

Law on Introduction of Euro

Chapter I General Provisions

Section 1. The following terms are used in this Law:

- 1) **conversion rate specified by the Council** – irrevocably fixed conversion rate accepted by the Council of the European Union (hereinafter – Council) in accordance with Article 140(3) of the Treaty On the Functioning of the European Union (hereinafter – Treaty) for exchange of lats for euro;
- 2) **parallel circulation period** – time period during which lats and euro are used in parallel for cash transactions;
- 3) **changeover period** – time period during which lats are exchanged for euro free of charge, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law;
- 4) **dual display period** – time period during which prices for goods and services are indicated both in lats and in euro;
- 5) **legal instruments** – pursuant to Article 1(b) of Council Regulation (EC) No 974/98 (3 May 1998) on the introduction of the euro;
- 6) **redenomination** – pursuant to Article 1(j) of Council Regulation (EC) No 974/98 (3 May 1998) on the introduction of the euro;
- 7) **single-purpose payment instrument** – a personalised device or set of procedures, which is used by the user of payment services in order to initiate payment, but which is used for buying goods or services only in the location (premises) of the issuer thereof or pursuant to the contract with the issuer – also in a limited network of service providers, or in relation to a limited range of goods or services.

Section 2. Purpose of this Law

The purpose of this Law is to ensure efficient and transparent introduction of euro in the Republic of Latvia.

Section 3. Day of Introduction of Euro

- (1) The day of introduction of euro in the Republic of Latvia shall be the day with the effect when the exemption for the Republic of Latvia is abrogated in accordance with Article 140(2) of the Treaty.
- (2) Starting with the day of introduction of euro, euro shall be concurrently introduced in cash, non-cash and electronic money transactions.
- (3) Upon expiry of the parallel circulation period euro shall be the only legal tender.

Section 4. Continuity of Legal Instruments

- (1) References to lats in legal instruments existing on the day prior to the day of introduction of euro, starting from the day of introduction of euro, shall be considered references to euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.
- (2) Starting with the day of introduction of euro, a value of legal instruments initially expressed in lats, but not finalised, shall be converted to euro, in compliance with the

conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(3) All the values of a not finalised legal instrument shall be converted, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law. The total value of the not completed legal instrument shall be formed from the components converted. The total value of the not completed legal instrument shall not exceed the initial total value of the legal instrument in lats, which has been converted to euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law. The contracting parties may agree in writing on another procedure.

(4) The currency of a legal instrument shall not be converted, if the obligations between the contracting parties are in euro in such legal instruments that have been initiated before and have not been finalised by the day of introduction of euro.

Section 5. Costs of Introduction of Euro

(1) State budget institutions shall cover the costs of introduction of euro from the funds allocated for this purpose in the State budget.

(2) Institutions not referred to in Paragraph one of this Section shall cover the costs of introduction of euro from their budget funds.

(3) Private individuals shall cover the costs of introduction of euro from their own funds, except the State joint stock company *Latvijas Pasts*, whose costs of cash changeover set out in this Law for ensuring reachability of financial services shall be compensated from the funds provided for this purpose to the Ministry of Transport in the State budget.

Section 6. Principles of Rounding

(1) In converting lats to euro the conversion rate from lats into euro specified by the Council shall be used.

(2) Sums of money after converting lats to euro shall be rounded to the nearest cent, taking into account the third digit following the point.

1) If the third digit following the point is from 0 to 4, the value of the cent shall remain unchanged;

2) If the third digit following the point is from 5 to 9, then the cent shall be rounded up increasing by one.

(3) When converting resources of investment funds, resources of investment plans of the State-funded pension scheme and resources of pension plans of private pension funds, the rounding principles set out in the regulatory enactments regulating the operation of investment funds, the State-funded pension scheme and private pension funds shall be complied with, insofar as they do not deteriorate the right of a person to use the rounding principles set out in Paragraph two of this Section.

(4) In converting the unit price for goods and services, the value of the euro shall indicate the same number of digits as the unit price in lats. In this case, shall be taken the next rounded decimal left to the last decimal places.

1) If the next digit following the point is from 0 to 4, the value of the last remaining decimal shall remain unchanged;

2) If the next digit following the point is from 5 to 9, then the value of the last remaining decimal shall be rounded up increasing by one.

Chapter II Measures Related to Cash Changeover

Section 7. Parallel Circulation Period of Lat and Euro

- (1) The parallel circulation period shall be two weeks, starting from the day of introduction of euro.
- (2) During the parallel circulation period, when receiving a payment in lats, the change shall be given in euro.
- (3) In automated machines where the receipt of cash is ensured by the counter of a vending machine or machine for provision of services equipped with a counter for receipt of coins or banknotes, euro shall be used for cash payments, starting from the day of introduction of euro.
- (4) Starting from the day of introduction of euro, lats shall not be dispensed in automated teller machines.

Section 8. Changeover of Lat Cash to Euro

- (1) The changeover period in credit institutions shall be six months, starting from the day of introduction of euro.
- (2) The changeover period at the points for provision of postal services of the State joint stock company *Latvijas Pasts*, specified by the Cabinet, shall be one month, starting from the day of introduction of euro.
- (3) Changeover of lats to euro shall be performed to an unlimited extent free of charge within changeover period in credit institutions and at the points for provision of postal services of the State joint stock company *Latvijas Pasts*, specified by the Cabinet.
- (4) The changeover period at the Bank of Latvia shall be unlimited in regard of the term and amount free of charge, starting from the day of introduction of euro.
- (5) If merchants, which have received a licence for the foreign currency cash buying and selling issued by the Bank of Latvia, exchange lats to euro free of charge, the changeover period shall be six months, starting from the day of introduction of euro.
- (6) The merchants referred to in Paragraphs one, two and five of this Section shall not recirculate lats, starting from the day of introduction of euro.
- (7) The merchants referred to in Paragraphs one and two of this Section are entitled to specify the duty of a person to apply for performance of cash changeover not later than three working days in advance, if the cash sum at one time of exchange exceeds 3000 lats.

Section 9. Provision, Delivery, Destruction and Changeover of Banknotes and Coins

- (1) Until the day of introduction of euro the Bank of Latvia, taking into account the legal acts of the European Union, shall organise and implement timely making of euro coins and supply of euro banknotes, issue euro coins and banknotes to credit institutions, as well as distribute euro coin sets.
- (2) The Bank of Latvia shall ensure destruction of lat banknotes and coins withdrawn from the circulation.
- (3) The Bank of Latvia shall exchange damaged lat banknotes and circulation coins to euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law, if they conform to the following criteria:
 - 1) banknotes, the remaining size of which exceeds 51% of the whole banknote size (in one piece or torn and glued together) and which have visible security features and determinable face value;
 - 2) circulation coins, the face value of which is visible and the coat of arms distinguishable.

- (4) The Bank of Latvia shall not exchange a lat banknote or circulation coin not conforming to the criteria referred to in Paragraph three of this Section, and shall return it to the submitter upon the request of the submitter. In such a case, the Bank of Latvia shall make a note "Apmāīnai atteikts" [Rejected to be exchanged] on the lat banknote.
- (5) The Bank of Latvia shall exchange lat collector coins, for which manufacturing defects have been detected, to the same coin without a defect upon the request of a person. If the trade in such coins has been terminated at the Cashier's Office of the Bank of Latvia, the Bank of Latvia shall return to the submitter the sum of the coin purchase in euro according to the document confirming the purchase issued by the Bank of Latvia or according to the last retail price specified by the Bank of Latvia, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law. In other cases, the Bank of Latvia shall accept lat collector coins and exchange them to euro according to the face value thereof as circulation coins, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.
- (6) If a merchant exchanges damaged lat banknotes and circulation coins to euro, the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law shall be applied for such an exchange, and during the changeover period such an exchange shall be performed free of charge.
- (7) If the Bank of Latvia suspects that a lat banknote or coin submitted for exchange is counterfeit or the size of a remaining banknote cannot be determined, or there is another reason for doubts, the Expert Commission approved by the Governor of the Bank of Latvia shall, based on the submission of the submitter, take a decision on exchange of the banknote or coin to euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law. If the Bank of Latvia has suspicions that a lat banknote or coin is counterfeited, the Bank of Latvia acts according to the laws and regulations of the Republic of Latvia.
- (8) If a credit institution or another merchant suspect that a lat banknote or coin submitted for exchange is counterfeit, the credit institutions or another merchant act according to the laws and regulations of the Republic of Latvia. The credit institution, another merchant and the Bank of Latvia shall not compensate losses which have occurred due to counterfeit banknotes.

Chapter III

Measures Related to Changeover of Non-cash, Electronic Money and Single-purpose Payment Instruments

Section 10. Converting of Non-cash, Electronic Money and Single-purpose Payment Instruments

- (1) Upon the beginning of the day of introduction of euro, merchants or public authority, at which have non-cash resources, electronic money held, or which have issued single-purpose payment instruments, have converted all the balances of lat non-cash resources, lat balances of electronic money and lat balances of single-purpose payment instruments in euro free of charge, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law, preserving the unique identifier of the account where non-cash resources or electronic money are stored, and of single-purpose payment instrument unchanged.
- (2) If a person, prior to the day of introduction of euro, has payment accounts, including electronic money accounts, in lats and euro, he or she may, within two months starting from the day of introduction of euro, request closing of one payment account and transfer of one balance by choice to the other payment account free of charge. The merchant or public authority, with which payment accounts or electronic money accounts have been opened, shall perform operations of balance transfer and closing upon the request of a person.

Section 11. Currency to Be Used in Non-cash and Electronic Money Payments and Single-purpose Payment Instruments

- (1) Non-cash and electronic money payments, which prior to the day of introduction of euro had been performed in lats, shall be performed in euro, starting from the day of introduction of euro.
- (2) Starting from the day of introduction of euro, euro shall be used in single-purpose payment instruments, which prior to the day of introduction of euro had been performed in lats.
- (3) Non-cash and electronic money payments and payments with single-purpose payment instruments commenced in lats prior to the day of introduction of euro and to be completed on the day of introduction of euro or later, starting with the day of introduction of euro, shall be performed in euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

Chapter IV Dual Display of Prices for Goods and Services

Section 12. Provisions for Converting Prices for Goods and Services

For converting prices for goods and services from lats to euro the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law shall be used.

Section 13. Dual Display Period of Prices for Goods and Services

- (1) Dual display period for prices for goods and services shall commence three months prior to the day of introduction of euro, but not earlier than the day when the Council has specified the conversion rate, and shall last for six months following the day of introduction of euro.
- (2) During the dual display, in the settlement documents – invoices and in the documents certifying the received payment – cashier receipts and numbered and registered quittances of the State Revenue Service issued to the final consumers (natural persons), the sum of transactions shall be indicated in lats and euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.
- (3) The Cabinet shall determine the procedures by which dual display of prices for goods and services, as well as the supervision of the requirements for dual display and converting shall take place.
- (4) The maximum retail price for cigarettes shall be displayed both in lats and euro, taking into account the provisions of the Law On Excise Duties.
- (5) Postage stamps and other means of postal payment with a face value expressed both in lats and euro shall be used for payment for postal services also after the end of the dual display period set out in Paragraph one of this Section. Postage stamps and other means of postal payment with a face value expressed in lats shall be used for payment for postal services for 12 months, starting from the day of introduction of euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law. These provisions shall be applicable also in respect of the face value to be indicated on the image of a postage stamp on typographically printed envelopes and postcards.
- (6) Following the day of introduction of euro, a single-purpose payment instrument with the face value expressed in lats, or expressed both in lats and euro, shall be valid until the term of validity specified for it.

Chapter V
Adapting of Accounting, Tax (Fees) Payments, Declarations and the Credit Register to Introduction of Euro

Section 14. Source Documents and Accounting Registers

(1) On the day of introduction of euro the balance of each accounting register entry and the value of each accounting unit in lats shall be recalculated to the equivalent thereof in euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(2) Starting from the day of introduction of euro, entries in accounting registers shall be made, using euro as the measure of value. Source documents, where the measure of value is lat or another currency, which refer to the accounting period following the day of introduction of euro and which prior to the day of introduction of euro have not been used for entries in accounting registers, shall be recalculated in euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law, and recorded in accounting registers.

Section 15. Preparation of Annual Reports

(1) The values of an annual report (or parts thereof) or financial statement for the accounting year, which ends on the day of introduction of euro or later, shall be prepared in euro.

(2) The values of in the first annual report prepared in euro, the indices of the previous accounting year recalculated in euro shall be indicated as comparable indices, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

Section 16. Preparation of Tax Declarations, Informative Declarations and Payment Notifications on Immovable Property Tax, and Making of Corrections

(1) The values of the tax and informative declarations shall be prepared in the currency, which was the legal tender in the State at the end of the taxation period regarding which the relevant tax declaration is submitted.

(2) The values of a payment notification on immovable property tax for the taxation period, during which lats were the legal tender, if the notification is sent to the taxpayer after the day of introduction of euro, shall be prepared in euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(3) If a taxation period, regarding which declaration is submitted, ends during the parallel circulation period of lat and euro, the values of the tax and informative declaration shall be submitted in euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(4) Corrections in the values of the tax and informative declarations shall be prepared in the currency, which was the legal tender in the State in the taxation period, regarding which correction of the tax or informative declaration is submitted.

(5) Correction in the values of the payment notifications on immovable property tax shall be prepared in the currency, which was the legal tender in the State in the taxation period, regards which correction of payment notification on immovable property tax is sent.

Section 17. Handling of Taxes (Fees) Payments and Converting of Taxes (Fees) Payments Related Thereto

(1) Starting from the day of introduction of euro all taxes (fees) payments are handled in euro.

(2) In order to ensure payment in euro of taxes (also payment in advance), State and local government fees, late charges and fines specified in the regulatory enactments regarding taxes, starting from the day of introduction of euro, the referred to payments, which until the day of introduction of euro or in accordance with Section 16 of this Law have been calculated in lats, shall be converted to euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law, unless specified otherwise in a specific regulatory enactment:

1) the tax administration shall convert the sum of overpaid taxes or incorrectly paid State fees and incorrectly recovered payments to be refunded, refunding of which is performed according to a submission of the taxpayer. The sums to be refunded shall be indicated in the submission to the tax administration in the currency, which was the legal tender in the State at the end of the period, for which such submission is being submitted;

2) the taxpayer shall convert tax payments, additionally calculated tax payments and the sums to be paid into the State budget in advance, which in accordance with regulatory enactments are calculated by the taxpayer himself or herself or by the tax administration;

3) the State Social Insurance Agency shall convert the sum of overpaid social insurance payments existing in the registration system of the State Social Insurance Agency.

Section 18. Requesting and Refunding of Overpaid Taxes (Fees) or Incorrectly Paid State Fees and Incorrectly Collected Payments

(1) A submission to the tax administration for refunding of overpaid taxes (fees) or State fees paid incorrectly and payments collected incorrectly shall be drawn up in the currency, which was the legal tender in the State at the end of the period, regarding which the relevant submission is submitted.

(2) A sum of overpaid taxes (fees) or State fees paid incorrectly and payments collected incorrectly, the refunding of which is performed starting with the day of introduction of euro, shall be converted by the tax administration to euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(3) The State Social Insurance Agency shall convert the sum of overpaid social insurance payments, refunding of which is performed, starting from the day of introduction of euro, to euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

Section 19. Declarations

(1) In other declarations provided for in regulatory enactments, except those set out in Section 16 of this Law, in which information regarding sums of money should be indicated, the sums of money shall be indicated in the currency, which was the legal tender in the State at the end of period regarding which the relevant declaration is submitted, unless it has been specified in the special regulatory enactment that the currency in which the transaction was performed should be indicated in the declaration.

(2) If a taxation period, regarding which declaration is submitted, ends during the parallel circulation period of lat and euro, the values of the declaration referred to in Paragraph one of this Section shall be submitted in euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(3) Corrections in the declarations referred to in Paragraph one of this Section, in which information regarding sums of money should be indicated, shall be prepared in the currency, which was the legal tender in the State during the period, regarding which declaration is submitted.

Section 20. Credit Register

(1) On the day of introduction of euro the Bank of Latvia shall, in relation to the introduction of euro, perform updating of the general data included in the Credit Register regarding the obligations of a client or a client's guarantor, unless they have expired, or unless the rights and obligations resulting from the agreement of the client or the agreement of the client's guarantor or the right to claim have been transferred to another person. The Bank of Latvia shall be responsible for ensuring that the updating of the data referred to in this Paragraph of this Section is performed in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(2) A participant of the Credit Register and restricted participant of the Register within the meaning of the Law On the Credit Register shall preserve the liability set out in the Law On the Credit Register.

Chapter VI

Measures for Adjusting the Financial Market to the Introduction of Euro

Section 21. Redenomination of Equity Capital Stocks (Shares) of Capital Companies

(1) Denomination of equity capital stocks (shares) from lats to euro shall be performed, preserving the current proportion among the current participants (shareholders) of the company and minimising changes in the equity capital.

(2) The nominal value of equity capital stocks of a limited liability company shall be expressed in euro. The nominal value of stocks of a joint stock company shall be expressed in euro and euro cents. In expressing the nominal value of equity capital stocks (shares) in euro and euro cents, the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law shall be complied with.

(3) The equity capital of a capital company shall be formed by the number of the equity capital stocks (shares) multiplied by the nominal value of the equity capital stock (share). The value obtained, the residual value resulting from rounding of the equity capital stocks (shares), shall be disbursed to participants (shareholders) of the capital company in proportion to the equity capital stocks (shares) belonging to them. Participants (shareholders) may take a decision on transfer of such value to the reserves of the capital company.

(4) A capital company, in statutes of which the nominal value of the equity capital stock (share) is expressed in lats, shall, within 30 months from the day of introduction of euro, shall notify amendments to the statutes to the authority of the Enterprise Register, providing for expressing the nominal value of the equity capital stock (share) in euro and document, which includes information about the capital stocks owned by the participants.

(5) Six months prior to the day of introduction of euro founders of a capital company have the right to express the equity capital and the nominal value of the equity capital stock (share) in euro in incorporation documents of the capital company. In such case the nominal value of the equity capital stock (share) shall be expressed in euro equivalent and the amount of the equity capital shall not be less than the minimum amount of the equity capital specified in the Commercial Law and recalculated in euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

Section 22. Redenomination of Debt Securities

(1) The requirements of this Section shall apply to debt securities denominated in lats, registered in the Latvian Central Depository.

(2) The face value of debt securities shall be determined in the amount of one euro cent.

(3) The number of debt securities in the ownership of an investor shall be obtained by dividing the total nominal amount of the issue in the ownership of each individual investor, expressing in lats, by the conversion rate specified by the Council, the nominal amount obtained shall be multiplied by 100, thus expressing the nominal amount in the ownership of each individual investor in euro cents. If the amount obtained contains parts of euro cents, the rounding shall be performed in accordance with the principles of rounding set out in Section 6 of this Law.

Section 23. Redenomination of State Borrowings and Loans, and Guarantees

(1) Denomination of State borrowings and loans, and guarantees from lats to euro shall be performed, minimising changes in the value of the borrowings and loans, and guarantees.

(2) The nominal value of State borrowings and loans, and guarantees shall be expressed in euro and euro cents, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(3) The total sum of State borrowings and loans, and guarantees commenced, but not completed shall be formed from components, which may be converted. The total sum after converting to euro shall not exceed the nominal value in lats of the initial State borrowings and loans, and guarantees issued in lats, which has been expressed in euro, in compliance with the conversion rate specified by the Council and the principles of rounding set out in Section 6 of this Law.

(4) Parties may apply another method of denomination, however, it may not contradict the provisions of this Section.

Section 24. Change of Money Market Indices

(1) For legal instruments with variable interest rate, which is attached to RIGIBOR index, RIGIBOR shall be substituted for EURIBOR index of the relevant time period. The lat money market index may be substituted with another equal money market index, upon agreement by the contracting parties thereon.

(2) Change of the index shall be performed on the next planned date for reviewing the variable interest rate, starting with the day of introduction of euro.

(3) The contracting parties (in this case – creditor and borrower) may agree on another moment for changing the interest rate or index, which shall not be later than the next planned time for reviewing the variable interest rate, following the day of introduction of euro.

(4) In the event of the change of the money market index referred to in this Section, the creditor may not raise the margin over the lats money market index or tighten other loan conditions stipulated in the agreement concluded between the creditor and the borrower.

Section 25. Changes in Documents Regulating Services of Companies

Issuers of financial instruments, investment administration companies, which administer funds of the State-funded pensions or perform administration of investment funds, and private pension funds shall make changes, related to the currency exchange, in prospectuses of issue, investment funds and pension plans, in by-laws of investment fund administration, in provisions regarding investment plans or other documents of similar nature regulating services of the relevant company, concurrently with the first changes concerning other issues, but no later than within 12 months following the day of introduction of euro.

Chapter VII Control over the Action of the Law

Section 26. Control over Activity of Merchants

- (1) According to the competence thereof, the Financial and Capital Market Commission shall control the compliance with the requirements of Chapters II, III and VI of this Law in credit institutions.
- (2) According to the competence thereof, the Bank of Latvia shall control the compliance with the requirements of Chapter II of this Law in activity of merchants, which have received a licence issued by the Bank of Latvia for foreign currency cash buying and selling.
- (3) According to the competence thereof, the Financial and Capital Market Commission shall control the compliance with the requirements of Chapter III of this Law in electronic money and payment institutions.
- (4) According to the competence thereof, the Ministry of Transport shall control the compliance with the requirements of Chapters II and III of this Law in the State joint stock company *Latvijas Pasts*.
- (5) According to the competence thereof, the Consumer Rights Protection Centre shall control the compliance with the requirements of Chapter IV of this Law in relation to converting and dual display of the prices for goods and services.
- (6) The tax administration shall control the compliance with Chapter V of this Law in relation to taxes.

Section 27. Submission of Complaints and Information

- (1) Complaints of persons regarding the activity of merchants referred to in Section 26 of this Law shall be submitted to the controlling institution according to the competence thereof or using the informative helpline of the euro project.
- (2) Information of consumers regarding violations of the requirements concerning the dual display and converting of prices for goods and services shall be submitted to the controlling institution or using the informative hotline of the Consumer Rights Protection Centre.

Section 28. Imposition of Sanctions

- (1) If the Financial and Capital Market Commission detects that a credit institution does not comply with the requirements of Chapters II, III and VI of this Law, but the payment institution or electronic money institution does not comply with the requirements of Chapter III of this Law, the Financial and Capital Market Commission, by taking a decision, is entitled to issue a justified order to supervisory bodies and executive bodies of the credit institution, payment institution or electronic money institution, as well as to managers and members of such bodies, which are necessary for discontinuing the violations of the requirements of this Law, as well as to warn the credit institution, payment institution or electronic money institution.
- (2) If following the order or warning referred to in Paragraph one of this Article the violation of this Law is not discontinued, the Finance and Capital Market Commission has the right to impose a fine from 100 to 1000 lats.
- (3) In case of violations of the requirements of Chapter II of this Law, the Bank of Latvia is entitled to impose on merchants, which have received a licence issued by the Bank of Latvia for foreign currency cash buying and selling, the Bank of Latvia is entitled to suspend or revoke a licence.
- (4) According to the competence thereof, the Consumer Rights Protection Centre, upon detecting violations of the requirements of Chapter IV of this Law in relation to converting

and the dual display of prices for goods and services, is entitled to apply the sanctions provided for in the regulatory enactment determining the competence and authorisation of the Consumer Rights Protection Centre.

Chapter VIII

Adjustment of Legal Acts to Introduction of Euro

Section 29. Adjustment of Laws and Cabinet Regulations, Cabinet Orders, Cabinet Instructions, Cabinet Recommendations, Regulations of the Financial and Capital Market Commission and Regulations of the Bank of Latvia to Introduction of Euro

(1) Ministries, the State Chancellery, the Financial and Capital Market Commission and the Bank of Latvia shall draw up draft amendments to legal acts which should be adjusted to the introduction of euro in accordance with the procedures set out in this Section.

(2) Not later than one month after the day when the Council has specified the conversation rate, the ministries shall submit to the State Secretaries' meeting for promulgation as the technical draft with a term not exceeding two weeks the draft laws, prepared for approval, in which it is not necessary to know the conversion rate specified by the Council, as well as other draft laws deemed by ministries as priority draft laws and incorporating amendments related to the introduction of euro in the Republic of Latvia. Following the approval by the Cabinet, the Ministry of Finance shall forward the draft laws to the Saeima in a single package of draft laws.

(3) Not later than three months after the day when the Council has specified the conversation rate, the ministries shall submit to the State Secretaries' meeting for promulgation as the technical draft with a term not exceeding two weeks the draft laws, prepared for approval, in which it is necessary to know the conversion rate specified by the Council and incorporating amendments related to the introduction of euro in the Republic of Latvia. Following the approval by the Cabinet, the Ministry of Finance shall forward the draft laws to the Saeima in a single package of draft laws.

(4) Not later than three months after the day when the Council has specified the conversation rate, the State Chancellery and ministries shall submit to the State Secretaries' meeting for promulgation as the technical draft with a term not exceeding two weeks the draft Cabinet regulations, Cabinet orders, Cabinet instructions and Cabinet recommendations referred to in Paragraph one of this Section, which are essential for the provision of legal certainty, and in which it is necessary to know the conversion rate specified by the Council, as well as other drafts of Cabinet regulations, Cabinet orders, Cabinet instructions and Cabinet recommendations deemed by ministries as priority and incorporating amendments related to the introduction of euro in the Republic of Latvia.

(5) Not later than 36 months after the day when the Council has specified the conversation rate, the State Chancellery and ministries shall submit to the State Secretaries' meeting for promulgation as the technical draft with a term not exceeding two weeks the draft Cabinet regulations, Cabinet orders, Cabinet instructions and Cabinet recommendations referred to in Paragraph one of this Section, which are not essential for provision of legal certainty, and in which it is not necessary to know the conversion rate specified by the Council and incorporating amendments related to the introduction of euro in the Republic of Latvia.

(6) Not later than three months after the day when the Council has specified the conversation rate the Financial and Capital Market Commission and the Bank of Latvia shall approve the regulatory enactments of the Financial and Capital Market Commission and regulations of the Bank of Latvia referred to in Paragraph one of this Section.

Section 30. Adjustment of Binding Regulations of Local Governments to Introduction of Euro

(1) The local government council shall draw up draft amendments necessary for euro introduction to binding regulations of local governments in accordance with the procedures determined in this Section, so that they could come into force as of the day of introduction of euro.

(2) Not later than four months after the day when the Council has specified the conversation rate, the local government council shall approve draft amendments to binding regulations, which are related to the introduction of euro and in which it is not necessary to know the conversion rate specified by the Council.

(3) Not later than five month after the day when the Council has specified the conversation rate, the local government council shall approve draft amendments to binding regulations, which are related to the introduction of euro and for preparing amendments to which it is necessary to know the conversion rate specified by the Council.

(4) Within three working days after approval, the local government shall send the binding regulations referred to in Paragraphs two and three of this Section to the Ministry of Environmental Protection and Regional Development for information.

Section 31. Requirements for amending legal acts on introduction of euro

(1) The amendments to legal acts shall be regarded as technical and shall be forwarded in accordance with the procedure referred to in Paragraphs two, three, four and five of Section 29, provided that amendments are made only to the legal norms related to the introduction of euro and to an extent necessary for the introduction of euro. The amendments to legal acts shall be forwarded in accordance with the procedure referred to in Paragraph four of Section 30, provided that they are made only to the legal norms related to the introduction of euro and to an extent necessary for the introduction of euro.

(2) The requirement referred to in Paragraph one of this Article shall be regarded as fulfilled if:

1) the numerical values expressed in lats in legal norms are converted into euro in accordance with Section 6 of this Law;

2) the numerical value in lats expressed by a rounded number is substituted in the legal norm by a numerical value in euro by converting it in accordance with Section 6 of this Law and rounding it either up or down by no more digits than in the initial legal norm, provided that the following conditions are met:

a) the amended legal norm is not more unfavourable for an individual as the initial legal norm, except the legal norms setting fine amounts or fine intervals;

b) the substitution of numerical value does not have a noteworthy adverse effect on the state budget.

3) amendments are made in accordance with Paragraph four or five of this Section;

4) other amendments that are needed for the introduction of euro but are not related to the substitution of numerical value in lats by numerical value in euro are introduced.

(3) If for draft laws with amendments made in accordance with Point two of Paragraph two of this Section the Ministry of Finance or the Ministry of Justice cannot verify the compliance with the schedule for preparing a single package of draft laws of the requirements stipulated in Paragraph two of this Section, the Ministry responsible for the draft law to be included in the single package of draft laws shall substitute the numerical value in lats with numerical value in euro in the respective legal norm in accordance with the conversion procedure referred to in Section 6.

- (4) In legal norms where continuous number intervals in lats are set out, the continuity of intervals shall be preserved.
- (5) In legal norms where the rounding principles of numeric values in lats are determined, the rounding principles shall be preserved.

Yours sincerely,
Andris Vilks
the Minister of Finance
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