

Regulation for Purchasing and Selling Cash Foreign Currencies

Latvijas Banka

Riga, 13 May 2009

Regulation No. 36

Regulation for Purchasing and Selling Cash Foreign Currencies

Note: As amended by Latvijas Banka Regulation No.59 of 13 May 2010; amendments take effect on 1 June 2010

As amended by Latvijas Banka Regulation No.77 of 12 May 2011; amendments take effect on 1 September 2011

As amended by Latvijas Banka Regulation No.89 of 25 May 2012; amendments take effect on 1 June 2012

As amended by Latvijas Banka Regulation No. 96 of 24 January 2013; amendments take effect on 1 February 2013

As amended by Latvijas Banka Regulation No. 118 of 11 July 2013; amendments take effect on 1 August 2013

As amended by Latvijas Banka Regulation No. 148 of 12 May 2016; amendments take effect on 1 July 2016

Issued pursuant to
Paragraph 2 of Article 11, and Paragraph 2 of Article 39
of the Law on Latvijas Banka

I. General Provisions

1. The Regulation shall:

1.1 outline the procedure establishing how Latvijas Banka shall issue, reregister, rewrite, suspend and revoke licenses for purchasing and selling cash foreign currencies (hereinafter, "the license");

1.2 establish the requirements for capital companies purchasing and selling cash foreign currencies;

1.3 set the procedure for carrying out supervision of the licensed capital companies;

1.4 outline the operational procedures for Latvijas Banka's Licensing Committee.

2. The Regulation shall not apply to credit unions and credit institutions. Within the context of this Regulation, a credit institution is a credit institution or its branch, or a branch of a foreign credit institution that is registered in the Republic of Latvia or in another country of the European Union or the European Economic Area.

3. The purpose of licensing is to ensure compliance with the specific requirements set forth for purchasing and selling cash foreign currencies as a financial service, inter alia with regard to physical security of customers, confidentiality of transactions, consumer rights, prevention of money laundering, and to maintain the Republic of Latvia financial market reputation in the area of purchasing and selling cash foreign currencies.

4. A license may be granted to a capital company registered in a European Union or European Economic Area country.

5. The license entitles a capital company to engage in purchasing and selling cash foreign currencies as a business activity.

6. A capital company may engage in the business activity of purchasing and selling cash foreign currencies in the Republic of Latvia only upon receiving a license.

7. A capital company shall be issued a separate license for each site where it purchases and sells foreign currencies. It is prohibited to transfer the license to another capital company.

8. A license shall be issued on a headed paper of Latvijas Banka and contain the following details:

8.1 number of the license;

8.2 name of the capital company, registration number and registered address;

8.3 address of the site for purchasing and selling cash foreign currencies;

8.4 license issue, reregistration or rewriting date and location;

8.5 license expiry date.

9. A license shall be signed by the Chairman of Board of Latvijas Banka and the Chairman of the Licensing Committee of Latvijas Banka, and embossed with Latvijas Banka's seal.

10. A license shall take effect on the date when a representative of the capital company has collected the license at Latvijas Banka, but no earlier than on the date specified on the license. The license shall be valid for five years starting from the day when a decision is passed with regard to issuing the license or reregistering the license in the case of the license being reregistered due to a change of the address of the site for purchasing and selling foreign currencies, but, if the license is reregistered due to the expiration of validity of the license – for five years starting from the day when the reregistration of the license takes effect as specified on the license.

11. A first time or reregistered license is subject to a stamp duty, to be paid by a capital company in the amount set by the Cabinet of Ministers of the Republic of Latvia. Rewriting of the license and the approval of a change of a participant of the capital company or a representative of its executive bodies, as well as the holder of a procuration shall be free of charge.

12. Latvijas Banka shall make public the lists of the issued, suspended and revoked licenses.

II. Licensing Committee of Latvijas Banka

13. A license shall be issued, reregistered, rewritten, suspended, renewed or revoked by the Licensing Committee of Latvijas Banka, appointed by Latvijas Banka's Governor.

14. Latvijas Banka Licensing Committee shall consist of Chairman, Deputy Chairman and three members.

15. The responsibilities of Latvijas Banka Licensing Committee shall be as follows:

15.1 to consider the applications, supported by the enclosed documents, of capital companies requesting to issue, reregister, rewrite or revoke a license, and to take a corresponding decision;

15.2 to consider a capital company's application requesting to change a participant, a representative of the executive bodies or a holder of a procuration, and to take a corresponding decision;

15.3 to consider any information regarding breaches in the operation of a capital company, and to take a corresponding decision;

15.4 to consider any complaints lodged by natural and legal persons concerning breaches observed on the sites for purchasing and selling foreign currencies, and to take a corresponding decision.

16. Chairman or, in his absence, Deputy Chairman shall convene and chair the meetings of Latvijas Banka Licensing Committee.

17. Latvijas Banka's Licensing Committee meetings shall be convened when required, but at least once in a month.

18. Latvijas Banka's Licensing Committee has a decision-making power provided the meeting is attended by at least three Committee members, including Chairman or his/her Deputy. Latvijas Banka's Licensing Committee shall pass decisions in open voting procedure by majority of votes. In the event of a tie member vote, the chairman of the meeting shall have the casting vote.

III. Procedure for Considering Documents and Passing Decisions

19. A capital company shall submit to Latvijas Banka's Licensing Committee an application requesting to issue, reregister, rewrite or revoke a license, or a permission to stop or resume purchasing and selling foreign currencies, as well as to change a participant, a representative of the executive bodies or a holder of a procuration of the capital company, enclosing relevant documents.

20. The submission date shall be deemed the day when a capital company has submitted an application to Latvijas Banka's Licensing Committee; the application shall be drawn up as required by the Regulation and, as stipulated by the Regulation, supported by a full set of documents needed for taking the respective decision. Should the set of documents be incomplete or contain information that is not comprehensive and sufficiently accurate, Latvijas Banka's Licensing Committee shall notify the capital company thereof in writing and postpone the consideration of the application until all required documents have been presented.

21. Latvijas Banka's Licensing Committee may request the capital company to provide information or undertake actions necessary for taking the decision.

22. Latvijas Banka's Licensing Committee shall pass the decision within one month after the respective application has been received and within two months after the inspection report has been drawn up. If the deadline is not possible to meet due to objective reasons, Latvijas Banka's Licensing Committee may extend it for up to four months from the date when the application has been received or the inspection report has been drawn up, by notifying the capital company in writing. Should a longer time for the establishment of facts be necessary, the deadline for making the decision can be extended by a motivated resolution of Latvijas Banka's Board, notifying the capital company in writing.

23. (Deleted by Latvijas Banka Regulation No. 59 of 13 May 2010)

24. The decision of Latvijas Banka's Licensing Committee shall take effect as of the moment it has been notified to the capital company, unless stipulated otherwise. [1]

25. The capital company may contest Latvijas Banka's Licensing Committee's decision at Latvijas Banka Board within one month after it has taken effect. The application shall be submitted to Latvijas Banka's Licensing Committee.

IV. Requirements for an Applicant for a License and a Licensed Capital Company

26. The requirements to be met by an applicant for a license for purchasing and selling cash foreign currencies and by a licensed capital company throughout the license validity period shall be as follows:

26.1 the capital company shall be registered in accordance with the procedure stipulated by the laws and regulations regulating business activities;

26.2 the capital company may not be in tax arrears;

26.3 the capital company, a participant of the capital company down to a natural person who directly or indirectly holds or exercises control over at least 10% of the capital company's share capital or who controls the operation of the capital company in any other way or for whose benefit and in whose interests the capital company has been established (hereinafter, qualifying holding), a representative of the executive bodies or a holder of a procuration have no criminal record, or the criminal record has been set aside or extinguished ;

26.4 the participant of a capital company down to a natural person having a qualifying holding in the company, a representative of the executive bodies or a holder of a procuration has not been subject to sanctions for administrative offence committed in business activities twice during the last year nor has been prohibited from conducting business activities.

V. Procedure for Issuing a License

27. To receive a license, a capital company shall submit an application to Latvijas Banka ([Appendix 1](#) or [Appendix 2](#)), providing:

27.1 company name;

27.2 registration number with the Enterprise Register of the Republic of Latvia or an equivalent authority in another European Union or European Economic Area country where the company has been incorporated;

27.3 registered address;

27.4 name, surname and contact details of the contact person;

27.5 list of enclosed documents.

28. To obtain a first time license, a capital company registered in the Republic of Latvia shall enclose with the application referred to in Paragraph 27 herein the following documents:

28.1 participant structure of the capital company down to natural persons having qualifying holdings, disclosing the relative size of the qualifying holdings (applicable only to joint stock companies and in cases when a participant of the capital company is a legal person registered in a foreign country);

28.2 copies of documents proving the identities of participants of the capital company, natural persons or participants of legal entities down to natural persons having qualifying holdings, representatives of the executive bodies and holders of a procuration;

28.3 documents stating the internal control systems policies and procedures with regard to prevention of money laundering and financing of terrorism;

28.4 a layout of the premises indicating the exact location where purchasing and selling of foreign currencies will take place;

28.5 a copy of the technical certificate of the cash register or cash system registered with the State Revenue Service (the original to be produced);

28.6 a certificate of criminal and administrative violation records, dated no earlier than six months prior to the application date:

28.6.1 regarding a capital company, a certificate from the Punishment Register under the auspices of the information centre of the Ministry of Interior of the Republic of Latvia (hereinafter, the Punishment Register);

28.6.2 regarding persons referred to in Subparagraph 28.2 herein if those persons are citizens or non-citizens of the Republic of Latvia or legal persons registered in the Republic of Latvia, a certificate from the Punishment Register;

28.6.3 regarding persons referred to in Subparagraph 28.2 herein if those persons are foreigners or legal persons registered in a foreign country, a certificate from the competent public institution of the foreigner's country of residence or the country where the legal person is registered.

29. To obtain a first time license, a capital company registered in another European Union or European Economic Area country shall enclose with the application referred to in Paragraph 27 herein the following documents:

29.1 a copy of the articles of association of the capital company;

29.2 participant structure of the capital company down to natural persons having qualifying holdings, disclosing the relative size of the qualifying holdings;

29.3 information on the representatives of the executive bodies and holders of a procuration of the capital company;

29.4 copies of documents proving the identities of participants of the capital company, natural persons or participants of legal entities down to natural persons having qualifying holdings, representatives of the executive bodies and holders of a procuration;

29.5 documents stating the internal control systems policies and procedures with regard to prevention of money laundering and financing of terrorism;

29.6 a layout of the premises indicating the exact location where purchasing and selling of foreign currencies will take place;

29.7 a copy of the technical certificate of the cash register or cash system registered with the State Revenue Service (the original to be produced);

29.8 a certificate of criminal and administrative violation records, dated no earlier than six months prior to the application date:

29.8.1 regarding a capital company, a certificate from the Punishment Register and the competent public institution of the country in which the capital company is registered;

29.8.2 regarding persons referred to in Subparagraph 29.4 herein if those persons are citizens or non-citizens of the Republic of Latvia or legal persons registered in the Republic of Latvia, a certificate from the Punishment Register;

29.8.3 regarding persons referred to in Subparagraph 29.4 herein if those persons are foreigners or legal persons registered in a foreign country, a certificate from the competent public institution of the foreigner's country of residence or the country where the legal person is registered;

29.9 a certification regarding the status of tax payments that has been issued by a tax authority of the country where the capital company is incorporated, dated no earlier than six months prior to the application date;

29.10 a certification issued by a relevant public authority of the country of incorporation stating the fact of registration and the registered address of the capital company, dated no earlier than six months prior to the application date.

30. A capital company already holding a license and requesting a license for opening a new site for purchasing and selling foreign currencies shall submit to Latvijas Banka an application referred to in Paragraph 27 herein and enclose the following documents:

30.1 a layout of the premises indicating the exact location where purchasing and selling of foreign currencies will take place;

30.2 a copy of the technical certificate of the cash register or cash system registered with the State Revenue Service (the original to be produced).

31. Subsequent to receiving the application referred to in Paragraph 27 herein, the Licensing Committee of Latvijas Banka shall:

31.1 check whether the capital company, participants of the capital company, legal or natural persons having qualifying holdings in the capital company, representatives of the executive bodies and holders of a **procuration** are compliant with the requirements set forth in Subparagraphs 26.3 and 26.4 herein, with the exception of the case referred to in Paragraph 30 herein;

31.2 check whether the documents presented by the capital company and stating the internal control systems policies and procedures with regard to prevention of money laundering and financing of terrorism are compliant with the requirements set forth by the laws and regulations with regard to prevention of money laundering and financing of terrorism;

31.3 request information from the State Revenue Service whether the company is not in tax arrears;

31.4 request from the Enterprise Register of the Republic of Latvia information on the capital company registration status, registered address, participant structure, representatives of the executive bodies and holders of a **procuration**, with the exception of the case referred to in Paragraph 30 herein;

31.5 inspect whether the premises of the site for purchasing and selling foreign currencies meet the requirements set forth by the Regulation;

31.6 check whether the capital company has paid the stamp duty for being granted the license in the amount set by the Cabinet of Ministers of the Republic of Latvia;

31.7 pass a decision to issue or refuse the license.

32. Latvijas Banka's Licensing Committee shall pass a decision to refuse the license where:

32.1 the capital company, a participant of the capital company having a qualifying holding, a representative of the executive bodies or a **holder of a procuration** fails to comply with the requirements of Subparagraphs 26.3 and 26.4 herein;

32.2 the premises of the site for purchasing and selling foreign currencies fail to comply with the requirements of the Regulation;

32.3 the documents presented by the capital company and stating the internal control systems policies and procedures with regard to prevention of money laundering and financing of terrorism fail to be compliant with the requirements set forth by the laws and regulations with regard to prevention of money laundering and financing of terrorism;

32.4 the capital company has not paid the stamp duty for being granted the license in the amount set by the Cabinet of Ministers of the Republic of Latvia;

32.5 the capital company, a participant having a qualifying holding, a representative of the executive bodies or a **holder of a procuration** has either formerly been or currently is a participant having a qualifying holding, a representative of the executive bodies or a **holder of a procuration** in a capital company that has had all its licenses revoked a year prior to the submission of the application referred to in Paragraph 27 herein;

32.6 the capital company has had its license revoked for the site for purchasing and selling foreign currencies specified in the application referred to in Paragraph 27 herein a year

prior to the submission of the application due to a breach of this Regulation and other laws and regulations;

32.7 a license issued to this or another capital company is valid for the site for purchasing and selling foreign currencies specified in the application referred to in Paragraph 27 herein.

33. Latvijas Banka's Licensing Committee may pass a decision to refuse the license where:

33.1 the capital company has been administratively punished, twice or more, for breaches of laws and regulations relevant to business activities;

33.2 the capital company fails to meet deadlines for taking actions or disclosing information that is necessary in order to take the decision;

33.3 the information in the documents provided by the capital company is not true.

34. The capital company shall be issued a license within two months after Latvijas Banka's Licensing Committee has notified it of the decision to issue the license. The representative of the capital company shall confirm the receiving of the license by his/her signature.

35. Should the capital company fail to collect the license within two months, the application referred to in Paragraph 27 herein shall be submitted repeatedly following the regular procedure.

36. In the event any documents referred to in Subparagraphs 28.1–28.4 or 29.1–29.6 herein have been amended, or a document is deemed invalid during the license validity period, the capital company is obliged to notify Latvijas Banka's Licensing Committee thereof by providing documents confirming the amendments or submit new documents within 10 days after the date when the amendments have been made or the document is deemed invalid.

VI. Procedure for Reregistration of a License

37. The license shall be reregistered where:

37.1 it has expired;

37.2 the location of the site for purchasing and selling foreign currencies has changed;

37.3 it has been lost.

38. To reregister a license, the capital company shall submit to Latvijas Banka's Licensing Committee the application referred to in Paragraph 27 herein.

39. In a situation referred to in Subparagraph 37.2 herein, the following documents shall be enclosed:

39.1 a layout of the premises indicating the exact location where purchasing and selling of foreign currencies will take place;

39.2 a copy of the technical certificate of the cash register or cash system registered with the State Revenue Service (the original to be produced).

40. (Deleted by Latvijas Banka Regulation No. 88 of 25 May 2012)

41. In a situation referred to in Subparagraph 37.3 herein, the documents shall be submitted to Latvijas Banka immediately after the fact of a loss of the license has been established.

42. Subsequent to receiving the application referred to in Paragraph 27 herein, Latvijas Banka's Licensing Committee shall:

42.1 in a situation referred to in Subparagraph 37.2 herein, inspect whether the premises of the site for purchasing and selling foreign currencies meet the requirements set forth by the Regulation;

42.2 check whether the capital company has paid the stamp duty for reregistering the license in the amount set by the Cabinet of Ministers of the Republic of Latvia;

42.2¹ check whether the capital company is not in tax arrears;

42.3 pass a decision to reregister or refuse the reregistration of the license.

43. Latvijas Banka's Licensing Committee shall pass a decision to refuse to reregister the license where:

43.1 the premises of the site for purchasing and selling foreign currencies fail to comply with the requirements of the Regulation in a situation referred to in Subparagraph 37.2 herein;

43.2 the capital company has not paid the stamp duty for reregistering the license in the amount set by the Cabinet of Ministers of the Republic of Latvia;

43.3 the capital company fails to meet deadlines for taking actions or disclosing information that is necessary in order to take the decision;

43.4 the information in the documents provided by the capital company is not true;

43.5 the capital company has had its license revoked for the site for purchasing and selling foreign currencies specified in the application referred to in Paragraph 27 herein a year prior to the submission of the application due to a breach of this Regulation and other laws and regulations;

43.5¹ a licence granted to this or another capital company is valid for the site for purchasing and selling foreign currencies specified in the application referred to in Paragraph 27 herein;

43.6 the capital company is in tax arrears.

44. Where a capital company has not submitted the documents for the reregistration of the license by the license expiry date and wishes to continue purchasing and selling of foreign currencies, the capital company shall submit the documents as if applying for a first time license as stipulated by the Regulation and pay a stamp duty for a first time license.

45. The capital company, when receiving the reregistered license, shall turn in the previous license to Latvijas Banka.

VII. Procedure for Rewriting a License

46. A license shall be rewritten, retaining the previous expiry date where:

46.1 the registered address of the capital company has changed;

46.2 the registration number of the capital company has changed;

46.3 the name of the capital company has changed;

46.4 the license has been damaged or destroyed in a fire, flood or other natural disaster;

46.5 the license is no longer in the possession of the capital company due to illegal acts by a third party.

47. The capital company shall submit to Latvijas Banka's Licensing Committee the application referred to in Paragraph 27 herein within 10 days after the day when the circumstances referred to in Paragraph 46 herein have set in. A company registered in

another European Union or European Economic Area country shall support the application by a certification issued by a relevant public authority of the respective country and verifying the changes in question.

48. In cases referred to in Subparagraphs 46.4 and 46.5 herein, the capital company shall support the application with documents verifying the facts mentioned in the application.

49. Subsequent to receiving the application, Latvijas Banka's Licensing Committee shall pass a decision to rewrite or refuse to rewrite the license.

50. Latvijas Banka's Licensing Committee shall pass a decision to refuse to rewrite the license where:

50.1 the capital company fails to meet deadlines for taking actions or disclosing information that is necessary in order to take the decision;

50.2 the information in the documents provided by the capital company is not true.

51. In cases other than those referred to in Subparagraphs 46.4 and 46.5 herein, the capital company, when receiving the rewritten license, shall turn in the previous license to Latvijas Banka.

VIII. Procedure for Coordination of Changing a Participant or a Representative of the Executive Bodies in a Capital Company

52. Prior to changing a participant having a qualifying holding in the capital company, a representative of the executive bodies or a holder of a procuration, the capital company shall obtain an approval for the change from the Licensing Committee of Latvijas Banka.

53. In order to obtain the approval for the change, the capital company shall submit an application (written in free form) to Latvijas Banka's Licensing Committee and enclose the following:

53.1 copies of documents proving the identities of the participant intending to have a qualifying holding in the company, the new representative of the executive bodies or the holder of a procuration;

53.2 a certificate of criminal and administrative violation record of the person referred to in Subparagraph 53.1 herein, dated no earlier than six months prior to the application date;

53.2.1 if the person is a citizen or non-citizen of the Republic of Latvia or a legal person registered in the Republic of Latvia, a certificate from the Punishment Register;

53.2.2 if the person is a foreigner or a legal person registered in a foreign country, a certificate from the competent public institution of the foreigner's country of residence or the country where the legal person is registered.

53.3 a capital company registered in another European Union or European Economic Area country – certifications on the criminal and administrative record of the person referred to in Subparagraph 53.1 herein, issued by the Punishment Register and an equivalent authority of the country where the company is incorporated, dated no earlier than six months prior to the application date.

54. Subsequent to receiving the application, Latvijas Banka's Licensing Committee shall pass a decision whether to approve or disapprove of the change of the participant having a qualifying holding in the capital company, the representative of the executive bodies or the holder of a procuration.

55. Latvijas Banka's Licensing Committee shall pass a decision to disapprove of the change of a participant having a qualifying holding in the capital company, a representative of the executive bodies or a holder of a procuration where:

55.1 the participant of the capital company intending to have a qualifying holding, the representative of the executive bodies or the holder of a procuration fails to comply with the requirements of Subparagraphs 26.3 and 26.4 herein;

55.2 the capital company fails to meet deadlines for disclosing information that is necessary in order to take the decision;

55.3 the information in the documents provided by the capital company is not true.

IX. Procedure for Suspension of a License

56. Latvijas Banka's Licensing Committee shall resolve to prohibit a capital company from purchasing and selling foreign currencies for a period of up to six months by suspending its licenses to the sites for purchasing and selling foreign currencies or all licenses, where the capital company:

56.1 has closed down the operations on a site for purchasing and selling foreign currencies for a period exceeding 30 days without notifying Latvijas Banka's Licensing Committee thereof in writing and turning in the license in the custody of Latvijas Banka;

56.2 is recognised to be a capital company where a participant having a qualifying holding in the company, a representative of the executive bodies or a holder of a procuration fails to comply with the provisions of Subparagraphs 26.3 and 26.4 herein;

56.3 does not provide Latvijas Banka's Licensing Committee the requested documents and information that is necessary to carry out an inspection of the capital company;

56.4 has registered the change of a participant of the capital company having a qualifying holding, a representative of the executive bodies or a holder of a procuration without obtaining a previous approval by Latvijas Banka's Licensing Committee;

56.5 has failed to settle its tax obligations, pay the compulsory social security contributions and duties as stipulated by laws and regulations.

57. Latvijas Banka's Licensing Committee may resolve to prohibit a capital company from purchasing and selling foreign currencies for a period of up to six months by suspending its licenses to the sites for purchasing and selling foreign currencies or all licenses, where the capital company:

57.1 fails to comply with the requirements set forth by laws and regulations with regard to the prevention of money laundering and of terrorist financing, as well as the requirements set forth by the documents regarding the internal control systems policies and procedures;

57.1¹ fails to comply with the requirements set forth by laws and regulations with regard to processing personal data of natural persons;

57.1² fails to comply with the requirements set forth by the Law on the Procedure for the Introduction of Euro;

57.2 fails to meet the deadlines for reporting data on purchasing and selling of foreign currencies to Latvijas Banka as per Paragraph 86 herein;

57.3 has failed to provide an amended document to Latvijas Banka's Licensing Committee according to the requirements of Paragraph 36 herein;

57.4 has failed to comply with other requirements set forth herein.

58. Provided that the capital company has eliminated the breaches and supplied the requested information, Latvijas Banka's Licensing Committee shall resolve on renewing the license to the site for purchasing and selling foreign currencies or all licenses.

X. Procedure for Revocation of a License

59. Latvijas Banka shall pass a decision to revoke a license or all licenses where:

59.1 the capital company has failed to collect the license within the deadline specified in Paragraph 34 herein;

59.2 the capital company has not launched its operations of purchasing and selling foreign currencies at the specified address within two months after the license was received;

59.3 the capital company has applied to the Licensing Committee of Latvijas Banka with a request to revoke the license;

59.4 the capital company has been declared insolvent or has been liquidated and a respective entry has been made in the Commercial Register;

59.5 the license has been damaged or destroyed in a fire, flood or other natural disaster, is no longer in the possession of the capital company due to illegal acts by a third party or has been lost;

59.6 purchasing and selling of foreign currencies has not taken place at the specified address for more than six months;

59.7 the license has been suspended by a decision of Latvijas Banka's Licensing Committee and the capital company has failed to meet the deadline for eliminating the breaches that have been the reason for the suspension, and has failed to furnish Latvijas Banka's Licensing Committee with the requested information.

60. Latvijas Banka's Licensing Committee may resolve on revoking a license to a site for purchasing and selling foreign currencies or all licenses, where:

60.1 the capital company fails to comply with the provisions herein;

60.2 the capital company fails to comply with the provisions of the laws and regulations with regard to the prevention of money laundering and of terrorist financing, as well as the requirements set forth by the documents regarding the internal control systems policies and procedures;

60.3 the capital company fails to comply with the laws and regulations regarding the protection of consumer rights;

60.4 the capital company fails to comply with the laws and regulations regulating business activities;

60.4¹ the capital company fails to comply with the requirements set forth by laws and regulations with regard to processing personal data of natural persons;

60.4² the capital company fails to comply with the requirements set forth by the Law on the Procedure for the Introduction of Euro;

60.5 counterfeit banknotes or coins have been discovered in the cashier's booth of the capital company or the capital company has issued to a customer counterfeit banknotes or coins or banknotes or coins withdrawn from circulation;

60.6 the capital company has supplied Latvijas Banka with an information that is not true.

61. Within five business days after the decision of Latvijas Banka's Licensing Committee to revoke the license takes effect, the capital company shall turn in the license to Latvijas Banka.

62. Under the circumstances listed in Subparagraph 59.5 herein, Latvijas Banka shall publish an announcement in the official publication "Latvijas Vēstnesis" declaring the lost license invalid.

XI. Rules Governing the Operation of a Licensed Capital Company

63. The original license or a copy certified by a notary public shall be visibly displayed at the site for purchasing and selling foreign currencies at all times.

64. A capital company may carry out other types of business activities on the site for purchasing and selling foreign currencies without prejudice to the objectives of licensing laid down in this Regulation and the requirements of laws and regulations applicable to purchasing and selling cash foreign currencies.

65. A capital company may purchase and sell foreign currencies at a site for purchasing and selling foreign currencies accommodated specifically for this purpose, namely, a lockable cashier's booth and customer area, both located in public non-dwelling premises where different services are made available to customers.

66. The cashier's booth shall be accommodated for the following functions:

66.1 safekeeping of cash;

66.2 entering of a transaction in the cash register or cash system;

66.3 making copies of customer identity documents;

66.4 assuring customer data protection and preservation;

66.5 checking of banknotes and coins;

66.6 providing physical security by preventing unauthorised third-party access.

67. The window of the cashier's booth shall be parted from the rest of the customer area in a way that the confidentiality of the transaction is assured.

68. The customer area shall be:

68.1 separated from the rest of premises where other activities take place;

68.2 arranged in a way that the flow of people is prohibited from crossing it;

68.3 well-lit allowing the customer to identify the banknote and coin security features and assess the quality of the banknotes and coins;

68.4 with a floor space at least 1 m².

69. The cashier is prohibited from keeping his/her personal cash in the cashier's booth in an amount exceeding three minimal wages. Cashier's personal cash shall be kept locked in a place designated for this purpose.

70. Unauthorised persons shall be prohibited from the cashier's booth.

71. A capital company shall, at its own discretion, choose which foreign currencies to purchase and sell, and shall quote the purchasing and selling exchange rates of foreign currencies relative to euro. The purchasing and selling rates of foreign currencies shall be established by the indirect quotation method, i.e. the value of a foreign currency is stated as a per-unit measure of one euro.

72. Where a capital company changes the purchasing and selling rates of foreign currencies relative to euro during the business day, it shall make respective amendments on all information displays/boards.

73. A capital company shall have an obligation to display information for its customers at the site for purchasing and selling foreign currencies. The information shall be presented visibly, clearly and in enduring manner, and comprise:

73.1 company name, registered address and telephone number;

73.2 foreign currency codes according to ISO 4217 standard "Codes for the representation of currencies and funds";

73.3 foreign currency name;

73.4 (Deleted as of 1 January 2014 by Latvijas Banka Regulation No. 118 of 11 July 2013);

73.5 key rates for purchasing and selling foreign currencies, i.e. the lowest sell prices and the highest buy prices quoted by the capital company (worst price quotes for customer);

73.5¹ information regarding commissions and other extra charges applied to foreign currency purchasing or selling transactions, displayed together with the information referred to in Subparagraph 73.5 of the Regulation;

73.6 a reminder that the customer has to receive a receipt for the executed transaction, and that it is the customer's responsibility to check, without leaving the customer area, the conformity of the transaction recorded in the receipt with the provisions of the mutual agreement as well as the nominal value and quality of the banknotes and coins received as a result of the transaction;

73.6¹ information regarding the right to revoke the transaction of purchasing or selling foreign currency in cases referred to in Paragraph 85 of the Regulation;

73.7 information regarding the right to file complaints with Latvijas Banka's Licensing Committee with respect to the capital company's operation.

74. Where a capital company has several information displays/boards, each shall display the information required in Subparagraphs 73.1–73.5¹ herein.

75. On the information displays/boards, the quotes of key purchasing and selling rates for the same currency shall be written in the same font size and colour, and the decimal separators shall be clearly discernible; it shall be done in such a way as to prevent third parties from making unauthorised corrections.

76. The quotes of purchasing and selling rates other than key rates may not be displayed in a larger font or distinctive colour, may not be better lit or highlighted otherwise with the purpose of increasing their visibility and perceptibility compared to the quotes of key purchasing and selling rates of foreign currencies.

77. Information displays and boards outside the premises of the site for purchasing and selling foreign currencies must be approved according to laws and regulations.

78. It is prohibited to display exchange rates other than key exchange rates of purchasing and selling foreign currencies outside the premises of the site for purchasing and selling foreign currencies.

79. (Deleted by Latvijas Banka Regulation No. 148 of 12 May 2016)

80. A capital company may accept only cash or a bank card (a debit or credit card) as a payment instrument.

81. (Deleted as of 1 January 2014 by Latvijas Banka Regulation No. 118 of 11 July 2014)

81.¹ (Deleted as of 1 January 2014 by Latvijas Banka Regulation No. 118 of 11 July 2014)

82. A capital company shall be prohibited from:

82.1 accepting counterfeit banknotes and coins from a customer and issuing such banknotes and coins to a customer;

82.2 issuing to a customer banknotes and coins withdrawn from circulation.

83. A capital company may neither accept advance payments nor allow payments in arrears: purchase and sale transactions of foreign currencies shall be settled immediately right at the window of the cashier's booth.

84. Prior to entering into a transaction of purchasing or selling foreign currencies, the cashier shall make sure that the customer is informed on all the terms and conditions of the transaction proposed by the capital company, including the applicable commissions and other extra charges.

85. The customer may revoke the transaction of purchasing or selling foreign currency anytime before it has been executed. If the transaction has been executed and the customer, without leaving the customer area, has realised that he/she was not duly informed about all the terms and conditions of the transaction offered by the capital company, including the applicable commissions and other extra charges, as required by Paragraph 84 of the Regulation, has established a non-conformity with the mutual agreement or has realised that the nominal value or quality of the banknotes and coins received does not meet his/her requirements, the customer has the right to request a revocation of the transaction, and the capital company shall have an obligation to honour such a request.

86. Within three business days following the end of the reporting month, a capital company shall compile and submit information about the amounts of the foreign currencies purchased and sold as well as the weighted average exchange rates for the month according to the form "Report on Cash Foreign Currencies" ([Appendix 3](#)):

86.1 the capital company shall compile and submit the report in electronic form in accordance with regulations of Latvijas Banka establishing the procedure for compiling and submitting statistical reports. The Chief Executive of the capital company shall be responsible for the accuracy of the data and for timely reporting to Latvijas Banka;

86.2 in the "Report on Cash Foreign Currencies" the capital company shall:

86.2.1 report the amount of foreign currency purchased and sold by the capital company in whole numbers. The amount of the foreign currency in euro shall be calculated by dividing the amount of the foreign currency by its monthly weighted average exchange rate against the euro;

86.2.2 the monthly weighted average exchange rate of the foreign currency shall be reported as a decimal fraction with four digits after the decimal point.

86¹. Information provided under Paragraph 86 herein shall be used for the purpose of licensing referred to under Paragraph 3 of this Regulation and statistical needs.

86². Where a capital company engages in the exchange of cash lats to euro, the capital company shall compile information about the amount of lats exchanged to euro in the previous month and submit it to Latvijas Banka Licensing Committee within three business days following the end of the reporting month.

87. A capital company may suspend its operations of purchasing and selling foreign currencies for a period exceeding 30 days, but no longer than for 6 months, by submitting an application (written in free form) to the State Revenue Service and Latvijas Banka Licensing Committee and by turning in the license in custody of Latvijas Banka.

88. Should a company wish to resume purchasing and selling of foreign currencies, it shall submit an application (written in free form) to Latvijas Banka Licensing Committee and receive back its license.

XII. Supervision of a Licensed Capital Company Operations

89. Latvijas Banka may inspect a capital company as to its compliance with the laws and regulations with regard to purchasing and selling foreign currencies.

90. Persons authorised by Latvijas Banka shall carry out inspections on behalf of Latvijas Banka.

91. The inspection shall be a surprise inspection. It may be carried out at the registered address of the capital company, on the site for purchasing and selling foreign currencies, or remotely by checking the documents provided by the capital company.

92. The persons authorised by Latvijas Banka shall be entitled to request any documents or information related to the capital company's operation in purchasing and selling foreign currencies, and the capital company shall have an obligation to provide the documents and information requested by the authorised persons.

93. On its own initiative or upon request, Latvijas Banka shall exchange information with other supervisory and controlling authorities in the Republic of Latvia or abroad to achieve the licensing objectives and minimise money laundering and terrorist financing potential.

XIII. Final Provisions

94. The licenses that have been issued prior to the day when the Regulation takes effect shall be valid till their expiry date.

95. A capital company that has been issued a license prior to the day when the Regulation takes effect shall, by 1 June 2010, do the following:

95.1 ensure compliance of the site for purchasing and selling foreign currencies with the requirements set forth herein;

95.2 provide an updated layout of the premises indicating the exact location where purchasing and selling of foreign currencies takes place.

96. A capital company, applying for the reregistration of a license where the address of the site for purchasing and selling foreign currencies has changed, shall ensure compliance with the requirements set forth in Paragraph 95 herein from the day when the Regulation takes effect.

97. Capital companies shall, by 1 September 2009, revise their documents stating the internal control systems policies and procedures and ensure their compliance with the requirements of laws and regulations regarding prevention of money laundering and financing of terrorism.

97¹ Paragraph 81¹ of this Regulation shall take effect on 1 January 2012.

97¹. Paragraph 81¹ of this Regulation shall take effect on 1 January 2012.



97². A capital company shall, from 1 August 2013 to 31 December 2013, place a clearly legible information presented visibly for the customer in enduring manner in addition to the information display/board referred to in Paragraph 73 and comprising information that starting from 1 January 2014 lats will be exchanged to euro free of charge at the exchange rate of 0.702804 lats per euro as approved by the Council of the European Union.

97³. Amendments to the legal framework of issuance, Paragraphs 64, 71–73, 81 and 81¹, Subparagraph 86.2 and Appendix 3 as well as Paragraph 86² shall take effect on 1 January 2014.

98. Latvijas Banka's Council Resolution No. 125/6 "On Approving a Revised "Regulation for Purchasing and Selling Cash Foreign Currencies"" of 14 March 2006 (Latvijas Vēstnesis, 2006, No. 45) shall be deemed invalid.

99. The Regulation shall take effect on 1 June 2009.

Governor of Latvijas Banka	I. Rimšēvičs
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[Appendix 1](#)  (61.20 Kb) – for capital companies registered in the Republic of Latvia
[Appendix 2](#)  (62.20 Kb) – for capital companies registered in a EU or EEA country
[Appendix 3](#)  (63.86 Kb) – Report on Cash Foreign Currencies