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Regulation No 232

Regulation on Compiling and Submitting the Statistical Data on Foreign Exchange Transactions

Issued pursuant to
Paragraph two of Section 63
of the Law on Latvijas Banka

I. General Provisions

1. The Regulation establishes:

1.1 the requirements and procedure pursuant to which credit institutions registered in Latvia and Latvian branches of credit institutions registered in other countries (hereinafter referred to as the "credit institution"), as well as foreign exchange companies compile and submit the statistical data on foreign currency purchasing or selling (hereinafter referred to as "foreign exchange") transactions (hereinafter referred to as the "statistical data") to Latvijas Banka;

1.2 the deadlines for submitting the statistical data;

1.3 the duration for storing the statistical data.

2. Terms used in the Regulation:

2.1 foreign currency – any currency other than the euro;

2.2 transaction in other financial derivative – a transaction in a financial derivative other than a forward or a foreign exchange swap transaction;

2.3 customer – a person with whom a credit institution or a foreign exchange company conducts a foreign exchange transaction;

2.4 forward transaction – an arrangement that is made over the counter with a condition to purchase or sell a currency on a definite future date at the exchange rate set at the moment the transaction is concluded as well as a non-deliverable forward, i.e. a transaction where physical delivery of the currency is not required and settlement is executed for the difference between the contracted exchange rate and the prevailing exchange rate on the settlement date;

2.5 non-cash transaction – a foreign exchange transaction conducted without using cash;

2.6 cash transaction – a foreign exchange transaction conducted using cash, including a purchase or sale of cash foreign currency for cash, a purchase or sale of cash foreign currency using a payment card or transferring the purchased or sold foreign currency to the settlement account held with a credit institution;

2.7 spot transaction – a foreign exchange transaction conducted within two business days of the moment of signing the contract. Spot legs of foreign exchange swaps, overnight swaps, and spot next swaps shall not be reported as spot transactions;

2.8 foreign exchange swap – a transaction whereby the counterparties agree on an exchange of two currencies for a definite period of time (FX swap);

2.9 weighted average exchange rate – the foreign currency buying or selling rate against the euro that has been calculated in accordance with the procedure laid down in Paragraph 9.4 of this Regulation.

3. Other terms are used in the same meaning as in Latvijas Banka's regulations laying down the requirements and procedure for compiling and submitting the statistical data on the financial position of credit institutions and other monetary financial institutions (MBP).

4. The statistical data are necessary for fulfilling the tasks of Latvijas Banka, including the tasks of compiling statistical information with regard to the foreign exchange market, analysing developments in the foreign exchange market and economic developments, carrying out the supervision of the financial market and its participants, and informing other institutions and the general public on foreign exchange market developments.

5. Latvijas Banka may transfer the statistical data to the institutions referred to in Paragraphs two and three of Section 71 of the Law on Latvijas Banka subject to the requirements stipulated therein.

6. Latvijas Banka stores the statistical data for an unlimited duration.

II. General Requirements and Procedure for Compiling and Submitting the Statistical Data and the Submission Deadlines

7. A credit institution and a foreign exchange company shall compile the statistical data for the calendar month and submit them within five business days following the end of the calendar month in accordance with Appendix 1 "Report on Foreign Exchange Transactions" (hereinafter referred to as the "Report on Foreign Exchange Transactions").

8. The statistical data shall be submitted to Latvijas Banka electronically in accordance with the regulation of Latvijas Banka governing electronic information exchange with Latvijas Banka: via the advanced security system by the credit institutions and via the non-bank statistics system by the foreign exchange companies.

9. The amount of the foreign exchange transactions aggregated at the level of identical parameters in the respective foreign currency, the amount in euros and the weighted average exchange rate shall be disclosed in the "Report on Foreign Exchange Transactions", including:

9.1 the amount shall be disclosed in whole numbers;

9.2 the euro amount of the foreign exchange transactions involving the euro shall be calculated by dividing the amount of the respective foreign currency by its monthly weighted average exchange rate against the euro;

9.3 for foreign exchange transactions involving the euro, the weighted average exchange rate shall be disclosed as a decimal fraction with four digits after the decimal point;

9.4 the weighted average exchange rate shall be calculated as the weighted average indicator:

9.4.1 the daily weighted average exchange rate shall be initially calculated separately for foreign currency purchases and sales in accordance with this example:

The buying (selling) exchange rate applied in the respective transaction (foreign currency for euros)	The amount of euros used in the respective transaction	Sum in foreign currency
1.2800	1 875.00	2 400
1.2900	50 387.60	65 000
1.3000	576.92	750
Total	52 839.52	68 150
Daily weighted average buying (selling) exchange rate	68 150 : 52 839.52 = 1.2898	

9.4.2 following the calculation of the daily weighted average exchange rate, the monthly weighted average exchange rate shall be separately calculated for foreign currency purchases and sales, using the daily transaction amount of each day of the calendar month and the daily weighted average exchange rate.

10. In the "Report on Foreign Exchange Transactions", the foreign currency code shall be disclosed in accordance with the international standard ISO 4217 "Codes for the representation of currencies and funds".

11. If a credit institution and a foreign exchange company have at their disposal the information on the customer, the credit institution and the foreign exchange company shall disclose the customer country code and customer sector code of the customer respectively in the columns "Customer country code" and "Customer sector code" of the "Report on Foreign Exchange Transactions". If a credit institution and a foreign exchange company do not have at their disposal the information on the customer, the customer country code and the customer sector code for such transactions shall not be disclosed in the "Report on Foreign Exchange Transactions".

12. The codes included in Appendix 2 "Codes Used in the "Report on Foreign Exchange Transactions"" shall be used for disclosing the customer country, the customer sector, the transaction type, the foreign exchange type, the exchange currency and the financial instrument.

III. Requirements and Procedure for Compiling and Submitting the "Report on Foreign Exchange Transactions" for a Credit Institution

13. In the "Report on Foreign Exchange Transactions", a credit institution shall separately disclose the purchased and sold foreign currency (separately for euros and foreign currencies) in the breakdown by customer country, customer sector, foreign exchange type and financial instrument.

14. For foreign exchange transactions involving the euro, a credit institution shall fill in the column "Code of the foreign exchange type" and disclose the code of the foreign exchange type corresponding to the foreign exchange transaction.

15. If a credit institution purchases or sells one foreign currency for another foreign currency (hereinafter referred to as the "exchange currency"), the credit institution shall only disclose the amount of the sold foreign currency or the amount of the purchased foreign currency in the "Report on Foreign Exchange Transactions", disclosing the corresponding exchange currency code in the column "Exchange currency code". If a

credit institution purchases or sells foreign currency for euros, the credit institution shall not fill in the column "Exchange currency code".

16. For foreign exchange transactions involving only foreign currencies, a credit institution shall disclose the amount in euros in the column "Amount (in whole euros)", using the foreign exchange rates applicable in accounting for the respective foreign currency on the last day of the respective calendar month.

17. A credit institution shall disclose a foreign exchange transaction where a vehicle/hub currency is used (i.e. where three currencies are involved, one of them being the vehicle/hub currency) as two separate foreign exchange transactions for the vehicle/hub currency.

18. The "Report on Foreign Exchange Transactions" shall disclose all those spot transactions, foreign exchange swaps, forwards and transactions in other financial derivatives whose underlying primary financial instrument is a foreign currency or a currency index, which are concluded in any of foreign currencies in the respective calendar month, irrespective of whether the transactions are or are not executed or settled during the respective calendar month.

19. The amounts of foreign exchange swaps, forwards and transactions in other financial derivatives whose underlying primary financial instrument is a foreign currency or a currency index shall be disclosed at their nominal or notional value on the transaction date.

20. A credit institution shall disclose the financial instrument code corresponding to the foreign exchange transaction in the column "Financial instrument code".

IV. Requirements and Procedure for Compiling and Submitting the "Report on Foreign Exchange Transactions" for a Foreign Exchange Company

21. In the "Report on Foreign Exchange Transactions", a foreign exchange company shall fill in the columns "Foreign currency code", "Customer country code", "Customer sector code", "Transaction type code", "Amount (in whole numbers)", "Weighted average exchange rate" and "Amount (in whole euros)" and shall separately disclose:

21.1 the purchased and sold cash foreign currency for euros in the breakdown by customer country and customer sector;

21.2 the exchange of cash lats for euros.

22. To disclose the exchange of cash lats for euros in the "Report on Foreign Exchange Transactions", a foreign exchange company shall fill in the columns "Foreign currency code", "Transaction type code" and "Amount (in whole numbers)", disclosing the currency code "LVL", the transaction type code "S" (sold) and the amount of lats exchanged for euros in the above columns respectively.

V. Final Provisions

23. A foreign exchange company shall apply Latvijas Banka's Regulation No 36 "Regulation for Purchasing and Selling Cash Foreign Currencies" of 13 May 2009 to the statistical data for December 2022, January, February, March, April, May and June 2023. The statistical data referred to in this Paragraph shall be submitted to Latvijas Banka within three business days following the end of the respective calendar month.

24. A credit institution shall apply Latvijas Banka's Regulation No 101 "Regulation for Compiling Reports on Foreign Currency Purchases and Sales" of 16 May 2013 to the statistical data for December 2022, January, February, March, April, May and June 2023. The statistical data referred to in this Paragraph shall be submitted to Latvijas Banka within five business days following the end of the respective calendar month.

25. Latvijas Banka's Regulation No 101 "Regulation for Compiling Reports on Foreign Currency Purchases and Sales" of 16 May 2013 (Latvijas Vēstnesis, 2013, No 103) shall be deemed invalid.

26. The Regulation shall take effect on 1 January 2023.

Governor of Latvijas Banka

Mārtiņš Kazāks

Report on Foreign Exchange Transactions

_____ 20 _____
(calendar month)

Name of the foreign exchange company or the credit institution _____

Registration number of the foreign exchange company or the code of the credit institution _____

Foreign currency code	Customer country code	Customer sector code	Transaction type code	Code of the foreign exchange type	Exchange currency code	Financial instrument code	Amount (in whole numbers)	Weighted average exchange rate ¹	Amount (in whole euros)
A	B	C	D	E	F	G	01	02	03
Checksum ²									

¹ The weighted average exchange rate shall be disclosed as a decimal fraction with four digits after the decimal point.

² The checksum is an arithmetic sum of column indicators.

Prepared by _____
(name, surname; e-mail address; telephone number)

Submission date _____

Governor of Latvijas Banka

Mārtiņš Kazāks

Codes used in the "Report on Foreign Exchange Transactions"

Name 1	Code 2	Explanation 3
Transaction type code	N	Purchased
	P	Sold
Code of the foreign exchange type	IV103	Cash transaction
	IV104	Non-cash transaction
Exchange currency code	USD	US dollars
	C13	Foreign currencies, except USD
Financial instrument code	SP	Spot transaction
	FU	Forwards
	SW	Foreign exchange swap
	CT	Transaction in other financial derivative
Customer country code	LV	Latvia
	Z9	Country other than Latvia
Customer sector code	SK12I	Monetary financial institutions (excluding the central bank), i.e. credit institutions, credit unions, money market funds and electronic money institutions that have commenced the issue of electronic money
	SK12D	Financial corporations (excluding monetary financial institutions), e.g. foreign exchange companies, insurance corporations, pension funds and other financial intermediaries, financial auxiliaries
	SK19H	Non-financial corporations, the government and non-profit institutions serving households
	SK14	Households