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Riga

Regulation No 241

Regulation on Acquiring or Increasing a Qualifying Holding in the Financial Institution

Issued pursuant to
Paragraphs one and two of Section 29 and Paragraph two of Section 50 of the Credit Institution Law,
Paragraph six of Section 40 and
Paragraphs one and two of Section 76 of the Insurance and Reinsurance Law,
Section 4.², Paragraphs one and two of Section 9 and Paragraph six of Section 95.²
of the Financial Instrument Market Law,
Paragraph two and four of Section 12 and Paragraph eight of Section 81
of the Law on Alternative Investment Funds and Managers Thereof,
Paragraphs one and two of Section 14 and Paragraph one of Section 45
of the Law on Payment Services and Electronic Money,
Paragraphs one and two of Section 26 of the Law on Investment Firms and
Paragraphs one and four of Section 7.¹ and Paragraph seven of Section 78
of the Law on Investment Management Companies

I. General Provision

1. The Regulation establishes:

- 1.1. the criteria for identifying the person directly or indirectly acquiring or increasing a qualifying holding (hereinafter referred to as the "person") in a credit institution, insurance undertaking, reinsurance undertaking, regulated market organiser, investment management company, alternative investment fund manager, payment institution, electronic money institution, investment firm and central securities depository (hereinafter referred to as the "financial institution");
- 1.2. the methods for calculating a qualifying holding in the financial institution;
- 1.3. the amount of information added by the person to the notification of acquiring or increasing a qualifying holding in the financial institution;
- 1.4. the procedure for submitting and assessing the notification of acquiring or increasing a qualifying holding in the financial institution.

II. Criteria for Identifying the Persons to be Considered as Acquirers of a Qualifying Holding

2. The persons, acting jointly based on a written or oral agreement to acquire or increase a qualifying holding in the financial institution, shall be considered as persons acting in concert.

3. Any of the following factors may suggest concerted action of the persons:

- 3.1. shareholder agreements and agreements on the corporate governance matters, except agreements stipulating only the terms and conditions for the purchase of all or some shares (hereinafter referred to as the "shares"), tag-along or drag-along rights or pre-emptive rights;
- 3.2. family relationships:
 - 3.2.1. natural persons and persons under the guardianship thereof;
 - 3.2.2. spouses;
 - 3.2.3. first degree relatives in the descending and ascending line;
- 3.3. the person holds a senior management position or is a member of the board or council of the financial institution;
- 3.4. the person may influence a decision regarding the election or appointment of a member of the board or council of the financial institution;
- 3.5. the relationship between undertakings in the same group (excluding the cases referred to in Section 61.⁶ of the Financial Instrument Market Law);
- 3.6. commercial companies controlled by the same person;
- 3.7. the use by the persons of the same source of funding for acquiring or increasing a qualifying holding in the financial institution;
- 3.8. consistent patterns of voting by the relevant shareholders;
- 3.9. a commercial company and its board members.

4. The following activities shall not be regarded as concerted action of the persons:

- 4.1. mutual discussions by the persons about the structure of the financial institution's executive bodies and their members;
- 4.2. complaints by the persons to the board or council of the financial institution regarding the current or planned strategy, action lines and further operation of the financial institution;
- 4.3. exercising the following shareholder (member) statutory rights:
 - 4.3.1. a request by the person to include additional items or draft laws on the agenda of a shareholder (member) meeting;
 - 4.3.2. calling an extraordinary shareholder (member) meeting;
- 4.4. a concerted vote by the persons in a shareholder (member) meeting on the following issues:
 - 4.4.1. setting remuneration paid to the members of the board and council;
 - 4.4.2. acquiring or disposing of assets of the financial institution;
 - 4.4.3. increasing or decreasing the share capital;
 - 4.4.4. buying back shares;
 - 4.4.5. using profits made during the past year of operation;
 - 4.4.6. electing, removing auditors and setting their remuneration;
 - 4.4.7. initiating a special inspection and appointing inspectors;
 - 4.4.8. approving the financial institution's annual report;
 - 4.4.9. defining the financial institution's strategy regarding environmental protection or any other matter relating to other social responsibility or compliance with the standards or codes of conduct recognised in these areas;
 - 4.4.10. rejecting the related parties' transaction.

5. In assessing whether the activities of the persons referred to in Paragraph 3.4 of this Regulation can be regarded as acting in concert, the following factors shall be taken into account:

- 5.1. the nature of the relationship between the persons and the members of the board or council proposed for the appointment or election;
- 5.2. the number of the board or council members proposed for the appointment or election being voted for pursuant to an agreement;

- 5.3. whether the persons have cooperated in relation to the appointment or election of the board or council members on more than one occasion;
- 5.4. whether the persons not merely vote in concert but also jointly submit a draft decision on the appointment or election of a certain candidate proposed for the position of a member of the board or council;
- 5.5. whether the appointment or election of the candidate proposed for the position of a member of the board or council leads to the change in the influence exercised by the persons over the composition of the board or council.

6. To determine whether the persons act in concert, each case of possible acting in concert shall be assessed individually, taking into account not only the factors and activities referred to in Paragraphs 3, 4 and 5 of this Regulation, but also other factors indicating the concerted activities of the persons.

7. The person shall be regarded as the person having a significant influence over the financial institution in case it may affect decision-making processes by the executive bodies of the financial institution, regardless of whether the influence has been effectively exercised.

8. To assess whether the person has a significant influence over the financial institution, the following factors shall be taken into account:

- 8.1. the shareholder or member structure of the financial institution;
- 8.2. the level of the person's involvement in the management of the financial institution;
- 8.3. the existence of material and regular transactions between the person and the financial institution;
- 8.4. the relationship of the person with the financial institution;
- 8.5. whether the person enjoys additional rights in the financial institution pursuant to a contract entered into, the financial institution's articles of association or other administrative documents;
- 8.6. whether the person is a member of, has a representative in or may appoint or elect a representative in the board or council of the financial institution or any equivalent body;
- 8.7. the overall shareholder or member structure of the financial institution or of a parent undertaking of the financial institution and the distribution of voting rights among shareholders;
- 8.8. the relationship between the person and existing shareholders and any shareholder agreements that would enable the person to exercise a significant influence;
- 8.9. the structure of the financial institution's group that includes the person;
- 8.10. the person's ability to participate in taking the operating and financial strategy decisions of the financial institution.

III. Calculating a Qualifying Holding

9. To determine whether the person has acquired an indirect qualifying holding, the size of the holding shall be calculated using the following methods in the sequence specified in this Chapter:

- 9.1. the control method;
- 9.2. the multiplication method.

10. In accordance with the control method, the acquirer of an indirect qualifying holding shall be the ultimate persons at the top of the commercial company control chain who:

- 10.1. acquire, directly or indirectly, control over the person in the financial institution, irrespective of whether such qualifying holding is direct or indirect;
- 10.2. exert control, directly or indirectly, over the person in the financial institution.

11. Where the application of the control method referred to in Paragraph 10 of this Regulation does not determine whether the person, to which the control method was applied, has acquired a qualifying holding, the size of the person's holding shall be calculated in accordance with the multiplication method in the following sequence:

11.1. the size of the person's direct holding in the financial institution shall be multiplied by the size of the person's holding in the commercial company which has a holding in the acquirer of a qualifying holding;

11.2. the above multiplication shall be carried out as long as the result of the multiplication continues to be 10% or more.

12. In accordance with the multiplication method, the acquirer of an indirect qualifying holding shall be:

12.1. all persons in respect of which the result of the multiplication is 10% or more;

12.2. all persons exercising, directly or indirectly, control over the person or persons identified via the application of the multiplication method pursuant to Paragraph 12.1 of this Regulation.

IV. Notification Obligation Related to Acquiring or Increasing an Indirect Qualifying Holding

13. To assess whether the person that indirectly acquires or increases a qualifying holding in the financial institution has taken a decision on acquiring or increasing such holding, Latvijas Banka shall take into account the following factors:

13.1. the person's awareness of the acquisition of or increase in a qualifying holding and of the transaction giving rise to the acquisition or increase;

13.2. the person's ability to influence, object to or prevent the proposed acquisition of or increase in a qualifying holding.

14. Where the person that unintentionally indirectly acquires or increases a qualifying holding in the financial institution, becomes aware that it has acquired or increased a qualifying holding in the financial institution, it shall notify Latvijas Banka of the fact immediately even if the person has decided to reduce the exceeded qualifying holding.

15. The person that directly acquires or increases a qualifying holding in the financial institution shall have the right to submit a notification regarding all persons indirectly acquiring or increasing a qualifying holding in the financial institution if the persons have granted such authorisation.

V. Principle of Proportionality

16. Latvijas Banka shall assess each transaction of the acquisition of or increase in a qualifying holding and the acquirer on a case-by-case basis taking into account the principle of proportionality in respect of:

16.1. the type of a qualifying holding (direct, indirect holding, significant influence, persons acting in concert);

16.2. the objective and size of the acquisition of or increase in a qualifying holding;

16.3. influence the person exerts over the financial institution;

16.4. the extent of the complexity of the planned transaction (complex organisational structure of the acquirers of a holding, intra-group transactions, specific acquirers of a holding (unregulated investment funds, large investment groups, government funds, international organisations, public offer, cross-border transactions, leveraged exposure, change in the financial institution's strategy));

16.5. the submission of information relevant to the influence exerted by the person and the specifics of the transaction.

17. The principle of proportionality shall not be applicable to the assessment of the person's reputation.

18. In the assessment of the person's professional competence, the person's influence over decision-taking in the financial institution shall be taken into account.

19. In the assessment of the person's financial stability, the nature of the person (e.g. natural or legal person) shall be taken into account, as well as the complexity of the group that includes the person, the size of the holding acquired and the influence over the financial institution after entering into the proposed transaction. Where the person acquires control over the financial institution, in the assessment of the person's financial stability, the person's ability, where appropriate, to provide additional capital for the financial institution in the medium term shall be taken into account.

20. Where the structure of a qualifying holding changes as a result of intra-group transactions, the qualifying holding shall be assessed only with regard to the new persons included in the qualifying holding structure and in relation to the persons whose indirect qualifying holding becomes a direct qualifying holding.

21. Where Latvijas Banka has already carried out the assessment of the person, it shall assess the person's compliance with the assessment criteria for a qualifying holding as from the date of the issuance of the previous authorisation to acquire or increase a qualifying holding in the financial institution.

VI. Assessment Period and Information to Be Provided

22. The person that directly or indirectly acquires or increases a qualifying holding in the financial institution shall have the right to notify Latvijas Banka in writing of the planned transaction before the submission of a notification to Latvijas Banka, as well as to receive advice on the documents to be submitted and their drafts so that the examination of the notification of a qualifying holding would be as efficient as possible.

23. The person shall submit a notification to Latvijas Banka before acquiring or increasing a qualifying holding pursuant to Appendix 1 to this Regulation.

24. The person intending to acquire or increase a qualifying holding in the financial institution, except the central securities depository, shall, in addition to the notification of acquiring or increasing a qualifying holding, submit completed Appendices 2, 3 and 4 to this Regulation.

25. The person intending to acquire or increase a qualifying holding in a credit institution, shall, in addition to the information and documents referred to in Paragraph 24 of this Regulation, submit to Latvijas Banka a completed Appendix 5 to this Regulation.

26. The person intending to acquire or increase a qualifying holding in an investment firm shall in addition submit to Latvijas Banka information specified in Commission Delegated Regulation (EU) 2017/1946 of 11 July 2017 supplementing Directives 2004/39/EC and 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for an exhaustive list of information to be included by proposed acquirers in the notification of a proposed acquisition of a qualifying holding in an investment firm.

27. Where the documents to be submitted in compliance with this Regulation are already at Latvijas Banka's disposal and the information included therein has remained unchanged, the person shall not submit them repeatedly and shall indicate in the notification to Latvijas Banka that the respective documents have been submitted to Latvijas Banka and the information contained therein has remained unchanged from the date of their submission to Latvijas Banka. In the notification, the person shall indicate the administrative proceedings and the period of time during which the above documents were submitted.

28. Taking account of the principle of proportionality, Latvijas Banka shall have the right to exempt certain persons that indirectly acquire or increase a qualifying holding in the financial institution from the obligation to provide certain information on a case-by-case basis. The above exemption shall not be applicable to the assessment of the person's reputation.

29. Latvijas Banka shall acknowledge to the person the receipt of the notification or additional information by providing the person with the following information:

29.1. an indication that the notification shall be considered as complete and all the necessary information is submitted pursuant to the requirements stipulated in this Regulation;

29.2. the end date of the assessment period;

29.3. an indication that during the assessment period but not later than on the 50th business day of the assessment period Latvijas Banka shall have the right to request additional information necessary to assess the compliance of the person with the assessment criteria for a qualifying holding;

29.4. an indication that any new information or facts submitted additionally by the provider of the notification or of which Latvijas Banka becomes aware from other sources and which are recognised as material for the assessment of the notification of a qualifying holding (e.g. substantial changes to the business plan, nomination of officials, negative changes in the person's reputation) pursuant to the assessment criteria for a qualifying holding may give rise to the termination of the assessment of the notification of a qualifying holding and the submission of a new notification;

29.5. an indication that the deadline for the assessment of a qualifying holding in the credit institution shall be calculated in accordance with the working hours of the European Central Bank.

30. Where the notification submitted by the person is incomplete, Latvijas Banka shall, within two business days of the day of the receipt of the notification referred to in Paragraph 23 of this Regulation or within two business days following the receipt of additional information requested by Latvijas Banka, notify the person in writing that the assessment period is not launched and shall indicate the missing documents and information.

VII. Assessment of a Qualifying Holding

31. Upon assessing the overall reputation of the person, Latvijas Banka shall take into account the person's reputation (integrity, lack of criminal record) and professional competence.

32. The principle of proportionality shall not be applicable to the overall reputation requirement, and the requirement shall apply to all persons and their beneficial owners irrespective of the proposed size of a qualifying holding, the intended involvement in the management of the financial institution or exercising influence over the financial institution. To assess the overall reputation, Latvijas Banka, taking into account the nature of the person (e.g. natural or legal person, natural or legal person subject to supervision by a financial supervisory authority, etc.), may apply the principle of proportionality in relation to the documents and information to be provided.

33. The person shall meet the reputation assessment criterion if Latvijas Banka has no reason to question the person's good reputation and if there is no reliable evidence to suggest otherwise. In the assessment of the person's reputation, Latvijas Banka shall take into account all available information regarding the person:

33.1. information on the person's criminal and administrative record;

33.2. any criminal or relevant administrative record, considering the type of conviction or indictment, the level of appeal, the sanction received, the phase of the judicial process reached and the effect of any rehabilitation measures. Latvijas Banka shall also take into account the seriousness of any relevant offence, the time period elapsed and the person's conduct since the offence, as well as the relevance of the offence to the person as the acquirer of a qualifying holding;

33.3. information on the person's action related to its commercial activity:

33.3.1. any evidence that the person has not been transparent, open and cooperative in its relationship with supervisory or other public administration authorities;

33.3.2. any refusal of any registration, authorisation, membership or licence to conduct trade, business or practise a profession, any revocation, withdrawal or termination of such registration, authorisation, membership or licence and any expulsion from a professional organisation or association;

33.3.3. the reasons for any dismissal from paid employment or any position of trust, fiduciary relationship or other similar situations, as well as any request to resign from such positions;

33.3.4. any prohibition of undertaking commercial activity imposed on the person by the competent authority;

33.4. information on the offences committed by the person in the financial and capital market:

33.4.1. any breaches of the laws and regulations governing the financial and capital market and sanctions imposed by the supervisory authorities;

33.4.2. offences related to financial crime, money laundering and the financing of terrorism and proliferation, market manipulation, insider trading, usury and corruption;

33.4.3. any breaches of the laws and regulations governing taxes and the sanctions imposed;

33.4.4. any other breaches of the laws and regulations relating to commercial activity (e.g. driving a commercial company into bankruptcy or insolvency, violations of consumer rights protection);

33.5. information on the findings from on-site or off-site inspections carried out by public institutions, from recovery actions or pre-trial investigation to the extent that they relate to the person;

33.6. any information obtained from other sources that is relevant to the assessment of the person's reputation.

34. When assessing the information submitted pursuant to Paragraph 33 of this Regulation, Latvijas Banka shall take into account the following factors:

34.1. the type of crime or administrative offence, the type of punishment (e.g. fine, imprisonment, etc.), the length of punishment, the stage of appeal, the phase of the judicial process (e.g. conviction, proceedings, indictment) and the status of the person in the proceedings;

34.2. in case of less significant offences where each of them has no individual impact on the person's reputation, the potential cumulative effect of those offences;

34.3. the reputation of any other person having close family or business relationship with the person.

35. Latvijas Banka shall have no reason to consider that the person is of good repute merely because no criminal prosecution has been initiated against the person, it has not been held criminally liable and there is no criminal conviction, though there are still considerable claims regarding an act that could give rise to criminal court proceedings.

36. The principle of proportionality shall be applicable to the professional competence requirement taking into account the influence of the person over the financial institution.

37. Where the person is a legal person, the assessment of professional competence shall cover this legal person, all persons that actually manage this legal person and the beneficial owners of this legal person.

38. The person shall be regarded as compliant with the professional competence requirements, if it is:

38.1. a person that has been authorised by Latvijas Banka or the European Central Bank to acquire a qualifying holding in another financial institution and is subject to supervision by Latvijas Banka or a financial supervisory authority of another Member State;

38.2. a natural person who already manages the operation of this or another financial institution, and this financial institution is subject to supervision by Latvijas Banka or a financial supervisory authority of another Member State;

38.3. a legal person that in its capacity as a financial institution is supervised by Latvijas Banka, the European Central Bank or a financial supervisory authority of another Member State.

39. Latvijas Banka shall apply Paragraph 38 of this Regulation to the assessment provided that it does not possess any facts or information that could cast doubt on the person's professional competence.

40. Latvijas Banka shall have the right to disregard the provisions laid down in Paragraphs 38 and 39 of this Regulation if the person is recognised as professionally competent to exercise control over the financial institution that is significantly smaller in terms of its size, internal organisation and the type of operation, scope and complexity than the financial institution where it intends to acquire a qualifying holding.

41. The person's professional competence shall cover the competence in the governance area (governance competence) and in the principal activity of the financial institution (technical competence).

42. When assessing governance competence, Latvijas Banka shall take into account the person's previous experience and professionalism in the acquisition of a holding in other commercial companies and their governance.

43. When assessing technical competence, Latvijas Banka shall take into account the person's previous experience in the operation and governance of financial institutions in his capacity as a controlling shareholder, member of the board or council in a financial institution.

44. Where the person is a legal person:

44.1. professional competence of the members of the board or council of this legal person or another person that actually manages the legal person's commercial activity shall be assessed;

44.2. technical competence of the commercial activity of this legal person or the group to which it belongs shall be assessed.

45. When assessing the person's compliance with the professional competence criterion, Latvijas Banka shall have the right to apply the principle of proportionality if the person seeks to acquire a qualifying holding in the financial institution to diversify its investment portfolio, to obtain dividends or capital gains rather than be involved in the governance of the financial institution.

46. Latvijas Banka shall take into account the previous and current results of the person's commercial activity and its financial stability that may affect the person's professional competence:

46.1. the person's inclusion in any list of debtors or other negative financial liability record;

46.2. whether the person owns or manages or has owned or managed a commercial company that has been declared insolvent, bankrupt or has been deprived of the rights to conduct certain commercial activity, criminal proceedings have been initiated against it;

46.3. the declaration of an insolvency process against the person;

46.4. any civil, administrative or criminal proceedings, large-scale investments or exposures and loans received if they have a significant impact on the person's financial stability.

47. When assessing the person's compliance with the technical competence criterion, Latvijas Banka shall take into account the objective of acquiring a qualifying holding and the potential impact (for example, a holding conferring veto rights, the approval of the financial institution's strategy and business plan).

VIII. Assessment of Reputation and Experience of the Person Who Will Manage the Operation of the Financial Institution

48. Where the person intends to introduce changes in the board or council of the financial institution or appoint new persons performing core functions in the financial institution (if the assessment of those persons has been carried out by Latvijas Banka pursuant to laws and regulations), the person's notification shall be accompanied by all information and documentation necessary for the assessment of those persons in accordance with the requirements established in the laws and regulations for each area of the financial and capital market.

49. Where the person has no intention of introducing changes in the board or council of the financial institution or appointing new persons performing core functions in the financial institution (if the assessment of those persons has been carried out by Latvijas Banka pursuant to laws and regulations), the person shall state in the notification that no changes will be made.

IX. Assessment of the Person's Financial Stability

50. When assessing the person's financial stability, Latvijas Banka shall assess the person's capacity to finance the proposed acquisition of a holding and to maintain, for the foreseeable future, a sound financial structure both of the person and financial institution.

51. Taking account of the nature of the person and the acquisition of a holding, Latvijas Banka shall assess whether the person's financial stability is sufficient enough to ensure a sound operation and prudent governance of the financial institution over the next three years.

52. When assessing the person's financial stability, Latvijas Banka shall take into account:

52.1. whether the financial mechanisms used to finance the person or existing financial relationships between the person and financial institution could give rise to conflicts of interest that could affect the financial institution;

52.2. whether the person's financial position indicates that it is likely to face financial difficulties in the process of acquiring a qualifying holding or over the coming three years;

52.3. the potential influence of the person, the nature of the person (for instance, whether the person is a strategic or financial investor, including whether it is a private capital investment fund or hedge fund) and the nature of the acquisition of a qualifying holding (for instance, whether the transaction is significant or complex);

52.4. whether the person will use a loan to acquire a qualifying holding and the resulting debt liabilities will have no negative impact on the person's financial stability, the person's commitment to meet the prudential requirements binding on the financial institution and the capacity of the financial institution to comply with the prudential requirements.

53. To assess the person's financial stability, Latvijas Banka shall have the right to apply the principle of proportionality to the amount of information and documents to be submitted or set more stringent requirements, taking into account whether the person is a financial institution subject to prudential supervision, or a legal person that is not a financial institution, or a natural person.

X. Assessment of the Financial Institution's Compliance with Prudential Requirements

54. Latvijas Banka shall assess whether the financial institution meets the prudential requirements set for the person, taking account of the following factors:

54.1. the share of the person's holding, the person's reputation, financial stability, group structure;

54.2. the person's strategy regarding the future operation of the financial institution;

54.3. corporate governance;

54.4. the person's further objectives regarding a holding in the financial institution;

54.5. the person's commitment to provide financial support to ensure liquidity or solvency;

54.6. the person's ability to provide financial support or find any other solution in case of liquidity or solvency problems;

54.7. the person's ability to invest financial resources in developing the operation of the financial institution.

55. Latvijas Banka shall assess whether the financial institution meets the prudential requirements, taking account of the following factors:

55.1. the financial institution's ability to meet the requirements specified in legal acts (for instance, capital, liquidity, large exposure, internal control, risk management and compliance requirements) during the examination of the notification and after the person has acquired a qualifying holding;

55.2. whether the structure of the group of commercial companies in which the financial institution will be included does not limit Latvijas Banka's possibilities of exercising its statutory supervisory functions, ensuring efficient information exchange among credit institution supervisory authorities and determining the allocation of supervisory powers among credit institution supervisory authorities;

55.3. whether the structure of the group of commercial companies in which the financial institution will be included ensures clear and transparent corporate governance and organisational structure.

XI. Assessment of the Risk Related to Money Laundering and the Financing of Terrorism and Proliferation

56. Latvijas Banka shall assess whether there are reasonable grounds to suspect that, in connection with the proposed acquisition of a holding, money laundering and the financing of terrorism and proliferation has been committed or attempted or that the proposed acquisition of a holding could increase this risk, taking account of the following factors:

56.1. Latvijas Banka possesses information, suspects or has reasonable grounds to believe that the person is or has been involved in money laundering and the financing of terrorism and proliferation or attempts thereof whether or not directly or indirectly linked to the proposed acquisition of or increase in a qualifying holding;

56.2. Latvijas Banka possesses information, suspects or has reasonable grounds to believe that the person has carried out terrorism-related activities or the financing of terrorism and proliferation, in particular if the person is subject to the financial sanctions regime;

56.3. the proposed acquisition of a qualifying holding gives rise to an increased risk of money laundering or the financing of terrorism and proliferation;

56.4. the acquisition of financial resources evokes suspicion that an increased risk of money laundering and the financing of terrorism and proliferation will arise;

56.5. failure to submit complete and reliable information and explanations concerning the origin of capital or the person's activities with regard to its commercial activity (for instance, unrecorded capital movement, relocation of the headquarters from the country of registration to another country, changes in the management or ownership of the legal person, pre-existing relationship between the owners or the company's management and persons with a criminal record).

57. The increased risk of money laundering and the financing of terrorism and proliferation referred to in Paragraph 56.4 of this Regulation arises if the person is established in or it has personal or business ties (through a family member or close associates) with a country or territory identified by the Financial Action Task Force as a country or territory having material deficiencies in its national anti-money laundering and counter-terrorism and proliferation financing system that pose a risk to the international financial system, or a country or territory identified by the European Commission as a country or territory having material deficiencies in its national anti-money laundering and counter-terrorism and proliferation financing system that pose significant threats to the financial system.

58. When assessing whether the proposed acquisition of a qualifying holding poses an increased risk of money laundering and the financing of terrorism and proliferation, Latvijas Banka shall take into account all person-related information, the opinions,

assessments or reports drawn up by international organisations in the field of anti-money laundering, predicate offences to money laundering and combatting the financing of terrorism and proliferation, as well as information available in the media.

59. When assessing the origin and movement of the funds for the proposed acquisition of or increase in a qualifying holding, Latvijas Banka shall take into account whether:

59.1. the funds for the acquisition of a qualifying holding are transferred through the financial institutions supervised by the financial and capital market supervisory authorities of Member States or the financial institutions supervised by foreign financial and capital market supervisory authorities where effective anti-money laundering and counter-terrorism and proliferation financing requirements consistent with the Recommendations of the Financial Action Task Force are imposed and effectively met;

59.2. the information on the activity that has generated the funds, the history of the person's commercial activity and the financing scheme are credible and consistent with the value of the transaction;

59.3. the funds may be traced back to their origin through documents, or there is other information allowing Latvijas Banka to resolve all doubts as to their legal origin.

60. Where the person is unable to verify the origin of the funds to Latvijas Banka pursuant to Paragraph 59 of this Regulation, it shall provide an explanation about the origin and movement of the funds. Latvijas Banka shall consider whether such explanation is credible and justified in conjunction with the assessment of the person's overall reputation.

XII. Acquiring a Qualifying Holding in the Central Securities Depository

61. To assess the compliance of the persons intending to acquire control in the central securities depository, the requirements laid down in Paragraph 27, Chapters VII, IX, X and XI of this Regulation shall be applied.

62. Where control over the central securities depository is acquired as a result of a concerted action of persons, Paragraphs 3, 4, 5, 6, 7 and 8 of this Regulation shall be applied to determine the concerted action.

63. Prior to the acquisition of control over the central securities depository, the person shall submit a notification to Latvijas Banka pursuant to Appendix 1 to this Regulation. The notification shall be accompanied by Appendices 2, 3 and 4 to this Regulation and the relevant information and documents.

XIII. Final Provision

64. The Financial and Capital Market Commission's Regulation No 92 "List of Information Required for Notification of the Acquisition of or Increase in a Qualifying Holding and General Principles and Procedure for the Examination of Notification" of 14 July 2020 (*Latvijas Vēstnesis*, 2020, No 139; 2022, No 126) shall be deemed invalid.

**Notification
of Acquiring or Increasing a Qualifying Holding in the Financial
Institution**

1. Details of the contact person for the notification

First name, surname:
Position:
Name of the commercial company:
Address:
E-mail address:
Telephone number:
Mobile phone number:

2. Information about the financial institution in which acquiring or increasing a qualifying holding is planned:

Name of the financial institution:
Address:
E-mail address:
Telephone number:
Identification code (LEI or other code, if any):
Registration number of the financial institution:
Principal activity of the financial institution:

3. Information about the person intending to acquire or increase a qualifying holding in the financial institution:

1. Communication with the person
Business name or the first name and surname of the person:
First name and surname of the person's signatory (if the person is a legal person)

First name and surname of the representative who can be contacted regarding the person:

Address (registered and actual):

E-mail address:

Telephone number:

Website address:

Identification code (LEI or other code, if any):

Person's registration (identification) number:

2. Information about the person's principal activity

(a description of the main areas of activity and markets, including information about significant events that have affected the person's operation during the last reporting year; information about the person's dependency on patents, licences, significant contracts, encumbrances and restrictions of operation, as well as legal proceedings that have affected or may affect its operation in the future, significant investments to be made at present or in the nearest future, the size and distribution of the share capital)

3. Information about concerted action

(information about other persons with which the person acts in concert in relation to acquiring or increasing a qualifying holding in the financial institution, as well as information about the joint future activities with regard to the financial institution)

4. Information about the financial supervisory authority if the person is supervised by any other financial and capital market supervisory authority, information about the licensed or registered operation of this person

4. Information about the planned transaction

1. Data on the number and type of shares (ordinary shares, preferred shares or personnel shares) in the financial institution held by the person before acquiring or increasing a qualifying holding and thereafter, as well as data on the number of shares in the whole share capital of the financial institution (also in per cent) and the proportional distribution of voting rights if different from the proportional distribution in the share capital
2. The estimated share of a holding in the financial institution after the transaction
3. The expected transaction price, pricing criteria, explanation in case the price differs from the market value, its payment procedure or valuator's assessment or an equivalent document providing information about pricing criteria, deadlines, the key terms and conditions, the expected deadline for the execution of the transaction
4. Detailed information about the purpose of acquiring or increasing a qualifying holding (for example, strategic investment, portfolio management), the investment term
5. Information about any permits (share repurchase offers, a permit from the competition institution, etc.) needed from other public institutions before and after the acquisition. If the permit is needed, information about the institutions that will provide it, the deadline for obtaining the permit
6. Concluded shareholder agreements, information about the prospective shareholder agreements. Information on other persons acting in concert with the person to acquire or increase a qualifying holding in the financial institution, financing the acquisition, each person's impact on further financial and management operation of the financial institution as well as the joint future action of these persons as regards the financial institution
7. Information about any disposals that would occur together with acquiring a holding in the financial institution

5. Information about the sources of financing for acquiring or increasing a qualifying holding

1. Information about the financial resources and their origin and the availability of funds (the person shall substantiate the above by any corresponding accompanying documents to the satisfaction of the financial supervisory authority that the proposed acquisition of a qualifying holding is not an attempted money laundering or financing of terrorism and proliferation. For that purpose, the person may submit the following supporting documents: the annual reports of commercial companies, decisions by the executive bodies of commercial companies, tax returns, income statements, cash account statements, financial instrument account statements and other documents)

2. Information about the method of the payment for the proposed acquisition of a holding and the network used for transferring funds

(to substantiate the above, the person shall submit agreements, account statements and other documents)

3. Information about access to capital sources and financial markets, including information about the issued financial instruments

(to substantiate the above, the person may submit the following supporting documents: the annual reports of commercial companies, decisions by the executive bodies of commercial companies, financial instrument account statements and other documents)

4. Information about liabilities, lenders, information about liability settlement deadlines, conditions, collaterals and guarantees as well as information about the source of income for settling liabilities and the origin of the borrowed funds if the lender is not a supervised financial institution

(to substantiate the above, the person shall submit agreements, account statements, public register statements on mortgage entries, credit register data and similar data)

5. Information about financial transactions with other shareholders of the financial institution

(to substantiate the above, the person shall submit agreements and account statements)

6. Information about the person's or financial institution's assets to be sold in the near term (conditions of sale, price appraisal and other details characterising the transaction) and to be used for acquiring or increasing a qualifying holding

(to substantiate the above, the person shall submit agreements, contracts, decisions by executive bodies of commercial companies)

6. Information about the planned group structure and its effect on supervision

1. Where the acquirer of the qualifying holding is a legal person, it shall submit an analysis of the consolidated perimeter of the financial institution and the group in which the financial institution will be included after the proposed acquisition of a holding. The analysis shall contain information on the structural units of the group to be included in the consolidated perimeter and the group levels these requirements would be applied to on a consolidated and sub-consolidated basis.

2. Any acquirer of a qualifying holding shall submit an assessment of whether the proposed acquisition will affect the person's close relationship with the financial institution and the financial institution's ability to timely and precisely provide information to Latvijas Banka as specified in laws and regulations.

7. Information to be submitted if the person intends to acquire a significant influence or a qualifying holding in the financial institution below 20% of the financial institution's share capital or the number of shares with voting rights

1. Information on the person's planned strategy as regards the operation of the financial institution

(the person shall submit a detailed strategy paper including at least:

- 1) the person's action plan in connection with acquiring or increasing a qualifying holding;
- 2) the person's intention to increase, decrease or retain its share of holding in the financial institution in the near future;
- 3) the person's intention as regards the financial institution, indicating whether or not it intends to act as an active minority shareholder and the rationale for such action;
- 4) information on the exit strategy;
- 5) a description of the adverse scenario and the financial forecasts)

2. Information about the person's intentions regarding the provision of further financial support to the financial institution

(the person shall submit a written acknowledgement of its ability and willingness to support the financial institution contributing additional financial assets from own or borrowed funds for the development of its operation or in case of financial difficulties; the acknowledgement shall describe the sources used for providing financial support and the amount of investments)

8. Information to be submitted if the person intends to acquire a qualifying holding in the financial institution reaching 20%, but below 50% of the financial institution's share capital or the number of shares with voting rights

1. Information on the person's planned strategy as regards the operation of the financial institution

(the person shall submit a detailed strategy paper including at least:

- 1) the person's action plan in connection with acquiring or increasing a qualifying holding;
- 2) the person's intention to increase, decrease or retain its share of holding in the financial institution in the near future;
- 3) the person's intention as regards the financial institution, indicating whether or not it intends to act as an active minority shareholder and the rationale for such action;
- 4) information on the exit strategy;
- 5) a description of the adverse scenario and the financial forecasts;
- 6) details on the influence that the person intends to exercise on the financial position (including the dividend policy), the strategic development, and the allocation of resources of the financial institution;
- 7) the person's medium-term plan with regard to the financial institution, including the following information:
 - a) the objectives of acquiring or increasing a qualifying holding and a plan to achieve the objectives;
 - b) the planned financial results for the next three years (return on equity, profitability, profit per share, etc.);
 - c) the possible changes in operation, products, target customers and resource structure;
 - d) the economic justification for incorporating the financial institution in the group structure, including the main benefits from the merger of commercial companies, as well as the policy determining intra-group transactions. With regard to financial institutions supervised in Member States, this information shall be indicated for the institutions that are affected or will be affected by the holding acquisition transaction)

2. Information about the person's intentions regarding the provision of further financial support to the financial institution

(the person shall submit a written acknowledgement of its ability and willingness to support the financial institution contributing additional financial assets from own or borrowed funds for the development of its operation or in case of financial difficulties; the acknowledgement shall describe the sources used for providing financial support and the amount of investments)

9. Information to be submitted if the person intends to acquire a qualifying holding in the financial institution reaching 50% of the financial institution's share capital or the number of shares with voting rights

Information on the person's planned strategy as regards the operation of the financial institution

(the person shall submit a business plan including:

1. the strategic development plan containing the following information:

- a) the objectives of acquiring or increasing a qualifying holding and a plan to achieve the objectives;
- b) the planned financial results for the next three years (return on equity, profitability, profit per share, etc.);
- c) the possible changes in operation, products, target customers and resource structure;
- d) the economic justification for incorporating the financial institution in the group structure, including the main benefits from the merger of commercial companies, as well as the policy determining intra-group transactions. With regard to financial institutions supervised in Member States, this information shall be indicated for the institutions that are affected or will be affected by the holding acquisition transaction;
- e) information on the exit strategy;
- f) a description of the adverse scenario and the financial forecasts;

2. the planned financial statements for three years (individual and consolidated level), including:

- a) the projected balance sheet and profit and loss statement;
- b) the projected operational indicators (capital requirements, debt-to-equity ratio, etc.);
- c) information about the acceptable risk level (for credit risk, market risk, operational risk and other risks)
- d) projections as to the planned intra-group transactions;

3. the assessment of the effect of acquiring or increasing a qualifying holding on the corporate management and general organisational structure of the financial institution, including the effect on:

- a) the composition of the board and council and their obligations, as well as the main committees of the financial institution established by the board or council (management, risk, audit, remuneration, etc.), including information about the persons who manage or will manage the financial institution and its committees and information about the persons to be appointed to manage the business;
- b) the administrative and accounting procedures and internal control, indicating the main changes to the procedures and systems that refer to accounting and internal control (including anti-money laundering and combatting the financing of terrorism and proliferation) and that include filling in the main positions (at least the manager of the internal audit service, risk director, the person in charge of the operational compliance control);
- c) the information technology management strategy and organisation, indicating the main changes to the policy and regulations of the information system development, maintenance, outsourcing, operational backup, continuity and audit record management and safety;
- d) the policy that determines the operation of subcontractors and outsourcing (the particular areas, the choice of service providers) and the respective rights and obligations of the main contracting parties (for example, audit measures, the quality of the expected services);
- e) the corporate management and general organisational structure of the financial institution, also information about changes to the shareholder structure or distribution of voting rights)

10. Information about other public institutions where the notification on a qualifying holding or other notification has been or will be submitted to receive the permit

Name of the public institution:

Address:

E-mail address:

Telephone number:

Website address:

11. Information about the contact person and address (postal address and e-mail address) where the decision adopted by Latvijas Banka or the European Central Bank should be sent

Addressee:

Address:

E-mail address:

12. Information about the language of the decision

(to be completed only by the persons who acquire or increase a qualifying holding in the credit institution)

The person would like to receive the decision of the European Central Bank in English

The person would like to receive the decision of the European Central Bank in Latvian

13. List of all documents attached to the notification

14. Signature of the authorised person

Governor of Latvijas Banka

Mārtiņš Kazāks

Information on the Acquirer of a Qualifying Holding (Natural Person)

No	Information to be submitted	Possible types of documents	List of documents submitted by the person containing the relevant information	Explanations concerning the submitted documents (if needed)
1	Personal identity information			
1.1	Person's first name, surname, birth date and place, national identity number (if any), data of the personal identification document (issuing authority, issuing country, date of issue, period of validity, number)	Acknowledgement by the person containing the necessary information, a copy of the passport		
1.2	Address and contact details	Acknowledgement by the person containing the necessary information		
1.3	Curriculum vitae, including information on education and training, previous professional experience as well as any current professional activities	Detailed curriculum vitae (CV) or an equivalent document		
2	Information on the person and all commercial companies managed or controlled by the person over the last 10 years			
2.1	Information on the person's	Certificate issued by law enforcement		

	administrative and criminal record	authorities of countries other than Latvia. Certificate issued by supervisory authorities of countries other than Latvia		
2.2	Information on the penalties imposed on the commercial company under the control of this person or in whose board or council the person has been a member, and whether any administrative case or criminal proceedings have been initiated against it as well as information on whether the person has held a position in a commercial company that has gone bankrupt or has been deprived of the rights to engage in commercial activity	Person's acknowledgement of the absence of the above facts. Person's explanation of the sanctions imposed, his involvement in the processes, the seriousness of the offence, consequences		
2.3	Information on ongoing pre-trial investigations, administrative processes, legal proceedings, enforcement of court rulings that apply to the person	Detailed explanation by the person. Documents issued by authorities of countries other than Latvia		
2.4	Any refusal to register, issue a permit, acquire a qualifying holding or grant a trading licence, commercial activity licence or professional licence, any revocation,	Detailed explanation by the person		

	withdrawal or termination of such registration, holding or licence, as well as exclusion from registers by any type of public institutions or professional associations			
2.5	Forced termination of employment, revocation of authorisation, termination of fiduciary relationship or similar relationship	Detailed explanation by the person		
2.6	Information as to whether an assessment of the person's reputation has been conducted by another supervisory authority, decisions made by the said authority, acknowledgement of the assessment results	Acknowledgement issued by a supervisory authority of a country other than Latvia		
2.7	Information regarding the person's current financial position based on the aggregate assets and liabilities, including details concerning sources of income, assets and liabilities, collaterals and guarantees given and received	Aggregate assets and liabilities in line with Appendix 4 to this Regulation. Copies of agreements. Income statements acknowledged by the State Revenue Service or an equivalent institution. Documents on asset ownership issued by public registers of countries other than Latvia. Extracts from financial institutions' account statements relating to deposits, financial instruments.		

		<p>Asset assessment (in the absence of a specific assessment, the person may submit his own assessment based on publicly available information, indicating the source of information).</p> <p>Asset assessment (in case the assets basically prove financial stability, an assessment prepared by a certified valuator in line with the procedure established in laws and regulations)</p>		
2.8	Description of the person's professional activity (commercial activity)	Detailed description of the person's commercial activity, indicating the positions occupied, the area of activity, the regions of commercial activity		
2.9	Data on the commercial companies where the person holds control or any position in the board or council, and commercial companies where the person has a qualifying holding or a significant influence	<p>Registration document.</p> <p>Register of shareholders or members.</p> <p>List of commercial companies (name, registration number, date, place)</p>		
2.10	Financial statements for the last three years of the commercial companies controlled or managed by the person, ratings assigned to these commercial companies or the	<p>Financial statements.</p> <p>Statements prepared by the management (operational balance sheet) if the commercial company has been operating for less than one year since its establishment.</p>		

	person, publicly available reports on these commercial companies	Person's acknowledgement of the ratings assigned. Reference to publicly reliable information that should be taken into account for the purpose of Paragraph 2.10 hereof		
2.11	Description of the person's financial and non-financial interests* or relationships with the persons listed below	Description of interests. Description of liabilities. Documents supporting interests and liabilities (contracts, agreements, etc.). Description of the applied type of voting rights		
2.11.1	Shareholders of financial institutions			
2.11.2	Any person entitled to exercise voting rights in the financial institution in one or more ways: - voting rights that a third party is entitled to exercise under an agreement concluded with the person whereby that third party is obliged to reach an agreement with the relevant person on the policy for exercising the voting rights and taking action in the long term in relation to the management of the financial institution in question;			

* Financial interests may include interests such as credit operations, guarantees and collaterals; non-financial interests may include interests such as family or close relationships.

<p>- voting rights that a third party is entitled to exercise under an agreement concluded with the person, providing for a temporary transfer of the voting rights in question against payment;</p> <p>- voting rights attaching to the shares which are lodged as collateral with the particular person, provided that the particular person may exercise the voting rights and has declared the intention to do so;</p> <p>- voting rights that the particular person is entitled to exercise for an indefinite period;</p> <p>- voting rights that the commercial company controlled by the person is entitled to exercise or voting rights that such a commercial company may exercise in accordance with the terms and conditions concerning the above ways of exercising voting rights;</p> <p>- voting rights attaching to the shares deposited with the particular person and which that person may exercise at its discretion in the</p>			
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	<p>absence of specific instructions;</p> <ul style="list-style-type: none"> - voting rights attaching to the shares held on behalf of the third party for the benefit of the particular person; - voting rights that the particular person may exercise as a proxy when that person may exercise the voting rights at its discretion in the absence of specific instructions 			
2.11.3	Members of the council or board of the financial institution			
2.11.4	Financial institution and its group			
2.12	Any data about the person that can be considered as obstacles to acquiring or increasing a qualifying holding in the financial institution	Written information provided by the person		
2.13	Data on a proxy if the person upon acquiring or increasing a qualifying holding in the financial institution has authorised or will authorise another person to exercise voting rights	Written information provided by the person. Power of attorney. Authorisation agreement		
2.13.1	Information on the identity of a proxy in line with Paragraphs 1.1 and 1.2 hereof or Paragraph 1 of	Documents specified in Paragraphs 1.1 and 1.2 hereof, documents specified in Paragraphs 1.1, 1.2 and 1.3 of Appendix 3 to this Regulation		

	Appendix 3 to this Regulation			
2.13.2	Information on the identity of other beneficial owners in line with Paragraphs 1.1 and 1.2 hereof or Paragraph 1 of Appendix 3 to this Regulation	Documents specified in Paragraph 1 hereof, documents specified in Paragraphs 1.1, 1.2 and 1.3 of Appendix 3 to this Regulation		

Governor of Latvijas Banka

Mārtiņš Kazāks

Information on the Acquirer of a Qualifying Holding (Legal Person)

No	Information to be submitted	Possible types of documents	List of documents submitted by the person containing the relevant information	Explanations concerning the submitted documents (if needed)
1	Personal identity information			
1.1	Person's name, registration date, place, number	Person's acknowledgement		
1.2	Person's legal address, postal address, telephone and mobile phone numbers, e-mail address	Person's acknowledgement		
1.3	Person's registered legal form	Copy of the registration certificate or other type of document issued by a country of registration other than Latvia. Articles of association. Establishment agreement		
1.4	Information about the type of commercial activity, overview of the commercial activity for the last three years	Detailed overview of the performed activities, including information about the industry, regions of commercial activity		
1.5	Information about natural (legal) persons that actually manage the person's commercial activity (board, council members or persons with equivalent level of responsibility who	List of persons that actually manage the person's commercial activity. Excerpts from decisions adopted		

	make decisions), indicating their first name, surname, date and place of birth, national identification number (if any), data of the personal identification document (issuing authority, issuing country, date of issue, period of validity, number)	by the person's institutions. Registers of directors. Extracts from institutional registers of countries other than Latvia		
1.6	Information on the curriculum vitae referred to in Paragraph 1.5 hereof, indicating education and training, previous professional experience as well as any current professional activities	Detailed curriculum vitae (CV) or an equivalent document		
1.7	Data on the person's owners, until information about the owners (beneficial owners) – natural persons – has been acquired	Documents specified in Paragraphs 1.1 and 1.2 of Appendix 2 to this Regulation and documents specified in Paragraphs 1.1, 1.2 and 1.3 hereof		
1.8	Information about an existing trust or the trust that will result from the acquisition of a qualifying holding			
1.8.1	Information about the authorised persons who manage the trust assets according to the provisions specified in the trust documents, their share in income distribution	Documents specified in Paragraphs 1.1 and 1.2 of Appendix 2 to this Regulation and documents specified in Paragraphs 1.1, 1.2 and 1.3 hereof		
1.8.2	Information about all actual owners of the trust, its beneficial owners, founders	Documents specified in Paragraphs 1.1 and 1.2 of		

		Appendix 2 to this Regulation and documents specified in Paragraphs 1.1, 1.2 and 1.3 hereof		
1.8.3	Information on the distribution of voting rights in the trust, the persons receiving income (dividends and similar payments) from trust profit	Person's acknowledgement, an excerpt from the shareholder register or an equivalent document, documents specified in Paragraphs 1.1 and 1.2 of Appendix 2 to this Regulation and documents specified in Paragraphs 1.1, 1.2 and 1.3 hereof		
2	Information about the acquirer, any natural or legal person that actually manages the acquirer's commercial activity, any commercial company controlled by the acquirer, and any shareholder exercising a significant influence over the acquirer in the meaning of Paragraph 2.8 hereof during the last 10 years			
2.1	Information about the administrative and criminal record of the acquirer, any natural or legal person actually managing the acquirer's commercial activity	Certificate issued by law enforcement authorities of countries other than Latvia. Certificate issued by supervisory authorities of countries other than Latvia		

2.2	Information about the penalties imposed on the commercial company under the control of this person or in whose board or council the person has been a member, and whether any administrative case or criminal proceedings have been initiated against it as well as information on whether the person has held a position in a commercial company that has gone bankrupt or has been deprived of the rights to engage in commercial activity	Certificate issued by supervisory authorities of countries other than Latvia. Person's acknowledgement of the absence (existence) of the above facts. Person's explanation of the sanctions imposed, its involvement, the seriousness of the offence, consequences		
2.3	Information about the ongoing pre-trial investigations, administrative processes, legal proceedings, enforcement of court rulings that apply to the acquirer	Detailed explanation by the person. Documents issued by authorities of countries other than Latvia		
2.4	Any refusal to register, issue a permit, acquire a qualifying holding or grant a trading licence, commercial activity licence or professional licence, any revocation, withdrawal or termination of such registration, holding or licence, as well as exclusion by any type of public institutions or professional associations	Detailed explanation by the person		
2.5	Dismissal from paid employment or any position of trust, fiduciary relationship or other similar situation (with regard to the persons actually	Detailed explanation by the person		

	managing the acquirer's commercial activity and shareholders exercising a significant influence over the acquirer)			
2.6	Information as to whether an assessment of the person's reputation has been conducted by another supervisory authority, information identifying this institution and the acknowledgement of the assessment results	Acknowledgement issued by a supervisory authority of a country other than Latvia		
2.7	Description of the financial or non-financial interests* of the person or, if applicable, the group to which the person belongs, as well as of the persons effectively managing its business, or a description of the relationship with the persons listed below	Description of interests. Description of liabilities. Documents supporting interests and liabilities (e.g. contracts, agreements, etc.). Description of the applied type of voting rights		
2.7.1	Shareholders of financial institutions			
2.7.2	Any person entitled to exercise voting rights in the financial institution in one or more ways: - voting rights that a third party is entitled to exercise under an agreement concluded with the person whereby that third party is obliged to reach an agreement with the relevant person on the policy for exercising the voting rights and taking action in the long term in relation to the management of the			

* Financial interests may include interests such as credit operations, guarantees and collaterals; non-financial interests may include interests such as family or close relationships.

<p>financial institution in question;</p> <ul style="list-style-type: none"> - voting rights that a third party is entitled to exercise under an agreement concluded with the person, providing for a temporary transfer of the voting rights in question against payment; - voting rights attaching to the shares which are lodged as collateral with the particular person, provided that the particular person may exercise the voting rights and has declared the intention to do so; - voting rights that the particular person is entitled to exercise for an indefinite period; - voting rights that the commercial company controlled by the person is entitled to exercise or voting rights that such a commercial company may exercise in accordance with the terms and conditions concerning the above ways of exercising voting rights; - voting rights attaching to the shares deposited with the particular person and which that person may exercise at its discretion in the absence of specific instructions; - voting rights attaching to the shares held on behalf of the third party for the benefit of the particular person; - voting rights that the particular person may 			
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	exercise as a proxy when that person may exercise the voting rights at its discretion in the absence of specific instructions			
2.7.3	Members of the council or board of the financial institution			
2.7.4	Financial institution and its group			
2.8	Any data on the person that can be considered as obstacles or conflicts of interest upon acquiring or increasing a qualifying holding in a financial institution, and possible solutions to these obstacles or conflicts of interest	Information provided by the person		
2.9	Information about the distribution of the person's voting rights and capital, indicating information about the identity of all shareholders (members) with a qualifying holding and their shares and voting rights, any shareholder agreements	Agreements. Excerpts from shareholder registers. Documents specified in Paragraphs 1.1 and 1.2 of Appendix 2 to this Regulation and documents specified in Paragraphs 1.1, 1.2 and 1.3 hereof		
2.10	Detailed organisational chart of the group and information about the owners' holdings and types of operation, identifying commercial companies subject to financial supervision if the person belongs to a group as a subsidiary or parent company of the commercial company	Chart and detailed description		
2.11	Information about relationships between the group's financial structures and other	Detailed description		

	non-financial structures if the person belongs to a group as a subsidiary or parent company of the commercial company			
2.12	Information about each financial institution supervised by financial supervisory authorities and included in the person's group, their supervisory authority	Documents specified in Paragraphs 1.1, 1.2 and 1.3 hereof		
2.13	Audited annual reports (individual, consolidated or sub-consolidated at the group level) for the last three reporting years, including the following information: 1) balance sheet; 2) profit and loss statement or income statement; 3) annual reports and their financial appendices as well as any other documents that the person is obliged to prepare in compliance with the laws and regulations of its country of registration	Reports		
2.14	Where audited financial reports are not available to the person, it shall submit financial reports prepared by the management for the last three years	Reports		
2.15	Where the person has been operating for less than one year, the person shall submit: 1) the projected balance sheet; 2) the projected profit and loss statement or income statement for the first three years of	Reports		

	operation, with planning assumptions attached			
2.16	Information about the person's credit rating as well as information about the credit rating of the entire group	Person's acknowledgement. Acknowledgement issued by the rating agency		
3	Where the person's headquarters is located abroad, it shall submit the following additional information			
3.1	Registration certificate or, if it is not available, an equivalent document issued by foreign institutions of the financial industry regarding the potential acquirer of a holding	Acknowledgement		
3.2	If possible, an acknowledgement from the foreign financial supervisory institutions stating that there are no obstacles to or restrictions on providing the information necessary for the supervision of the financial institution	Acknowledgement		
3.3	General information about the regulatory regime of this third country which is applicable to the person	Description		
4	Where the person is a state-founded investment fund or an equivalent establishment, the person shall submit the following additional information			
4.1	Information about the state institution in charge of defining the fund's investment policy (name)	Person's acknowledgement. Excerpts from documents (e.g. orders, decrees, etc.) issued by institutions of a		

		country other than Latvia. Explanation about the fund and its investment policy pursuant to the provisions of legal acts		
4.2	Information about investment policy and any investment restrictions	Investment policy or an equivalent document		
4.3	Information about the persons in charge of fund investment decisions (first name, surname and position)	Investment policy, the fund's operation regulation, rules or equivalent documents		
4.4	Information about the influence of the responsible public institution on the daily operation of the fund and financial institution	Person's acknowledgement Excerpts from documents (e.g. orders, decrees, etc.) issued by institutions of a country other than Latvia or equivalent documents		
5	Where the person is a private capital investment fund, hedge fund or a similar fund according to the operation or investment principles, the potential acquirer of a holding shall provide the following additional information			
5.1	Detailed description of the person's prior acquisition of a qualifying holding in financial institutions	Detailed description		
5.2	Information about the fund's investment policy and all investment restrictions, including information about investment management, factors	Investment policy or an equivalent document		

	underlying the decisions on the investment in a financial institution, information about the fund's exit strategy			
5.3	Information about the decision-making procedure concerning the person's investment and about the persons in charge of decision-making (first name, surname and position)	Investment policy, the fund's operation regulation, rules or equivalent documents. Documents specified in Paragraphs 1.1 and 1.2 of Appendix 2 to this Regulation		
5.4	Detailed description of the person's anti-money laundering procedures and procedures for combatting the financing of terrorism and proliferation and the applicable legal framework thereto	Description. Procedure or an equivalent document		

Detailed Summary of Assets and Liabilities Owned by the Person on the Day of Submitting the Notification

Table 1 (to be completed by any person intending to acquire or increase a qualifying holding)

1. Holding in commercial companies							
Type of holding (security)	Name of the commercial company	Number of securities	Nominal value of securities	Market value of securities or fair value in the absence of market value	Currency	Share of holding (%)	Website or other resource providing information on the commercial company
Total nominal value (euro)							
Total market value (euro) or fair value (euro)							
2. Other financial instruments							
Financial instrument	Name of the commercial company	Number of financial instruments	Nominal value of financial instruments	Market value of financial instruments or fair value in the absence of market value	Currency	Website or other resource providing information on the commercial company	
Total nominal value (euro)							
Total market value (euro) or fair value (euro)							

3. Immovable property					
Name	Type of immovable property (building, land, etc.)	Market value	Currency	Area (ha)	Address
Total nominal value (euro)					
4. Movable property					
Name	Type of movable property (vehicle, painting, etc.)	Market value	Currency	Property address	
Total value (euro)					
5. Financial resources					
Credit institution (or other holder)	Date	Amount	Currency		
Total value (euro)					
6. Other assets (loans, etc.)					
Asset	Value	Currency	Maturity		
Total value (euro)					
Total asset value (euro)					

7. Liabilities			
Lender	Maturity	Amount	Currency
Total liabilities (euro)			
8. Guarantees			
Guaranteed party	Maturity	Amount	Currency
Total value (euro)			
9. Collaterals			
Pledgee	Collateral	Maturity	Amount (euro)
Total value (euro)			
Total liabilities (euro)			

Table 2 (to be completed by a natural person)

Summary of Assets and Liabilities of the Natural Person for the Last Three Years

Item		Year n	Year n-1	Year n-2
1	Assets (euro)			
2	Financial resources			
3	Securities			
4	Savings in pension funds			
5	Immovable property			
6	Other assets			
7	Total assets			
8	Liabilities (euro)			
9	Long-term loans			
10	Short-term loans			
11	Other liabilities			
12	Total liabilities (euro)			
13	Net value (euro)			

Table 3 (to be completed by a legal person other than a credit institution)

Summary of Assets and Liabilities of the Legal Person Other than a Credit Institution for the Last Three Years

Item		Year n	Year n-1	Year n-2
1	Revenue			
2	Total assets (euro)			
3	Capital			
4	Net profit			
5	Capital ratio ¹			
6	Asset-to-liability ratio ²			
7	Number of employees (full-time)			

¹ Capital/total assets.

² Assets/liabilities.

Table 4 (to be completed by the person that is a credit institution)

Summary of Assets and Liabilities of the Legal Person that is a Credit Institution for the Last Three Years

Item	Year n	Year n-1	Year n-2
1 Common Equity Tier 1 (%)			
2 Total capital ratio (%)			
3 Additional own funds requirement (%)			
4 Total capital buffer requirement (CCB – capital conservation buffer; CCyB – counter-cyclical capital buffer; G-SII – capital buffer for a global systemically important institution; O-SII – capital buffer for other systemically important institution; SRB – systemic risk buffer)			
5 Capital guidance requirement (%)			
6 Leverage ratio (%)			
7 Risk-weighted assets			
8 Total assets			
9 Total capital and reserves (euro)			
10 Net profit (euro)			
11 Liquidity ratio (%)			

Processing of Personal Data

Purpose and legal basis for the processing of personal data in the context of a qualifying holding procedure

An assessment of the suitability of any new owner prior to the acquisition or disposal of a qualifying holding in a credit institution is an indispensable tool for ensuring the continuous suitability and financial stability of the new owners of credit institutions.

Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (hereinafter referred to as the "SSM Regulation") confers specific tasks established therein on the European Central Bank (hereinafter referred to as the "ECB") relating to the prudential supervision of credit institutions on the basis of Article 127(6) of the Treaty on the Functioning of the European Union. For prudential supervisory purposes, the ECB is entrusted with the tasks in relation to the credit institutions established in the participating Member States referred to in Article 4 of the SSM Regulation in the context of Article 6 of the SSM Regulation.

In view of Article 4(1)(c) and Article 15 of the SSM Regulation, the ECB shall assess notifications of the acquisition and disposal of qualifying holdings in credit institutions (except in the cases of a credit institution resolution) and shall decide whether to oppose the proposed acquisition of a qualifying holding on the basis of the assessment criteria set out in the relevant European Union law. Pursuant to points (a) and (b) of Article 23(1) of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (hereinafter referred to as "CRD IV"), the competent authorities shall assess the reputation of the proposed acquirer of the holding and the reputation, knowledge and experience of any member of the senior management who will direct the credit institution as a result of the proposed acquisition of a qualifying holding. Article 85 of Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (hereinafter referred to as the "SSM Framework Regulation") establishes the rules on cooperation between the national competent authorities (hereinafter referred to as "Latvijas Banka") and the ECB with regard to the qualifying holding procedure.

Transmission of personal data

All the required personal data are needed to assess the reputation of the proposed acquirer of a qualifying holding in the credit institution and the suitability of each member of the management structure and senior management, who will manage the operation of the target credit institution following the acquisition of a qualifying holding. Where data are not provided, an application regarding your intention to acquire a qualifying holding in a credit institution shall be regarded as incomplete and the ECB shall oppose the proposed

acquisition of a qualifying holding on the grounds that the information on the proposed acquirer is incomplete (Article 23(2) of CRD IV).

Recipients or groups of recipients of personal data

In the qualifying holding procedure, personal data may be disclosed to the persons on a need-to-know basis, employees of Latvijas Banka, members of Joint Supervisory Teams, employees of the ECB Directorate General Microprudential Supervision, the Secretariat of the ECB Supervisory Board and members of the Supervisory Board and of the Governing Council of the ECB.

Applicable data retention period

The ECB shall store personal data provided in applications or notifications regarding a qualifying holding for a period of 15 years from the date of their submission if they are withdrawn before an official decision is reached, from the date of a negative decision or from the date the data subjects cease to be shareholders having a qualifying holding, or cease to be members of the senior management of the supervised entity in the case of a positive ECB decision. Where administrative or judicial proceedings are initiated, the retention period shall be extended, and it shall end one year after a decision on imposing sanctions and having acquired the authority of a final decision takes effect.

Applicable data protection

Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC shall be applicable to the processing of personal data by the ECB. However, the ECB and Latvijas Banka shall jointly manage the implementation of the tasks relating to the prudential supervision conferred on them by the SSM Regulation and SSM Framework Regulation each time they jointly determine the purpose and means of data processing.

Data subject rights

The data subject whose personal data are processed by the ECB for the prudential supervisory purposes specified above, shall have the right to access the data and to rectify the relevant data pursuant to Decision (EU) 2020/655 of the European Central Bank of 5 May 2020 adopting implementing rules concerning data protection at the European Central Bank and repealing Decision ECB/2007/1.

Contact details

In case of queries or complaints regarding data processing, you can contact the data processor (e-mail: authorisation@ecb.europa.eu) or the national competent authority (e-mail: info@bank.lv).

Moreover, you are entitled to have recourse at any time to the European Data Protection Supervisor (https://edps.europa.eu/data-protection/our-role-supervisor/personal-data-breach_en).

Acknowledgement

I hereby acknowledge that I am informed of the processing of my, as a natural person, data, including sensitive personal data, submitted to Latvijas Banka in the context of the qualifying holding procedure, inter alia, the transmission of these data to the ECB and the processing thereof for the performance of its functions.

First name, surname

Signature

Place, date

Governor of Latvijas Banka

Mārtiņš Kazāks