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 from 1 May 2017].

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 Cooperative Societies**

**Chapter I General Provisions**

**Section 1. Purpose of the Law**

The purpose of the Law is to regulate the procedures for formation of European cooperative societies and provisions for operation thereof, if it is intended to register a European cooperative society in Latvia or a cooperative society, commercial company registered in Latvia or a natural person permanently living in Latvia (hereinafter – a founder) is directly participating in the formation of a European cooperative society.

**Section 2. Laws and Regulations Applicable to a European Cooperative Society**

(1) Laws and regulations applicable to the formation and operation of cooperative societies and merger and conversion of public limited-liability companies, as well as conducting of the Enterprise Register Journal shall be applied to a European cooperative society, insofar as it is not otherwise provided for in Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE) (hereinafter – Regulation No 1435/2003) and this Law.

(2) Involvement of employees in decision making of European cooperative societies 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 and Registration of a European Cooperative Society**

**Section 3. Formation of a European Cooperative Society**

(1) A European cooperative society shall be formed in accordance with Article 2(1) of Regulation No 1435/2003. The procedures for the formation of a European cooperative society shall be determined by Regulation No 1435/2003 and the Cooperative Societies Law unless it is otherwise provided for in this Law.

(2) If a European cooperative society is established by way of merger of cooperative societies of the Member States, the laws and regulations governing mergers of public limited-liability companies shall be applied.

(3) If a European cooperative society is established by way of conversion of cooperative societies of the Member States, the laws and regulations governing conversion of public limited-liability companies shall be applied.

(4) 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. Registered Office of a European Cooperative Society**

In accordance with Article 6 of Regulation No 1435/2003, the registered office of a European cooperative society shall be the address of the head office of a European cooperative society (the address of the location of the management of the European cooperative society).

**Section 5. Procedures for Merger of Cooperative Societies**

(1) If a European cooperative society is formed by merger of cooperative societies of the Member States, a founder which is a cooperative society registered in Latvia shall submit to the Enterprise Register a draft agreement of merger and a written report which includes the particulars referred to in Article 24(2) of Regulation No 1435/2003. The registration date of the draft agreement of merger, and also the number of the Enterprise Register file in which the draft agreement of merger and written report which includes the particulars referred to in Article 24(2) of Regulation No 1435/2003 are located shall be announced in the official gazette *Latvijas Vēstnesis*.

(2) A member of a cooperative society involved in merger who objects to the merger is entitled to request repayment of cooperative shares from the relevant cooperative society that is provided for in the laws and regulations governing the operation of cooperative societies in case of resignation of a member.

(3) In order the Enterprise Register, in accordance with Article 29(1) of Regulation No 1435/2003, may verify the legality of merger acts and formalities, a founder, which is a cooperative society registered in Latvia, shall submit a notice to the Enterprise Register regarding completion of such actions and formalities of the cooperative society involved in merger which are to be performed before merger, and also the documents to be submitted to the Enterprise Register in accordance with the laws and regulations governing the completion of merger of public limited-liability companies.

(4) If it is intended to register a European cooperative society in another Member State, the Enterprise Register shall, within the time periods determined in the Administrative Procedure Law, take a decision on the completion of such acts and formalities of a cooperative society involved in merger and registered in Latvia which are to be performed before the merger. Prior to taking of the decision on the merger of a cooperative society, the Enterprise Register shall request the consent from the Financial and Capital Market Commission, the State Revenue Service and, where necessary, the Ministry of Economics.

(5) In order the Enterprise Register, in accordance with Article 30(1) of Regulation No 1435/2003, may verify the legality of the completion of merger and formation of a European cooperative society in the case when at least one founder is a cooperative society registered in Latvia, the founders shall submit an application to the Enterprise Register regarding merger and application for the registration of the European cooperative society, and also the documents to be submitted to the Enterprise Register in accordance with the laws and regulations governing the completion of merger and formation of a cooperative society.

(6) In order the Enterprise Register, in accordance with Article 30(1) of Regulation No 1435/2003, may verify the legality of the completion of merger and formation of a European cooperative society in the case when founders are cooperative societies registered in other Member States, the founders shall submit an application to the Enterprise Register for the registration of the European cooperative society, and also the documents to be submitted to the Enterprise Register in relation to the formation of a cooperative society.

(7) Founders shall pay a State fee for the submission of information and the making of an entry in the Enterprise Register Journal, which has been determined in the laws and regulations regarding the submission of information and the making of entries in the Enterprise Register Journal. The fee for the announcement of entries in the official gazette *Latvijas Vēstnesis* and the procedures for the collection thereof shall be determined in the laws and regulations regarding the amount of fee for the announcement of entries and information included in the Enterprise Register Journal and the procedures for the collection thereof.

[*16 March 2017*]

**Section 6. Competence of State Administration Institutions in Case of Merger of Cooperative Societies**

(1) In accordance with Article 21 of Regulation No 1435/2003, the Financial and Capital Market Commission, the State Revenue Service and the Ministry of Economics may, in compliance with the competence thereof, oppose to the participation of a cooperative society registered in Latvia in formation of a European cooperative society.

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

**Section 7. Submission of Information to the Enterprise Register and Making of Entries in the Enterprise Register Journal Regarding a European Cooperative Society**

(1) Entries regarding European cooperative societies shall be made in the Enterprise Register Journal on the basis of an application of an interested party or a court ruling. Information on the European cooperative societies in conformity with the laws and regulations regarding the formation and operation of cooperative societies and merger and conversion of public limited-liability companies, and also regarding conducting of the Enterprise Register Journal shall be indicated in the application for making an entry in the Enterprise Register Journal, insofar as Regulation No 1435/2013 and this Law do not provide otherwise.

(11) The liquidator shall certify in the application for making an entry on the deletion of the European cooperative society from the Enterprise Register Journal that the European cooperative society does not have any outstanding debt obligations, liquidation is carried out in accordance with the procedures laid down in laws and regulations, and the remaining property is divided in accordance with Article 75 of Regulation No 1435/2003.

(12) Minutes of the meeting of members, the terms of conversion referred to in Article 76(3) of Regulation No 1435/2003, statutes of the cooperative society, and a report of an independent expert shall be appended to the application for making an entry in the Enterprise Register Journal on the conversion of the European cooperative society into a cooperative society.

(2) When submitting an application for the registration of a European cooperative society (also when transferring the registered office of a European cooperative society from another Member State to Latvia), an application shall be appended by the documents specified in Regulation No 1435/2003, and also documents which in relation to the formation of a cooperative society are to be submitted to the Enterprise Register in accordance with the Cooperative Societies Law and the law On the Enterprise Register of the Republic of Latvia or – in the case of merger or conversion of cooperative societies – in accordance with the Commercial Law that specifies the documents to be submitted in relation to reorganisation of public limited-liability companies.

(3) The Enterprise Register shall take a decision on the registration of the European cooperative society (also when transferring the registered office of the European cooperative society from another Member State to Latvia) within the time periods determined in the Administrative Procedure Law.

(4) A State fee which is determined in the relevant laws and regulations shall be paid by the European cooperative society for the submission of information and making of entry in the Enterprise Register Journal. The fee for the announcement of entries in the official gazette *Latvijas Vēstnesis* and the procedures for the collection thereof shall be determined in the laws and regulations regarding the amount of fee for the announcement of entries and information included in the Enterprise Register Journal and the procedures for the collection thereof.

[*16 March 2017*]

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

**Section 8. Submission of Information to the Enterprise Register in the Case when the Registered Office is Transferred from Latvia to Another Member State**

(1) Prior to transfer of the registered office of the European cooperative society from Latvia to another Member State, a European cooperative society shall submit the address transfer proposal referred to in Section 7(2) of Regulation No 1435/2003 to the Enterprise Register. The Enterprise Register shall make an entry on the fact of the proposal – to change the registered office from Latvia to another Member State – and on the new registered office. The registration date of the address transfer proposal, the number of the Enterprise Register file in which the address transfer proposal is located, and the new registered office of the European cooperative society shall be announced in the official gazette *Latvijas Vēstnesis*.

(2) In order the Enterprise Register, in accordance with Article 7(7) and (8) of Regulation No 1435/2003, may verify the legality of acts and formalities to be performed before the transfer of the registered office, the European cooperative society shall submit an application for the transfer of the registered office and certification referred to in Article 7(7) of Regulation No 1435/2003.

(3) A decision regarding completion of such acts and formalities which are to be performed before the transfer of the registered office shall be taken by the Enterprise Register within the time periods determined in the Administrative Procedure Law. Prior to taking a decision, the Enterprise Register shall request the consent from the Financial and Capital Market Commission, the State Revenue Service and, where necessary, the Ministry of Economics for the transfer of the registered office of a European cooperative society from Latvia to another Member State.

[*16 March 2017*]

**Section 9. Measures for the Protection of Creditors**

If a European cooperative society transfers the registered office from Latvia to another Member State after a decision of a general meeting of the European cooperative society 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 public limited-liability company being acquired shall be applied.

**Section 10. Competence of State Administration Institutions in Case when the Registered Office of the European Cooperative Society is Transferred from Latvia to Another Member State**

(1) In accordance with Article 7(14) of Regulation No 1435/2003, transfer of the registered office from Latvia to another Member State shall not come into effect if the Financial and Capital Market Commission, the State Revenue Service or the Ministry of Economics opposes to it in compliance with the competence thereof.

(2) Decision of the Financial and Capital Market Commission, the State Revenue Service and the Ministry of Economics 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 Cooperative Society**

**Section 11. Two-tier Administrative System of a European Cooperative Society**

(1) In case when there is a management organ and supervisory organ (two-tier administrative system), the laws and regulations applicable to a general meeting of members, the council and board of cooperative societies shall be respectively applied to the general meeting of members, supervisory organ (hereinafter – the council) and management organ (hereinafter – the board) of such European cooperative society, unless it is otherwise provided for in Regulation No 1435/2003 and in this Law.

(2) In accordance with Article 37(4) and Article 39(4) of Regulation No 1435/2003, the requirements of laws and regulations with regard to the minimum and maximum number of members of the board and council of the cooperative society shall be respectively applied to the board and council of a European cooperative society.

**Section 12. One-tier Administrative System of a European Cooperative Society**

(1) In case when there is only a board in a European cooperative society (one-tier administrative system), the laws and regulations to be applied to a general meeting of members and a board of cooperative societies shall be respectively applied to the general meeting of members and board of such European cooperative society, unless it is otherwise provided for in Regulation No 1435/2003 and in this Law.

(2) In accordance with Article 42(2) of Regulation No 1435/2003, the minimum number of members of a board shall be three.

(3) A board shall be appointed and removed by a general meeting of members in accordance with the decision making procedures determined in Regulation No 1435/2003.

**Chapter V Share Capital and Annual Accounts of a European Cooperative Society**

**Section 13. Expression of Share Capital of a European Cooperative Society**

In accordance with Article 77(1) of Regulation No 1435/2003, the share capital of a European cooperative society shall also be expressed in the monetary units of the Republic of Latvia.

**Section 14. Annual Accounts of a European Cooperative Society**

In accordance with Article 77(2) of Regulation No 1435/2003, 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 cooperative society.

**Chapter VI Convening of a General Meeting of Members of a European Cooperative Society and Winding-up of a European Cooperative Society**

**Section 15. Convening of a General Meeting of Members of a European Cooperative Society**

In accordance with Article 54(2) of Regulation No 1435/2003, a competent institution that may convene a general meeting of members of a European cooperative society shall be the Enterprise Register.

**Section 16. Winding-up of a European Cooperative Society**

In cases determined in Article 73 of Regulation No 1435/2003, the Enterprise Register shall notify in writing a European cooperative society and determine a reasonable time period for it, but not more than three months, for the elimination of the relevant infringements. If within the determined time period following the receipt of a written warning the deficiencies are not eliminated, the Enterprise Register is entitled to bring an action to court regarding a winding-up of a European cooperative society.

The Law has been adopted by the *Saeima* on 26 October 2006.

President V. Vīķe-Freiberga

Rīga, 9 November 2006