu apmērs, euroPNP klientu kredīta apgrozījums, euro | Customers by the status of a politically exposed person (POP)At the end of the reference quarterIn the reference quarterNumber of POP customersFinancial assets of POP in total, EURAmount of POP deposits, EURCredit turnover of POP customers, EUR |
| Klienti pēc padziļinātās izpētes statusa (PI)Pārskata ceturksnīPI klientu kredīta apgrozījums, euro | Customers by the status of enhanced due diligence (EDD)In the reference quarterCredit turnover of EDD customers, EUR |
| Rindas identifikators (piem. 1,2,3) | Row identifier (for example, 1, 2, 3) |
| Pavairojama rinda | Row to be copied |

**Annex 7**

Finance and Capital Market Commission

Regulatory Provisions No. 1 3 January 2019

**M 17.00 Customers with Whom the Credit Institution has Decided (after the ML/TF Risk Assessment) to Terminate the Business Relationship, and the Balance of Their Deposits**



|  |  |
| --- | --- |
| Latvian | English |
| Klientu skaitsNoguldījumu atlikums, euro | Number of customersBalance of deposits, EUR |
| a+b un/vai a+b+c čaulas veidojumi | a+b and/or a+b+c shell arrangements |
| Pārējie čaulas veidojumi | Other shell arrangements |
| Citi | Other |