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

14 January 2010 [shall come into force on 24 February 2010];

16 March 2017 [shall come into force on 1 May 2017];

6 July 2021 [shall come into force on 1 August 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:

**On European Companies**

**Chapter I General Provisions**

**Section 1. Purpose of the Law**

The purpose of the Law is to regulate the procedures for the formation of European companies and provisions for their operation, if a European company is intended to be registered in Latvia or a company registered in Latvia is directly participating in the formation of a European company (hereinafter – the founder company), or a subsidiary company (a company that is under the decisive influence of the dominating company) of the founder company is registered in Latvia.

[*14 January 2010*]

**Section 2. Laws and Regulations Applicable to a European Company**

(1) Laws and regulations applicable to the keeping of public limited-liability companies and a commercial register shall be applied to a European company, insofar as it is not otherwise provided for in Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (hereinafter – Regulation No 2157/2001) and this Law.

(2) Involvement of employees in decision making of a European company shall be regulated by the law On the Involvement of Employees in Decision Making in a European Commercial Company, a European Cooperative Society and in the Case of Cross-Border Merger of Capital Companies.

[*14 January 2010*]

**Chapter II Formation of a European Company**

**Section 3. Ways of Forming a European Company**

(1) In compliance with the provisions of Regulation No 2157/2001, a European company may be formed:

1) by merging public limited-liability companies of Member States;

2) by public limited-liability companies or limited liability companies of a Member State promoting the formation of a holding company;

3) by transforming a public limited-liability company of a Member State;

4) as a subsidiary public limited-liability company within the meaning of Article 2(3) of Regulation No 2157/2001.

(2) Within the meaning of this Law, a Member State is a European Union Member State, the Republic of Iceland, the Kingdom of Norway and the Principality of Liechtenstein.

**Section 4. Submission of Information and Announcement as a Founder Company**

(1) If a European company is formed by merger of public limited-liability companies of Member States, in the case referred to in Articles 20 and 21 of Regulation No 2157/2001 the founder public limited-liability company shall submit to the Enterprise Register a draft terms of merger and the information referred to in Article 21 of Regulation No 2157/2001. The registration date of the draft terms of merger and the number of the commercial register file in which the draft terms of merger are located, and also the information referred to in Article 21 of Regulation No 2157/2001 shall be announced in the official gazette *Latvijas Vēstnesis*.

(2) In order to enable the Enterprise Register to verify the legality of merger acts of public limited-liability companies and formalities in accordance with Article 25(1) of Regulation No 2157/2001, the founder public limited-liability company shall submit a notice to the Enterprise Register regarding completion of such actions and formalities which are to be performed before merger, and also the documents to be submitted to the Enterprise Register in accordance with the provisions of the Commercial Law in case of a merger of public limited-liability companies.

(3) If, in the merger of public limited-liability companies of Member States, at least one founder public limited-liability company has been formed in Latvia and a European company is being formed in Latvia, the founder public limited-liability companies shall submit to the Enterprise Register an application for merger and an application for the registration of the European company. The application for merger and registration shall be submitted in order for the relevant entries to be made in the commercial register in accordance with Articles 12 and 28 of Regulation No 2157/2001 as well as the laws and regulations governing commercial activity. If, in the merging of public limited-liability companies of Member States, the European company is formed in another Member State, after the registration of the European company, the founder public limited-liability company whose registered office is in Latvia shall immediately submit to the Enterprise Register an application for the exclusion thereof from the commercial register and a certification of the registration of the European company in another Member State. The application for exclusion from the commercial register shall be submitted in order for the relevant entry to be made in the commercial register in accordance with Article 28 of Regulation No 2157/2001 and the laws and regulations governing commercial activity.

(4) If the European company is formed as a holding company, the founder public limited-liability company or a public limited liability company shall submit to the Enterprise Register the draft terms for the formation of a holding company referred to in Article 32(3) of Regulation No 2157/2001 which the Enterprise Register publishes on its website. The registration date of the draft terms for the formation of a holding company and the number of the commercial register file in which the draft terms for the formation of the holding company are located shall be announced in the official gazette *Latvijas Vēstnesis*.

(5) In the case referred to in Article 33(3) of Regulation No 2157/2001, a founder public limited-liability company or a public limited liability company shall submit to the Enterprise Register a certification on the fulfilment of the conditions referred to in Article 33(2) of Regulation No 2157/2001. The fact of the fulfilment of the conditions shall be announced in the official gazette *Latvijas Vēstnesis*.

(6) Upon conversion of a public limited-liability company of a Member State into a European company, the founder public limited-liability company shall submit to the Enterprise Register the draft terms of conversion referred to in Article 37(5) of Regulation No 2157/2001 which the Enterprise Register shall publish on its website. The registration date of the draft terms of conversion and the number of the commercial register file in which the draft terms of conversion are located shall be announced in the official gazette *Latvijas Vēstnesis*.

(7) The founder company shall pay a State fee for the submission of information and the making of an entry in the commercial register, which has been determined in the laws and regulations regarding the submission of information and the making of entries in the commercial register.

[*16 March 2017; 6 July 2021 / The new wording of the second sentence of Paragraph four and second sentence of Paragraph six, and also the amendment to Paragraph five regarding the replacement of the words “announced in the official gazette Latvijas Vēstnesis” with the words “published on the website of the Enterprise Register” shall come into force on 1 July 2023 and shall be included in the wording of the Law as of 1 July 2023. See Transitional Provisions*]

**Section 5. Submission of Information to the Enterprise Register and the Making of Entries in the Commercial Register Regarding a European Company**

(1) An entry in the commercial register regarding European companies shall be made on the basis of an application of an interested party or a court ruling. Information on the European company in conformity with the laws and regulations regarding the public limited-liability company and the keeping of commercial register shall be indicated in the application for making an entry in the commercial register, insofar as it is not otherwise provided for in Regulation No 2157/2001 and this Law.

(11) The type of forming the European company in compliance with the conditions specified in Regulation No 2157/2001 and the sector of activity shall be indicated in the application for the registration of the European company in the commercial register.

(2) When submitting an application for the registration of a European company (also when transferring the registered office of a European company from another Member State to Latvia), an application shall be appended by the documents specified in Regulation No 2157/2001, and also the documents which in the case of formation of public limited-liability companies are to be submitted to the Enterprise Register in accordance with the provisions of the Commercial Law. The Enterprise Register shall take the decision to register the European company (also when transferring the registered office of the European company from another Member State to Latvia) within the time periods determined in the Administrative Procedure Law.

(3) When transferring the registered office of a European company to another Member State, the European company shall submit to the Enterprise Register the address transfer proposal referred to in Article 8(2) of Regulation No 2157/2001. The Enterprise Register shall make an entry in the commercial register on the fact of the proposal to change the registered office to another Member State and the new registered office, and shall publish the new registered office on its website. The registration date of the address transfer proposal, the number of the commercial register file of the European company in which the address transfer proposal is located, and the new registered office shall be announced in the official gazette *Latvijas Vēstnesis*.

(4) A European company shall pay a State fee for the submission of information and the making of an entry in the commercial register, which has been determined in the relevant laws and regulations regarding the submission of information and the making of entries in the commercial register on public limited-liability companies.

[*16 March 2017; 6 July 2021 / The new wording of the third sentence of Paragraph three shall come into force on 1 July 2023 and shall be included in the wording of the Law as of 1 July 2023. See Transitional Provisions*]

**Section 6. Registered Office of a European Company**

In accordance with Article 7 of Regulation No 2157/2001, the registered office of a European company shall be the address of the head office of the European company (the address of the location of the management of the European company).

**Section 7. Protection of the Rights of Minority Shareholders**

In accordance with Article 24(2) of Regulation No 2157/2001, a shareholder of a public limited-liability company involved in a merger who objects to the merger is entitled, within a period of one month after a decision of a general meeting regarding the merger has been taken, to request a compensation from the public limited-liability company, which is provided for in the laws and regulations governing commercial activity in the case of reorganisation of companies.

**Section 8. Competence of State Administration Institutions in the Formation of a European Company**

(1) In accordance with Article 19 of Regulation No 2157/2001, the Financial and Capital Market Commission and the State Revenue Service may, in compliance with the competence thereof, oppose to the participation of a public limited-liability company registered in Latvia in the formation of a European company which includes a merger.

(2) Decisions of the Financial and Capital Market Commission and the State Revenue Service may be appealed to a court in accordance with the procedures specified in the laws and regulations governing administrative proceedings.

**Chapter III Transfer of the Registered Office of a European Company to Another Member State**

**Section 9. Protection of the Rights of Minority Shareholders**

In accordance with Article 8(5) of Regulation No 2157/2001, a shareholder of a European company who objects to the transfer of the registered office of the European company to another Member State is entitled, within a period of one month after a decision of a general meeting regarding the transfer of the registered office has been taken, to request a compensation from the European company, which is provided for in the laws and regulations governing commercial activity in the case of reorganisation of companies.

**Section 10. Measures for the Protection of Creditors**

If a European company transfers the registered office to another Member State after a decision of a general meeting of the European company regarding the transfer of the registered office has been taken, the laws and regulations that determine the measures for the protection of creditors with regard to the company being acquired shall be applied.

**Section 11. Competence of State Administration Institutions in the Case of Transferring the Registered Office**

(1) In accordance with Article 8(14) of Regulation No 2157/2001, transfer of the registered office to another Member State shall not enter into effect if the Financial and Capital Market Commission and the State Revenue Service opposes to it.

(2) Decisions of the Financial and Capital Market Commission and the State Revenue Service may be appealed to a court in accordance with the procedures specified in the laws and regulations governing administrative proceedings.

**Chapter IV Administrative System of a European Company**

**Section 12. Two-tier Administrative System of a European Company**

(1) If a management organ and a supervisory organ (two-tier administrative system) exist in a European company, the laws and regulations applicable to a meeting of shareholders, the supervisory board and executive board of a public limited-liability company shall be applied accordingly to the general meeting of the shareholders, the supervisory organ (hereinafter – the supervisory board) and the management organ (hereinafter – the executive board) of the European company, unless it is otherwise provided for in Regulation No 2157/2001 and in this Law.

(2) In accordance with Article 39(4) and Article 40(3) of Regulation No 2157/2001, the norms of laws and regulations governing commercial activity regarding the minimum and maximum number of members of the supervisory board and executive board of a public limited-liability company shall be applied accordingly to the minimum and maximum number of members of the supervisory board and executive board of a European company.

**Section 13. One-tier Administrative System of a European Company**

(1) If a European company has only the executive board (one-tier administrative system), the laws and regulations applicable to a meeting of shareholders and the executive of a public limited-liability company shall be applied accordingly to the general meeting of the shareholders and the executive board of the European company, unless it is otherwise provided for in Regulation No 2157/2001 and this Law.

(2) In accordance with Article 43(2) of Regulation No 2157/2001, the minimum number of members of the executive board shall be three.

(3) The executive board shall be appointed and removed by a general meeting of shareholders in accordance with the procedures for taking the decisions specified in Regulation No 2157/2001.

**Chapter V Share Capital and Annual Accounts of a European Company**

**Section 14. Expression of Share Capital**

In accordance with Article 67(1) of Regulation No 2157/2001, the share capital of a European company shall also be expressed in the monetary units of the Republic of Latvia.

**Section 15. Annual Accounts**

In accordance with Article 67(2) of Regulation No 2157/2001, the monetary unit of the Republic of Latvia shall be used as the monetary unit in the annual accounts and the consolidated annual accounts of a European company.

**Chapter VI Provisions for the Involvement of Employees**

[14 January 2010]

**Section 16. Duty of Conducting Negotiations**

[14 January 2010]

**Section 17. Establishment of a Special Negotiating Body**

[14 January 2010]

**Section 18. Additional Representatives**

[14 January 2010]

**Section 19. Election of the Members of the Special Negotiating Body in Latvia**

[14 January 2010]

**Section 20. Agreement regarding the Involvement of Employees in the Taking of Decisions**

[14 January 2010]

**Section 21. Decision-Making in the Special Negotiating Body**

[14 January 2010]

**Section 22. Reduction of Participation Rights**

[14 January 2010]

**Section 23. Invitation of Experts**

[14 January 2010]

**Section 24. Decision regarding the Application of the Regulations of a Member State**

[14 January 2010]

**Section 25. Reconvening of the Special Negotiating Body**

[14 January 2010]

**Section 26. Expenditures**

[14 January 2010]

**Section 27. Content of the Agreement**

[14 January 2010]

**Section 28. Duration of Negotiations**

[14 January 2010]

**Section 29. Application of Basic Provisions regarding Employee Involvement in the Taking of Decisions**

[14 January 2010]

**Section 30. Determination of Forms of Participation**

[14 January 2010]

**Section 31. Establishment of a Representative Body**

[14 January 2010]

**Section 32. Basic Provisions regarding the Information and Consultation of Employees**

[14 January 2010]

**Section 33. Standard Rules for Employee Participation**

[14 January 2010]

**Section 34. Commercial Secrets**

[14 January 2010]

**Section 35. Rights and Duties of Members of a Special Negotiating Body, Members of a Representative body and Employee Representatives**

[14 January 2010]

**Section 36. Liability for Non-compliance with this Law**

[14 January 2010]

**Transitional Provision**

The new wording of the second sentence of Section 4, Paragraph four and second sentence of Section 4, Paragraph six of this Law, and the third sentence of Section 5, Paragraph three of this Law, and also the amendment to Section 4, Paragraph five of this Law shall come into force on 1 July 2023.

[*6 July 2021* / *The abovementioned amendments shall be included in the wording of the Law as of 1 July 2023*]

**Informative Reference to European Union Directive**

[*26 July 2021*]

The Law includes legal norms arising from Directive (EU) 2019/1151 of the European Parliament and of the Council of 20 June 2019 amending Directive (EU) 2017/1132 as regards the use of digital tools and processes in company law.

The Law has been adopted by the *Saeima* on 10 March 2005.

President V. Vīķe-Freiberga

Rīga, 24 March 2005