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8 March 2012 [shall come into force on 1 April 2012];

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

7 November 2013 [shall come into force on 1 January 2014].

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 Privatisation Certificates**

**Chapter I**

**General Provisions**

**Section 1. Terms Used in the Law**

The following terms are used in the Law:

1) **privatisation certificate** (hereinafter – the certificate) – a dematerialised security granted by the State which can only be used once as a means of payment for the State and local government property to be privatised;

2) **privatisation certificate account** – an account opened in accordance with the procedures laid down in this Law where the certificates belonging to the owners of certificates and the transactions therewith are kept;

3) **privatisation certificate book** (hereinafter – the certificate book) – a document displaying the privatisation certificate account and transactions with the certificates;

4) **inhabitant of Latvia** – within the meaning of this Law: a citizen of Latvia or a person registered with the Citizenship and Immigration Department with permanent data records in the Republic of Latvia and who has received an individual and constant personal identity number that has been recorded in the personal identification documents or who has received a permanent residence permit;

5) **collective investment fund** – a joint property of investors managed by a collective investment company separately from own property;

6) **collective investment company** – a joint stock company which has received a special permit (licence) and is acting in its own name with the certificates invested in the collective investment fund and with other property, which purchases for such certificates State and local government property to be privatised and administers (manages) it separately from own property;

7) **certificates for the length of residence in Latvia** – certificates granted to the inhabitants of Latvia in conformity with the provisions of Chapter II of this Law;

8) **certificates for politically repressed persons** – certificates which in conformity with the provisions of Chapter III of this Law are granted to the persons who have been recognised to be politically repressed in accordance with the procedures laid down in the law;

9) **property compensation certificates** – certificates which are granted in the cases and in accordance with the procedures laid down in Chapter IV of this Law to the former owners of nationalised and otherwise misappropriated properties or their heirs if the former property cannot be returned or if the former owner or his or her heirs waive their right to ownership and prefer compensation instead of property;

10) **servicing of privatisation certificate accounts** – a State administration task which covers opening and maintaining privatisation certificate accounts, transfer of certificates to the privatisation certificate account and other services related to servicing the certificate accounts and handling of certificates;

11) **administration of the handling of privatisation certificates** – a State administration task within the framework of which granting and issuance of certificates, the use and redemption thereof, and also other actions related to supervising the handling of certificates are controlled.

[*16 June 1999; 8 March 2012; 7 November 2013*]

**Section 2. Persons to whom Certificates shall be Granted**

Certificates shall be granted to:

1) inhabitants of Latvia in conformity with the length of residence in Latvia;

2) former owners of nationalised and otherwise misappropriated properties or their heirs and also persons whose capital shares (co-operative shares) calculated in privatised specialised State agricultural undertakings have been reduced due to retention of the property share of the undertaking for the needs of the State;

3) politically repressed persons.

**Section 3. Certificate Value**

The nominal value of one certificate shall be EUR 39.84.

[*7 November 2013*]

**Section 3.1 Delegation of the Administration of Servicing of Privatisation Certificate Accounts and Handling of Privatisation Certificates**

(1) The Cabinet may delegate servicing of privatisation certificate accounts and handling of privatisation certificates to a private person in the cases and in accordance with the procedures laid down in laws and regulations.

(2) Expenses related to the performance of the delegated State administration tasks shall be covered in accordance with the procedures determined by the Cabinet from the revenues generated through servicing of a privatisation certificate account and the resources of the reserve fund created on the basis of the law On Privatisation of State and Local Government Property Objects.

[*7 November 2013 / See Paragraph 11 of Transitional Provisions*]

**Section 4. Procedures for Opening a Privatisation Certificate Account**

(1) The payment and procedures for opening a privatisation account shall be determined by the Cabinet. Retired persons, disabled persons, large families, politically repressed persons, persons under State support or under support of disabled persons, retired persons, politically repressed persons and minors to whom a pension has been granted in the case of the loss of a provider may settle the relevant payment in the form of certificates.

(2) Certificates granted to an inhabitant of Latvia shall be transferred to his or her privatisation certificate account and displayed in the certificate book issued to the owner thereof. The privatisation certificate account may be supplemented with inherited, purchased, gifted or additionally granted certificates.

(3) Certificates purchased by legal persons shall be transferred to the privatisation certificate accounts of such legal persons the procedures for opening of which are determined by the Cabinet.

(4) The person whereto the task of servicing the certificate account has been delegated in accordance with Section 3.1 of this Law shall be subject to the application of the provisions laid down in the Credit Institution Law with regard to the provision of information on privatisation certificate accounts, seizure of privatisation certificate accounts, imposition of arrest on privatisation certificate accounts and recovery of privatisation certificates owned by the person.

(5) The authorities laid down in laws and regulations shall monitor whether each person holding certificates for the length of residence in Latvia and certificates of a politically repressed person would have only one privatisation certificate account and shall also control the amount of certificates which have been granted, are in handling and have been redeemed.

(51) The procedures for servicing of privatisation certificate accounts, tariffs and a means of payment, and also the procedures for the provision of reports on opening privatisation certificate accounts shall be determined by the Cabinet.

(6) When opening a privatisation certificate account, the applicant for certificates shall present personal identification documents and a document of a specific form for the receipt of certificates, whereas in the case of inheritance of certificates – also documents confirming kinship, a will or a court judgment on confirmation of inheritance rights which have entered into force.

(7) The interests of the applicants for certificates who are minors or whose capacity to act is restricted shall be represented in the procedures for receipt and use of certificates by their trustees or guardians in accordance with laws. Each inhabitant of Latvia who is a minor and whose capacity to act is restricted shall open his or her privatisation certificate account.

(8) The process of granting certificates and opening of privatisation certificate accounts shall be organised and ensured by a rural territory council, a district council or a city council.

(9) Persons who apply for receipt of certificates for the length of residence in Latvia have the right to submit a declaration for receipt of the relevant certificates and to open the account for these privatisation certificates in accordance with the time periods determined by the Cabinet.

(10) If certificates for the length of residence in Latvia or certificates of a politically repressed person, or property compensation certificates for the same property are granted repeatedly to the applicant for certificates upon request thereof, the double amount of the certificates of the relevant type granted repeatedly shall be cancelled in accordance with the procedures determined by the Cabinet.

(11) If after taking the decision to grant certificates the applicant for certificates submits additional documents confirming the right to receive additional certificates, such certificates shall be transferred to the privatisation certificate account of the applicant.

(12) If property compensation certificates are sold, inherited or gifted, the status thereof shall not change and the privatisation certificate accounts and certificate books of the holders of such certificates shall include a reference to such status.

[*16 June 1999; 7 June 2007; 8 March 2012; 7 November 2013*]

**Chapter II**

**Certificates for the Length of Residence in Latvia**

**Section 5. Amount of Certificates to be Granted for the Length of Residence in Latvia**

(1) A citizen of Latvia (including a minor citizen) shall be granted one certificate for each year of the length of residence until 31 December 1992 if in the time period from 9 May 1945 to 31 December 1992 his or her permanent place of residence has been in Latvia, regardless of the length of residence thereof in Latvia during this time period. A citizen of Latvia whose residence in the time period from 9 May 1945 to 31 December 1992 has not been in Latvia shall be granted one certificate for each year of residence until 31 December 1944.

(2) Each citizen of Latvia holding the citizenship of Latvia on 17 June 1940 and each citizen of Latvia (including a minor citizen) at least one ancestor whereof held the citizenship of Latvia before 17 June 1940, regardless of his or her place of residence and date of birth, shall be granted 15 certificates, thus taking into account State and local government property created by his or her ancestors, and also State property created by the citizens of Latvia until 17 June 1940.

(3) An inhabitant of Latvia (including a minor inhabitant) born in Latvia but who is not a citizen of Latvia shall be granted one certificate for each year of residence following the last arrival for permanent residence in Latvia until 31 December 1992 if in the time period from 9 May 1945 to 31 December 1992 his or her permanent place of residence has been in Latvia, regardless of the length of residence thereof in Latvia during this time period. If the residence of such inhabitant of Latvia has not been in Latvia in the time period from 9 May 1945 to 31 December 1992, he or she shall be granted one certificate for each year of residence until 31 December 1944. A person born in Latvia within the meaning of this Law shall not be regarded an inhabitant of Latvia born before arrival of his or her mother for permanent residence in Latvia.

(4) An inhabitant of Latvia (including a minor inhabitant) not born in Latvia and who is not a citizen of Latvia shall be granted by five certificates less than he or she would be granted in conformity with the time period of his or her residence following the last arrival for permanent residence in Latvia until 31 December 1992, thus compensating the use of the already created social, municipal and other infrastructure objects. If an inhabitant of Latvia arrived in Latvia after attaining normal pensionable age (for women – 55 years, for men – 60 years) and has not been engaged in paid employment in Latvia for at least five years, no certificates shall be granted to such person for his or her residence in Latvia. The employment or service referred to in Section 6, Clauses 1 and 2 of this Law and also employment in foreign (including USSR) troops shall not be regarded as paid employment in Latvia.

(5) If an inhabitant of Latvia (including a minor inhabitant) not born in Latvia and who is not a citizen of Latvia provides documentary evidence that he or she or his or her ancestors had a permanent residence in Latvia before 17 June 1940, he or she shall be granted one certificate for each year of residence after the last arrival for permanent residence in Latvia until 31 December 1992 and the provisions of Paragraph four of this Section shall not be applied to him or her.

**Section 6. Restrictions for Granting Certificates for the Length of Residence in Latvia**

Certificates shall not be granted for:

1) the length of service after 2 September 1945 in the armed forces of the USSR or the Russian Federation, border guard, railway, internal and KGB troops of the USSR or the Russian Federation. This provision shall not apply to mandatory service regardless of the service rank and the service related to fire safety in Latvia or guarding of prisons in Latvia and also officers and career service soldiers who after 4 May 1990 voluntarily joined the Defence Forces, the National Guard, who serve in or are employed by the Ministry of the Interior or the Ministry of Defence, the authorities under subordination or under supervision of these ministries;

2) the time period during which the person was employed by the USSR and Latvian SSR, KGB institutions, CPSU and LCP district, regional level, city and higher level institutions and organisations. This provision shall not apply to the servicing personnel of such institutions and organisations;

3) the time period spent in imprisonment, except for the imprisonment of persons due to political repressions who have been recognised as politically repressed in accordance with the law;

4) the lifetime of the persons referred to in Clauses 1 and 2 of this Law after attaining the old age pension or service pension age, unless such persons have been engaged in other paid employment in Latvia for at least five years;

5) the time period when Latvia was the residence of the family members of the persons who are subject to the application of the restrictions referred to in Clauses 1 and 2 of this Section – spouses of such persons (regardless of their divorce, except for the cases where a new marriage has been concluded), relatives who shared a household with such person and other persons under their trusteeship (guardianship), unless such persons have been engaged in paid employment in Latvia for at least five years or are citizens of Latvia.

**Section 7. Opening of a Privatisation Certificate Account for Certificates for the Length of Residence in Latvia**

(1) The information in the Population Register on the citizenship of an inhabitant of Latvia or his or her ancestors shall serve as grounds for opening a privatisation certificate account and for determining the amount of certificates to be granted, whereas with regard to an inhabitant of Latvia who is not a citizen of Latvia – information on the last arrival thereof for permanent residence in Latvia and his or her legal status, and also the decision of a rural territory council, a city council or a commission established by the relevant local government to grant certificates and the amount of certificates to be granted that is taken thereby on the basis of the declaration referred to in Paragraph two of this Section, the passport or birth certificate, a reference made in personal identification documents regarding registration in the Population Register, an entry in the passport or birth certificate of the date and place of birth.

(2) In order to open a privatisation certificate account, one must present a passport or birth certificate, complete and sign a declaration which shall contain the information laid down in Sections 5 and 6 of this Law. Failure to provide such information or provision of false information shall result in cancellation of the double amount of unduly granted certificates, whereas the account shall be closed if the amount of certificates in the privatisation certificate account is not sufficient.

(3) If prior to cancellation certificates are sold, gifted or used for payment for the property to be privatised and the amount of certificates remaining in the privatisation certificate account is less than the amount of certificates to be cancelled, transactions with the certificates to be cancelled shall be recognised as invalid, unless this contradicts the Civil Law, and the property claim equivalent to the nominal value of the missing certificates shall be recovered in accordance with the procedures laid down in law. The decision to cancel certificates shall be taken by a rural territory council or a city council, whereas the judgment on recognition of the abovementioned transactions as invalid – by a court upon request of the rural territory council or city council. The rural territory council or city council shall send the true copy of the abovementioned decision to the submitter of the declaration within 15 days after taking the decision.

(4) The documents referred to in Section 5, Paragraph five of this Law shall be submitted by the applicant for certificates together with the declaration to a rural territory council, a city council or a commission established by the relevant local government.

(5) The statement of the employment or service of the persons referred to in Section 5, Paragraph four and Section 6, Clauses 1, 4, and 5 of this Law shall be issued by the head of the undertaking, capital company, institution or organisation where such person is employed or serves, or by the social security body on the basis of the work book, or by the archive. The social security bodies and other State institutions or the archive shall issue the statement in exchange of the fee laid down by the Cabinet. Persons who are not employed and have not attained the retirement age shall submit an extract from the work book that must be certified in accordance with the procedures laid down in law. The applicant for certificates shall submit this statement or extract together with the declaration to the rural territory council, city council or the commission established by the relevant local government.

(6) A part of the certificate shall be granted for a residence period less than a year which corresponds to the residence period of such year, rounding up with an accuracy up to one tenth.

(7) Certificates of the inhabitants of Latvia may be inherited. The right to receive certificates for the length of residence in Latvia may be inherited as well if the applicant for certificates has died after 31 December 1992.

[*22 June 2005; 8 March 2012; 7 November 2013*]

**Chapter III**

**Certificates for Politically Repressed Persons**

**Section 8. Amount of Certificates to be Granted to Politically Repressed Persons**

Persons who in accordance with the law have been recognised as politically repressed and who are citizens of Latvia or who are repressed in Latvia or descendants of the inhabitants of Latvia repressed in Latvia and born in exile, displacement or imprisonment shall be granted two certificates for each year spent in exile or displacement, four certificates for each year spent in exile or displacement in the Far North Region or regions equivalent thereto, and five certificates for each year spent in imprisonment. One certificate shall be granted additionally to such persons for each year of residence outside Latvia (including the years spent in exile, displacement or imprisonment), unless additional certificates have been granted thereto for these years for the residence period in Latvia in accordance with Section 5 of this Law.

**Section 9. Opening of Privatisation Certificate Accounts for Politically Repressed Persons**

(1) The certificates granted to politically repressed persons shall be transferred to the privatisation certificate account opened for certificates for the length of residence in Latvia. If such account has not been opened, the privatisation certificate account shall be opened for the politically repressed person.

(2) The submission for granting certificates, the status of a politically repressed person granted in accordance with the procedures laid down in law and the statement on the amount of certificates to be granted issued by a district council or a republic city council shall serve as grounds for granting certificates to politically repressed persons.

(3) The amount of certificates to be granted to politically repressed persons shall be rounded up with an accuracy up to one tenth.

(4) Certificates granted to politically repressed persons may be inherited. The right to receive such certificates may be inherited as well if the applicant for certificates has died after 31 December 1992.

(5) Certificates of politically repressed persons shall be redeemed at such nominal value that is equivalent to the number of years spent in exile, displacement or imprisonment by disbursing the value thereof in the terms of money in accordance with the procedures and in the time periods determined by the Cabinet – EUR 39.84 for each year spent in exile, displacement or imprisonment.

[*16 June 1999; 22 June 2005; 8 March 2012; 19 September 2013; 7 November 2013*]

**Chapter IV**

**Property Compensation Certificates**

**Section 10. Opening of Privatisation Certificate Accounts for Property Compensation Certificates**

(1) Certificates for nationalised and otherwise misappropriated properties shall be granted to their former owners or their heirs if the property cannot be returned or if the former owner or his or her heirs waive their right to ownership and prefer compensation instead of property.

(2) If monetary or other compensation provided to the former owner or his or her heirs does not cover the actual value of property or compensation has been paid only for the part of property, certificates shall be granted for the uncompensated part.

(3) Property compensation certificates shall be transferred to the privatisation certificate account of the former owner or his or her heirs opened for certificates for the length of residence in Latvia or for certificates granted to politically repressed persons on the basis of the decision to grant property compensation certificates taken in accordance with the procedures laid down in Sections 11–16 of this Law and registered in the relevant rural territory council or city council. The privatisation certificate account shall be opened for the recipient of compensation if no privatisation certificate account has been opened for certificates for the length of service in Latvia or for certificates granted to politically repressed persons. Compensation in the form of certificates shall be determined by dividing the monetary value of compensation with the nominal value of the certificate. A reference shall be made in the certificate book that the relevant certificates have been granted for property compensation.

(4) A parish council or a city council shall, when registering the decision to grant compensation, ensure that compensation for the same property would not be granted repeatedly.

[*7 November 2013*]

**Section 11. Compensation for Land in Rural Areas**

(1) The decision on granting compensation for land in rural areas shall be taken by the relevant regional office of the State Land Service; however, in the event of failure to comply with the time period determined for the submission of documents which confirm the land ownership or inheritance rights – by the Central Land Commission on the basis of the documents submitted by the requester in accordance with the 15 May 1991 Supreme Council Resolution On the Rights to Receive Compensation for Land Nationalised in Rural Areas of the Republic of Latvia on 22 July 1940 and the law On Land Privatisation in Rural Areas.

(2) The amount of certificates by which land in rural areas is compensated shall be determined in accordance with the procedures and in the amount laid down in the law On Land Privatisation in Rural Areas.

[*22 June 2005*]

**Section 12. Compensation for City Land**

(1) The decision to grant compensation for city land shall be taken by a city land commission; however, in the event of failure to comply with the time period determined for the submission of documents which confirm the land ownership or inheritance rights – by the Central Land Commission on the basis of the documents submitted by the requester in accordance with the Supreme Council Resolution of 12 June 1991 On Measures for Ensuring Land Reform in the Cities of the Republic of Latvia and the law On Land Reform in the Cities of the Republic of Latvia.

(2) The amount of certificates by which city land is compensated shall be determined in accordance with the procedures and in the amount laid down in Cabinet regulations.

[*22 June 2005*]

**Section 13. Compensation for Building Properties**

(1) The decision on granting compensation for building properties taken over without remuneration in the possession of the State or legal persons shall be taken by a court in accordance with the law On Returning Building Properties to Their Lawful Owners.

(2) The decision on granting compensation for nationalised building properties shall be taken by a district council or city council on the basis of the documents submitted in accordance with the law On the Denationalisation of Building Properties in the Republic of Latvia. The same procedures shall be applied when taking the decision to grant compensation to the former owners of building properties or their heirs if the building previously owned by them has been demolished in order to use the building plot for the needs of the State or for public needs and no compensation has been disbursed for the demolished building or no equivalent apartment has been granted in ownership, or such building has not been relocated to another place.

(3) The amount of certificates by which building properties are compensated shall be determined by a court or the relevant local government in accordance with the documents (inventory deed or other documents) drawn up after 8 May 1945 and which specify the composition and condition of the building property. The value of the building property in accordance with the composition and condition of the building property specified in the abovementioned documents shall be determined on the basis of the documents submitted by the former owner or his or her heirs and which specify the value of the building property or components thereof. Such documents may be drawn up at any time. If no documents have been preserved, the value of the building property hall be determined by a court. The coefficient for the recalculation of such value in property compensation certificates depending on the date of drawing up the documents shall be laid down by the Cabinet.

[*15 January 2009*]

**Section 14. Compensation for Undertakings and Other Property Objects**

(1) The decision to grant compensation for nationalised or otherwise misappropriated undertakings and other property objects in accordance with the procedures laid down in the law On Renewal of Property Rights to Undertakings and Other Property Objects shall be taken by the Ministry of Economics or by the ministry which manages or managed the relevant State property object (undertaking) prior to privatisation or other transformation thereof, or by the district council, city council which manages or managed the relevant local government property object (undertaking) prior to privatisation or other transformation thereof on the basis of the documents submitted in accordance with the Supreme Council Resolution of 31 March 1992 On Acceptance of Applications from the Owners – Natural Persons – of Nationalised or Otherwise Misappropriated Immovable Property (Undertakings and Other Property Objects)”.

(2) The amount of certificates by which undertakings and other property objects are compensated shall be determined by the authority which takes the decision on compensation in accordance with the documents (inventory deed or other documents) drawn up after 8 May 1945 and which specify the composition and condition of the fixed assets of the property object. The value of the fixed assets of the property object in accordance with the composition and condition of the fixed assets of the property object specified in the abovementioned documents shall be determined on the basis of the documents submitted by the former owner or his or her heirs and which specify the value of the components of the property object. If no documents have been preserved, the value of the fixed assets of the property object (undertaking) shall be determined by a court. The coefficient for the recalculation of such value in property compensation certificates depending on the date of drawing up the documents shall be laid down by the Cabinet.

**Section 15. Compensation for the Property Seized from Politically Repressed Persons**

(1) Politically repressed persons or their heirs, according to their own will, may receive compensation for the property seized in the form of property compensation certificates.

(2) The district council or republic city council the territory of which was the residence of the politically repressed person before repression shall take the decision to grant property compensation certificates in accordance with the procedures laid down by the Cabinet.

(3) The amount of certificates to be granted for the property seized shall be determined by the authority which takes the decision on compensation in conformity with the documents drawn up before repression which specify the composition and condition of the property.

(4) Taking into account the previously compensated part, the value of the property subject to compensation in accordance with the composition and condition of the property specified in the abovementioned documents shall be determined on the basis of the documents submitted by the property owner or his or her heirs and which specify the value of the property or the value of the components thereof. Such documents may be drawn up at any time. If no documents have been preserved, the value of the property shall be determined by a court. The coefficient for the recalculation of such value in property compensation certificates depending on the date of drawing up the documents shall be determined by the Cabinet.

**Section 16. Compensation for the Property in Privatised Specialised State Agricultural Undertakings Retained for the Needs of the State**

(1) The total amount of compensation for the capital shares of each specialised State agricultural undertaking subject to privatisation retained for the needs of the State in accordance with the balance sheet value of the property retained for the needs of the State as at the state on 1 July 1991 shall be approved by the Cabinet in accordance with the calculations of the Ministry of Agriculture by applying the relevant coefficients of the current value of the property.

(2) The decision on granting property compensation certificates shall be taken by the regional department of agriculture. The number of certificates to be granted for each person shall be proportionate to the amount of capital shares (co-operative shares) created as a result of the activities of such person and that has been approved at the privatisation and transformation meeting of the undertaking. Remuneration for the initially merged property transferred for the needs of the State shall be disbursed in cash in accordance with the procedures and within the time periods laid down by the Cabinet or in the form of property compensation certificates if the recipient agrees thereto in writing.

(3) The decision on granting certificates shall be submitted by the regional department of agriculture to the rural territory council for the registration thereof.

**Chapter V**

**Use of Certificates**

**Section 17. Types of Use of Certificates**

(1) Certificates shall be accepted without any restrictions for the payment for State and local government property objects subject to privatisation – land, building properties, apartments. Certificates shall be also accepted without any restrictions for the payment for State and local government undertakings and other property objects or their capital shares (stocks, co-operative shares, shares) subject to privatisation, unless stipulated otherwise by the approved privatisation (draft) regulations of specific objects.

(2) [7 November 2013]

(3) Certificates may be sold to a licensed certificates market intermediary by entering into a written contract. An intermediary service may be provided by a capital company which has received a special permit (licence). The procedures for the issuance, suspension and cancellation of licences, and also the obligations of an intermediary company and monitoring procedures shall be determined by the Cabinet.

(31) The market price of a certificate shall be the average price per certificate which is calculated from the purchase contracts entered into during the last 10 days in auctions organised by intermediary companies. The basis for determining the price thereof shall be the last 10 days when purchase contracts have been entered into. This price shall be published in the official gazette *Latvijas Vēstnesis* by the authority laid down by the Cabinet which compiles information on the transactions made on the certificates market.

(4) The capital companies referred to in Paragraph three of this Section shall pay a State fee for receipt of the permit (licence). The Cabinet shall determine the rate of the State fee and the procedures for the payment thereof.

(5) The contract entered into with an intermediary company and also the investment contract of the collective investment fund shall, in the case of the liquidation of the intermediary company or collective investment fund, provide for the compensation of the part of the value of the property of the capital company or collective investment fund subject to liquidation to the investors of certificates equivalent to the capital (fund) share acquired for the certificates invested thereby.

(6) [7 November 2013]

(7) [7 November 2013]

(8) Upon request of politically repressed persons, the certificates referred to in Section 9, Paragraph five of this Law shall be transferred to a special fund the procedures for the operation of which and redemption of certificates shall be determined by the Cabinet.

[*16 June 1999; 22 June 2005; 7 June 2007; 7 November 2013*]

**Section 18. Procedures for the Use of Certificates**

(1) The owner of certificates may join his or her privatisation certificate accounts. If privatisation certificate accounts are joined, the amount of property compensation certificates granted shall be noted in the certificate book. Parents (guardians) or trustees of the owners of certificates may, without consent of the Orphan’s and Custody Court, use in privatisation or sell the certificates of the persons under guardianship or trusteeship thereof. In the case of sale, parents (guardians) or trustees of the owners of certificates must submit to the Orphan’s and Custody Court an account regarding sale and the money received. A person may, upon reaching the age of majority, request the recognition of his or her rights to the corresponding undivided share of the privatised property in the amount of the used privatisation certificates or also request monetary compensation.

(2) The owners of certificates may give their certificates as a gift to natural persons who have opened their privatisation certificate accounts.

(3) In the case of death of the owner of certificates, the certificates thereof shall be inherited by his or her relatives. Trustees of an estate or executors of a will are entitled to use the certificates in privatisation or to sell them prior to confirmation of inheritance rights.

(4) A State fee shall be paid for the sale, giving as a gift and inheritance of certificates, except for the gift or inheritance received by spouses or persons who are in a relationship of kinship of the first or the second degree with the owner of certificates, and also sold in a public auction by the intermediary companies referred to in Section 17, Paragraph three of this Law. The Cabinet shall determine the rate of the State fee and the procedures for the payment thereof.

(5) A State fee shall not be collected for the transfer of certificates for the purchase of the State and local government property subject to privatisation.

(6) Property compensation certificates invested in collective investment funds, pension funds and other social insurance funds, transferred or sold to capital companies, sold to other legal persons shall be transferred to a separate account.

(7) Documents confirming the relationship of spouses and the relationship of kinship of the first or the second degree shall be presented prior to the arrangement of giving the certificates as a gift.

(8) All operations with certificates shall be depicted in the privatisation certificate account and the certificate book of natural persons. The ownership rights acquired in exchange of certificates shall be registered in the name of the owner of certificates or in the name of the collective investment company, pension fund, another social insurance fund or capital company if such certificates are invested in the collective investment fund, pension fund, another social insurance fund respectively, transferred or sold to a capital company, and also in the name of the capital companies referred to in Section 17, Paragraph seven of this Law.

(81) The procedures for the administration of the handling of privatisation certificates shall be laid down by the Cabinet.

(9) The ownership rights to land which have been acquired from the State and local governments in accordance with the procedures laid down in law shall be registered in the name of the purchaser – a natural or legal person.

(10) The regulations regarding the use of certificates in privatisation, in the process of the purchase of State and local government land and settlement of accounts therewith, and also regarding the procedures for the redemption of privatisation certificates received for opening the account referred to in Section 4, Paragraph one of this Law and in the composition of the property under the jurisdiction of the State in accordance with the law not necessary for satisfying the claims of creditors (Section 416 of the Civil Law) shall be issued by the Cabinet.

(11) The authority which in the cases provided for in law accepts certificates as a means of payment shall redeem the certificates in accordance with the procedures laid down by the Cabinet.

(12) Capital companies where the State or local government share of the equity capital, either individually or in combination, or the number of votes in the general meeting of shareholders, either individually or in combination, is below 25 per cent and which in the course of the privatisation process have acquired the right to privatise State or local government property object have the same rights to purchase certificates as the owners of certificates – natural persons.

(13) Legal persons may open their privatisation certificate accounts in compliance with the restrictions laid down in this Law.

(14) Certificate pledge contracts shall be valid only if entered into in writing, registered in the privatisation certificate account and entered in the certificate book.

(15) Preliminary contracts and option contracts on the purchase of property that shall be acquired for the certificates of the seller shall be valid only if after use of the certificates of the property seller for the purchase of property a State fee has been paid for the sale of the relevant number of certificates, otherwise the seller is entitled to retrieve the State or local government property object paid with certificates, whereas the purchaser shall lose the right to claim compensation for damages.

(16) The ownership rights to certificates shall belong to the person in whose privatisation certificate account they are located. In the case of insolvency or liquidation, the abovementioned certificates shall not be included in the composition of the property of the person to whom the task of servicing the certificate accounts has been delegated in accordance with Section 3.1 of this Law, and also such certificates cannot be used for covering the claims of creditors of this person.

[*16 June 1999; 16 November 2000; 1 November 2001; 31 October 2002; 30 October 2003; 11 November 2004; 22 June 2005; 7 June 2007; 15 January 2009; 8 March 2012; 7 November 2013*]

**Section 19. State and Local Government Guarantees**

(1) The value of certificates shall be guaranteed by the State and local governments with the State and local government property subject to privatisation in the privatisation of which certificates shall be used as a means of payment in accordance with the law On Privatisation of State and Local Government Property Objects and other laws.

(2) The State shall guarantee to all owners of certificates the right to use their certificates in accordance with their nominal value in privatisation of State or local government property objects in accordance with the law On Privatisation of State and Local Government Property Objects and other laws.

**Chapter VI**

**Procedures for the Examination of Disputes and Liability for Violations of this Law**

**Section 20. Examination of Disputes**

(1) [7 June 2007]

(2) Disputes arising due to the evaluation of the property subject to compensation and determination of the amount of certificates for property compensation shall be examined in accordance with the procedures laid down in the laws regarding denationalisation of the relevant type of the property and return to the former owners thereof.

(3) Disputes arising due to granting and cancellation of certificates and recognition of such transactions as invalid that have been made with the cancelled certificates and also use of the certificates as a means of payment shall be examined in a court in accordance with the procedures laid down in laws.

(4) If a person who in accordance with Section 12 of the law On Land Privatisation in Rural Areas has the right to redeem property compensation certificates against payment of money has failed to comply with the time period for the submission of an application, such person may address to the Central Land Commission. The Central Land Commission shall examine the request of such person, evaluate the reasons for delay and compliance of the request with law and shall take the relevant decision until 30 September 2006.

[*16 June 1999; 1 November 2001; 22 June 2005; 7 June 2007*]

**Section 21. Liability for Violation of this Law**

The offenders shall be subject to liability in accordance with laws and regulations for making false entries in privatisation certificate accounts, certificate books and documents issued for the receipt of certificates, for the provision of false information or failure to provide information on property objects subject to privations, for non-acceptance of certificates as a means of payment and other violations of this Law.

**Transitional Provisions**

1. [7 November 2013]

2. The law On Privatisation Certificates (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 46; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, No. 11) and Cabinet Regulation No. 179, On Privatisation Certificates, issued in accordance with the procedures laid down in Article 81 of the Constitution (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, No. 19) are repealed.

3. It shall be determined that until the day of coming into force of this Law the certificates invested in the equity capital of incorporated companies shall be used for the privatisation of State and local government property objects not later than within a year from the day of coming into force of this Law. Until the relevant time period, the investment of certificates in the equity capital of incorporated companies not used in privatisation shall be evaluated in accordance with the average market price in Latvia at the moment of the investment of certificates, if necessary, making the relevant amendments to the equity capital of incorporated companies in accordance with the procedures provided for in law.

4. Laws and regulations which are necessary in order to ensure fulfilment of this Law shall be drafted by the Cabinet until 1 May 1995. Current laws and regulations shall be applicable until adoption of new laws and Cabinet regulations, unless they are in contradiction with this Law.

5. Until 31 December 2000, the Cabinet shall adopt the regulations referred to in Section 18, Paragraph eleven of this Law that shall govern the procedures for the use of certificates, determine the necessary measures for accelerating the privatisation process and specific time periods for the performance thereof.

[*16 November 2000*]

6. The norms of this Law shall be applicable if it has not been laid down otherwise in the Law On Completion of State and Local Government Property Privatisation and Use of Privatisation Certificates.

[*22 June 2005*]

7. Until 31 July 2007, the Cabinet shall issue regulations governing the following of this Law:

1) the procedures for servicing a privatisation certificate accounts referred to in Section 4, Paragraph 5.1 and the procedures by which reports on the opening of accounts and use of certificates are provided and also the part of the tariff received by the bank from the fee for servicing a privatisation certificate account;

2) the procedures for the issuance, suspension and cancellation of the licences referred to in Section 17, Paragraph three, and also the obligations of an intermediary company and monitoring procedures;

3) the rate of the State fee referred to in Section 17, Paragraph four and the procedures for the payment thereof;

4) the rate of the State fee referred to in Section 18, Paragraph four and the procedures for the payment thereof.

[*7 June 2007*]

8. Cabinet Regulation No. 210 of 18 July 1995, Regulations Regarding Use of Privatisation Certificates, and Cabinet Regulation No. 253 of 15 August 1995, Regulations Regarding the Actions of Intermediary Companies (Incorporated Companies) with Privatisation Certificates, shall be applied until coming into force of the regulations referred to in Paragraph 7 of Transitional Provisions of this Law, however not longer than until 30 April 2007, insofar the abovementioned regulations are not in contradiction with this Law.

[*7 June 2007*]

9. If proceedings are initiated regarding matters related to granting of privatisation certificates and the court ruling has entered into effect, after 1 July 2009 the decision:

1) on granting of certificates for the length of residence and granting of certificates to politically repressed persons shall be taken by the local government in the territory of which the person has declared his or her place of residence;

2) on granting of property compensation certificates shall be taken by the local government in the territory of which the immovable property is located (was located).

[*15 January 2009*]

10. If privatisation certificates owned by a profit company liquidated until 1 April 2012 (Section 417 of the Civil Law), except for the case where the subject has been excluded from the Enterprise Register in conformity with the Law on the Procedures for the Coming into Force of the Commercial Law, have remained, such certificates shall be comparable to property without heirs and redeemed in accordance with the procedures laid down in laws and regulations. The abovementioned does not exclude the liability of the liquidator for any losses incurred through his or her own fault (Section 333 of the Commercial Law).

[*8 March 2012*]

11. Credit institutions which until the day of coming into force of Section 3.1, Paragraph one of this Law have acquired the right to ensure the servicing of privatisation certificate accounts may continue these actions until the transfer of the servicing of privatisation certificate accounts to the person referred to in Section 3.1, Paragraph one of this Law, however not later than until 31 May2014.

[*7 November 2013*]

12. The Cabinet shall issue the regulations referred to in Section 4, Paragraph 5.1 and Section 18, Paragraph 8.1 of this Law not later than until 31 May 2014. Cabinet Regulation No. 712 of 16 October 2007, Regulations Regarding the Use of Privatisation Certificates, and Cabinet Regulation No. 71 of 11 February 2003, Regulations Regarding Granting of Privatisation Certificates and Opening of Privatisation Certificate Accounts, shall be applied until coming into force of these Cabinet regulations, however not longer than until 31 May 2014, insofar the abovementioned regulations are not in contradiction with this Law.

[*7 November 2013*]

The Law has been adopted by the *Saeima* on 16 March 1995.

President G. Ulmanis

Rīga, 4 April 1995