

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
INVESTMENT COMMITTEE**

Investment policy related to national security

Notification by Latvia

Freedom of Investment Roundtable 29, 13 March 2018.

On 28 December 2017, Latvia notified the OECD of a new investment policy related to national security. The notification and its associated documentation are reproduced in this document. This notification will support discussions of the measure at Freedom of Investment Roundtable 28 on 13 March 2018.

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Investment policy related to national security – notification by Latvia

On 29 March 2017, Latvia brought a new investment policy related to national security into effect. An amendment to the *National Security Law* as well as new *Regulations Regarding the Institution Determined in the National Security Law, the Scope of Information to be Submitted, the Procedures for Submission Thereof, and the Evaluation of the Submitted Information, and also the Taking and Notification of the Decision Determined in the National Security Laws* (“Regulations”), which are based on this law – both reproduced in the [Annex](#) – establish a mandatory review mechanism for transfer of ownership in certain assets or enterprises. The review mechanism applies regardless of the nationality of the acquirer and is based on the characteristics of the assets in question.

1.1. Scope

The mandatory review mechanism and permission requirement under the *National Security Law* is applied to investments in three types of assets:

- “enterprises and facilities with significance to national security”, as defined in Section 37 of the *National Security Law*);
- national level critical infrastructure (Category B critical infrastructure, as defined in Section 22.2 (2) of the *National Security Law*) and
- European critical infrastructure (as defined in Section 22.2 (3) of the *National Security Law*).

The criteria that qualify companies as being of “significance to national security” are set out in the law (Section 37 of the *National Security Law*); they comprise major companies operating in the telecommunications, broadcasting, and energy generation or transmission sectors. Currently, 26 companies meet these criteria; the Ministry of Economics is in charge of determining the companies on the list and revising the list as needed.

The *National Security Law* stipulates that permission of the Cabinet of Ministers is required in the following cases:

- if an investor individually or jointly with other persons acting in a co-ordinated manner plans to acquire a qualifying holding or decisive influence in an enterprise of significance to national security (Section 40 of the *National Security Law*).
- in case if a shareholder, stockholder, a person who exercises indirect holding (right to vote), or a member of an enterprise with significance to national security changes the beneficial owner (Section 41 of the *National Security Law*).
- in case of transition of an undertaking as a result of which a person obtains such undertaking in its ownership from a capital company with significance to national security which has assets that are used for carrying out the activity which is significant to national security (Section 41 of the *National Security Law*).

- for the transfer of critical infrastructure of State level (Category B critical infrastructure) or European critical infrastructure into the possession or ownership of another person (Section 22 (2) of the *National Security Law*).

1.2. Initiation of the review mechanism, information required for processing the case, and timeframe for review

Pursuant to the procedural rules set out in Section 44 of the *National Security Law* and the *Regulations*, the investor must initiate the review that precedes a transfer of assets (Section 41 of the *National Security Law*). The investor is also obliged to provide information required (Paragraph 2 or 3 of the *Regulations*). Additional information may be required from the investor.

1.3. Body responsible for the review

The Ministry of Economics – after receiving information from national security institutions – prepares a draft decision and submits it to the Cabinet of Ministers for consideration. The decision of the Cabinet of Ministers is taken within one month from the day of receiving application. This time may be extended to up to four months.

1.4. Outcomes, recourse for foreign investors and transparency

The Cabinet is vested with powers to prohibit or condition certain transactions that would potentially endanger national security (Section 38 (1) of the *National Security Law*). For this decision, the Cabinet also takes into consideration the opinion of State security institutions. Also, under Paragraph 11 of the Regulation, the Cabinet of Ministers may refuse the transfer of assets on grounds of national security if the Ministry of Economics or national security institutions establishes that information provided by the investor is misleading or false or additional information or documents required by Ministry of Economics or national security institutions are not submitted within the period of time set by the Ministry of Economics and the national security institutions.

If the application is rejected investors could seek judicial redress in Administrative District Court and Supreme Court.

All information on which decision of the Cabinet of Ministers is based is available to investor unless it contains an official secret.

Information including information which contains an official secret is provided to Administrative District Court or Supreme Court and to a sworn attorney who represents the investor if it has obtained the necessary permit.

1.5. Proposed amendment to the entry in the list of measures reported for transparency under the National Treatment instrument

Latvia requests to include a new entry under item A. of the list of measures reported for transparency under the National Treatment instrument as follows:

“A. Measures Reported for Transparency at the Level of National Government
Measures based on public order and essential security considerations

Investment in or acquisition of certain assets, in particular enterprises or facilities with significance to national security and national-level or European critical infrastructure, is subject to permission of the Cabinet of Ministers.

Authority: Sections 22.2 and 40 of the National Security Law, as amended on 29 March 2017.

Annex: National Security Law of Latvia

National Security Law

Chapter I

General Provisions

Section 1. National Security

(1) National security is a state, attained as a result of joint, purposeful measures implemented by the State and society, in which the independence of the State, its constitutional structure and territorial integrity, the prospect of free development of society, welfare and stability are guaranteed.

(2) Guaranteeing of national security is a basic obligation of the State.

Section 2. Purpose of this Law

This Law prescribes the national security system and tasks of such, the competence of the persons or institutions responsible for the national security system and the principles and procedures of co-ordination, implementation and control of their activities.

Section 3. The National Security System and Its Tasks

(1) The national security system is formed by the institutions implementing State authority and administration, and the citizens of Latvia to whom law delegates obligations and rights in the field of national security within the scope of specified competence.

(2) The tasks of the national security system are the following:

1) to forecast in a timely manner and prevent internal and external danger to the State, to guarantee State defence, public safety and democratic development of society;

2) to draw up a joint, systemic policy of national security for the institutions implementing State authority and administration, and to implement, in a co-ordinated and purposeful manner, the legal, economic, social, military, security and other measures determined by the State, at all levels of State administration;

3) to ensure effective management to overcome situations dangerous to the State.

(3) The operation of the national security system is based upon civilian-military co-operation. Civilian-military co-operation is the planned and co-ordinated activities of State administrative institutions, the public and the National Armed Forces in the suppression of dangers to the State. The basic principles of civilian-military co-operation are effective mutual co-operation co-ordination, unified understanding of common goals and shared responsibility for the results of the achieving the goals.

Section 3.¹ Prohibition to Serve in Foreign States

(1) Latvian citizens are prohibited from serving in the armed forces, internal security forces, military organisation, information service or security service, police (militia), or services of

institution of justice (hereinafter – the service) of foreign states or other subjects of the international law or established in their territories, except the case when:

1) a Latvian citizen is serving in the service of the European Union, the North Atlantic Treaty Organisation, a Member State of the European Union, a Member State of the European Free Trade Association, a Member State of the North Atlantic Treaty Organisation, the Commonwealth of Australia, the Federative Republic of Brazil, or New Zealand, or in the service of such country with which the Republic of Latvia has entered into an agreement regarding recognition of dual citizenship;

2) a Latvian citizen is serving in the service that is not recognised as voluntary in the country of his or her nationality with which the dual citizenship has occurred in accordance with the conditions of the Citizenship Law.

(2) A non-citizen of Latvia is prohibited from serving in the service of a foreign country.

Chapter II

Competence of Persons or Institutions Responsible for the National Security System

Section 4. Principles of Distribution of Competence of Persons or Institutions Responsible for the National Security System

The basis for the division of competence of persons or institutions responsible for the national security is the State structure, parliamentary democracy and the principle of division of State authority determined in the Constitution of the Republic of Latvia, as well as the principles in accordance with which the parliamentary and civil control over the National Armed Forces, institutions of the system of the Ministry of the Interior and State security is performed.

Section 5. Obligations and Rights of Latvian Citizens

It is the obligation of every Latvian citizen to defend the independence, freedom and democratic structure of the State. Only Latvian citizens are entitled to:

- 1) participate in the development of the national security plan;
- 2) perform military service;
- 3) hold offices in State security institutions.

Section 6. Competence of the Saeima

The Saeima shall:

- 1) adopt laws in the area of national security;
- 2) approve the National Security Concept and the State Defence Concept;
- 3) perform parliamentary control over the National Armed Forces, institutions of the system of the Ministry of the Interior and State security;
- 4) determine the basic structure and size of the National Armed Forces, and the principles for staffing of the personnel;
- 5) determine the principles for staffing of the personnel of State security institutions;
- 6) accept and supervise the use of budgetary resources granted for the needs of national security;
- 7) decide on the utilisation of units of the National Armed Forces outside the State territory in accordance with procedures laid down in law;

- 8) appoint to and release from office officials of defence institutions and State security institutions determined by law;
- 9) decide on declaration and commencement of war;
- 10) assess justification of a declared state of emergency, exceptional state or mobilisation;
- 11) examine the information provided by the Prime Minister regarding national security.

Section 7. Competence of National Security Committee of the Saeima

(1) For deputies elected to the National Security Committee of the Saeima for work in this committee shall be necessary a first category special permit for access to official secrets. If a deputy is elected to the committee who does not have such a permit, he or she may participate in meetings of the committee only after receipt of the abovementioned special permit.

(2) The National Security Committee of the Saeima shall:

- 1) [7 April 2004];
- 2) assess and accept draft budgets of State security institutions;
- 3) perform parliamentary control of the activities and utilisation of budgetary resources of State security institutions;
- 4) hear reports from the Cabinet and heads of State security institutions on activities of State security institutions, as well as examine the results of examinations of the activity of such institutions;
- 5) [7 April 2004];
- 6) [7 April 2004];
- 7) examine proposals regarding the appointment to and release from office of the Director of the Constitution Protection Bureau.

Section 8. Competence of the President

(1) The President shall:

- 1) perform the duties of the Commander-in-Chief of the National Armed Forces;
- 2) chair the National Security Advisory Board;
- 3) appoint a Supreme Commander for the time of war;
- 4) form the Military Council of the President;
- 5) recommend the Commander of the National Armed Forces for approval by the Saeima;
- 6) propose the issue of declaration and commencement of war for decision in the Saeima;
- 7) if an armed attack has taken place, request the collective defence support of the North Atlantic Treaty Organisation without delay and authorise the North Atlantic Treaty Organisation to take the measures deemed as necessary thereby, including application of armed force in order to preserve and restore the sovereignty and territorial integrity of the Republic of Latvia (within the scope of Article 5 of the North Atlantic Treaty of 4 April 1949);
- 8) take a decision on the position of the Republic of Latvia, if another Member State of the North Atlantic Treaty Organisation is requesting to examine an issue regarding collective defence support of the North Atlantic Treaty Organisation (within the scope of Article 5 of the North Atlantic Treaty of 4 April 1949) and if the Cabinet has been delayed in taking such decision.

(2) The President has the right to receive, upon his or her request, information available to State institutions and offices, in conformity with the regulations regarding utilisation of information laid down in law.

Section 9. Competence of the Prime Minister

The Prime Minister shall:

- 1) conduct measures for the prevention and suppression of dangerous situations to the State;
- 2) every year submit a report on national security to the Saeima including it in the annual report on the activities carried out and planned by the Cabinet or submitting a separate report;
- 3) co-ordinate the activities of ministers in the area of national security;
- 4) organise drawing up and implementation of concepts of and plans for national security, State defence and mobilisation of the national economy;
- 5) take a decision to perform or not perform combat action against an aircraft in the territory of the Republic of Latvia as a last resort case in order to prevent harm to national security interests, and if there is a basis to believe that the aircraft is being used as a weapon for the destruction of people, and the Minister for Defence has been prevented from fulfilling his or her office;
- 6) decide on requesting consultations with the North Atlantic Treaty Organisation (within the scope of Article 4 of the North Atlantic Treaty of 4 April 1949), if territorial integrity, political independence or security of the State is endangered;
- 7) upon consulting with the Minister for Foreign Affairs and the Minister for Defence, decide on the position of Latvia in the North Atlantic Treaty Organisation, if international peacekeeping operation by the North Atlantic Treaty Organisation is being prepared.

Section 10. Competence of the Cabinet

(1) The Cabinet shall:

- 1) provide the necessary funds to State institutions for implementation of tasks determined for them in the field of national security;
- 2) appoint to and release from office the officials, determined by law, of defence institutions, the system of the Ministry of the Interior and State security institutions;
- 3) approve the aggregate of critical infrastructure;
- 4) announce a state of emergency, exceptional state and mobilisation in cases laid down in law;
- 5) decide on the participation of units of the National Armed Forces in international rescue and humanitarian operations, as well as in military training (manoeuvres) outside the territory of Latvia;
- 6) decide on the necessity for the support of the armed forces of the North Atlantic Treaty Organisation and of Member States of the European Union during a state of emergency or exceptional state, as well as the strengthening of State defence capacity in peace time;
- 7) [17 April 2008];
- 8) take a decision on the position of the Republic of Latvia, if another Member State of the North Atlantic Treaty Organisation is requesting to examine an issue regarding collective defence support of the North Atlantic Treaty Organisation (within the scope of Article 5 of the North Atlantic Treaty of 4 April 1949);

9) take a decision on retaining the influence of a person or a permission to obtain influence in commercial companies of significance to national security, as well as on a permission to transfer the critical infrastructure into possession or ownership of another person.

(2) The Cabinet has the right:

1) to request and receive information at the disposal of State security institutions, in conformity with the regulations regarding utilisation of information laid down in law;

2) to assign the performance of certain tasks to State security institutions within the scope of the authority of such.

Section 11. Competence of the Ministry of Defence

(1) The Ministry of Defence shall:

1) draw up and implement the State policy for defence;

2) plan resources necessary for State defence and submit relevant proposals to the Cabinet;

3) ensure the administration and military education of the personnel involved in State defence.

(2) The Minister for Defence shall perform civil control over the National Armed Forces and other institutions subordinate to the Ministry.

(3) The Minister for Defence as a last resort case in order to prevent harm to national security interests, and if there is a basis to believe that the aircraft is being utilised as a weapon for the destruction of people, shall take a decision to perform or not perform combat action against an aircraft in the territory of the Republic of Latvia.

The Minister for Defence is entitled to take a decision on the participation of certain units of National Armed Forces in international rescue operations and international humanitarian operations as specifically provided for in the Law on Participation of the Latvian National Armed Forces in International Operations.

Section 12. Competence of the Supreme Commander

(1) The Supreme Commander or his or her authorised person shall participate in the Cabinet meeting with advisory rights.

(2) The Supreme Commander shall conduct the State defence to prevent danger to the independence of the State, its constitutional structure and territorial integrity if the Cabinet is delayed in performing wartime tasks prescribed by this Law or other laws and regulations.

Section 13. Competence of the Ministry of the Interior

(1) The Ministry of the Interior and the institutions subordinate to it shall:

1) draw up and implement the State policy of internal affairs;

2) protect public order and safety;

3) protect the rights and lawful interests of persons;

4) register natural persons, and ensure and control lawful residence of persons in the State;

5) implement fire safety, fire-fighting, rescue and civil protection measures;

6) within the scope of competence determined by law, guard and control the State border of Latvia;

7) co-ordinate the activities of institutions and public organisations of the State and local governments regarding matters of maintenance of public order;

- 8) forecast and prevent danger to the State and society, and to the national economy.
- (2) On the basis of a recommendation of the head of the State Security Police, the Minister for the Interior in accordance with the procedures stipulated by the Cabinet shall declare the terrorism threat level.

Section 14. Competence of the Ministry of Foreign Affairs

The Ministry of Foreign Affairs shall:

- 1) implement the State policy of external security;
- 2) co-ordinate entering into international agreements, binding on Latvia, in the area of national security;
- 3) analyse the foreign and internal policy of foreign states.

Section 15. State Security Institutions

- (1) State security institutions are State institutions that, for the implementation of tasks determined for the national security system, perform intelligence, counterintelligence activities and investigatory operations activities.
- (2) The aggregate of State security institutions shall be formed by:
- 1) the Constitution Protection Bureau;
 - 2) the Military Intelligence and Security Service;
 - 3) the Security Police.
- (3) The competence of State security institutions shall be determined by special laws.

Section 16. Competence of Other Ministries and State Institutions

Other ministries and State institutions shall perform, in the area of national security, the tasks laid down in law and Cabinet Regulations in order to guarantee implementation of conceptions and plans related to national security and State defence, and of effective safety measures and measures to manage situations which are dangerous to the State.

Section 17. Competence of Local Governments

Local governments shall:

- 1) ensure public order in the administrative territory of the relevant local government;
- 2) perform State administration functions, the performance of which is delegated to the relevant local government in accordance with procedures laid down in law;
- 3) implement the measures specified in the Cabinet decision on state of emergency and the decision on exceptional state;
- 4) provide assistance to State security institutions and the National Armed Forces in the implementation of national security measures.

Section 18. Competence of Public Organisations

- (1) Public organisations and their associations may be involved in national security measures in accordance with the procedures, and to the extent, laid down in laws and regulations.
- (2) It is prohibited to form, train and arm military public organisations of volunteers or associations of such organisations.

Chapter II.¹

Prohibition to Exit from the Republic of Latvia

Section 18.¹ Prohibition to Exit

(1) A citizen, a non-citizen, a person who has been granted the status of a stateless person or alternative status in the Republic of Latvia, or a refugee is prohibited to exit from the Republic of Latvia, if the Minister for the Interior has taken a decision on prohibition for him or her to exit from the Republic of Latvia.

(2) The Minister for the Interior may take a decision on prohibition for the person referred to in Paragraph one of this Section to exit from the Republic of Latvia for a specific period of time up to one year, if a State security institution has provided information that the abovementioned person is planning to engage in an armed conflict, terrorist activities or other activities outside the Republic of Latvia as a result of which there are sufficient grounds for assuming that the person will endanger national security of the Republic of Latvia after his or her return.

(3) The head of the State security institution shall send a statement on existence of the conditions referred to in Paragraph two of this Section to the Minister for the Interior for taking a decision on prohibition for the person to exit from the Republic of Latvia.

(4) The decision on prohibition for the person to exit from the Republic of Latvia shall enter into effect on the day of taking it. Upon notifying the person of prohibition to exit from the Republic of Latvia, he or she shall be provided information regarding the facts and the justification for the decision insofar as it is permitted by the requirements of the Law on Official Secrets and of other laws and regulations governing protection of information.

(5) The Minister for the Interior shall, within three working days after a decision on prohibition for the person to exit from the Republic of Latvia has been taken, inform the Office of Citizenship and Migration Affairs thereof.

(6) The person referred to in Paragraph one of this Section regarding whom a decision has been taken in accordance with Paragraph two of this Section has the right, within one month after notifying the decision, to appeal it to the Department of Administrative Cases of the Supreme Court. Submission of the application to the court shall not suspend the operation of the decision referred to in Paragraph two of this Section.

Section 18.² Examination in a Court of an Application Regarding the Decision of the Minister for the Interior on Prohibition for the Person to Exit from the Republic of Latvia

(1) The Department of Administrative Cases of the Supreme Court shall examine a case which has been initiated on the basis of the application regarding the decision referred to in Section 18.¹, Paragraph two of this Law within two months from the day when the decision to accept the application and to initiate a case was taken.

(2) The court shall examine the case as the court of first instance. The case shall be examined collegially.

(3) If for objective clarification of circumstances of the case the court needs to examine information containing an official secret, only the court shall become acquainted with such information and evaluate it. The court shall indicate in the ruling that such information has been evaluated.

(4) The court ruling is final and not subject to appeal, and shall enter into effect at the moment of proclaiming it.

Chapter III

National Security Council

Section 19. Composition of the National Security Council

(1) Members of the National Security Council shall be the following:

- 1) the President;
- 2) the chairperson of the Saeima;
- 3) the chairperson of the National Security Committee of the Saeima;
- 4) the chairperson of the Defence, Internal Affairs and Corruption Prevention Committee of the Saeima;
- 5) the Prime Minister;
- 6) the Minister for Defence;
- 7) the Minister for Foreign Affairs;
- 8) the Minister for the Interior;
- 9) [7 April 2004].

(2) The Prosecutor General has the right to participate in the meetings of the National Security Council.

(21) With adviser rights, heads of State security institutions may be invited to participate in the meetings of the National Security Council.

(3) The activity of the National Security Council and its secretariat shall be ensured by the State President Chancellery.

Section 20. Competence of the National Security Council

(1) The National Security Council shall:

1) co-ordinate a joint State policy in the area of national security, implemented by the higher State institutions and officials, and examine the course of improvement and problems of such;

2) examine plans and concepts related to national security, as laid down in law.

(2) The National Security Council shall submit proposals to the Saeima regarding appointment to and release from office of the Director of the Constitution Protection Bureau.

(3) A decision of the National Security Council, except in the cases referred to in Paragraph two of this Section, shall have a recommending character and shall not release the responsible officials from responsibility for the decisions they have taken.

(4) The National Security Council has the right to request State security institutions all the existing information at their disposal, which concerns national security interests.

Section 21. Convening of Meetings of the National Security Council

Meetings of the National Security Council shall be convened by the President.

Chapter IV

Suppression of Danger to the State

Section 22. Danger to the State

(1) Depending on the type of danger to the State, the intensity and nature thereof, as well as on the size of the endangered territory a corresponding terrorism threat level shall be determined, as well as a state of emergency or an exceptional state may be declared in accordance with the procedures laid down in law.

(2) [17 April 2008]

(3) [7 March 2013]

(4) [7 March 2013]

(5) In the case of a state of emergency and exceptional state, mobilisation may be announced in order to carry out tasks related to national security and State defence, as well as to liquidate states of emergency and the consequences thereof.

(6) A time of war sets in when an external enemy has performed military aggression or has turned against the State independence, its constitutional structure, or territorial integrity in some other manner.

Section 22.¹ Terrorism Threat Levels

(1) Depending on the possibility of terrorism threats and negative effects of the potential consequences, the following terrorism threat levels shall be declared:

1) low terrorism threat level (colour code – blue) if there is a terrorism threat of general nature;

2) elevated terrorism threat level (colour code – yellow) if there is increased terrorism threat;

3) high terrorism threat level (colour code – orange) if a terrorism threat to a specific object, national economy sector, or a region of the State has been confirmed;

4) critically high terrorism threat level (colour code – red) if the terrorist attack has occurred or if the terrorist attack is imminent.

(2) The terrorism threat levels may be declared for:

1) all territory of the State;

2) threatened region of the State;

3) threatened national economy sector;

4) threatened object.

(3) The institutions involved in anti-terrorism activities shall plan measures for prevention and management of terrorism threats in accordance with the terrorism threat levels.

Section 22.² Critical Infrastructure

(1) Critical infrastructure is objects, systems or parts thereof located in the Republic of Latvia, which are of significance for ensuring the implementation of important public functions, as well as human health protection, security, economic or social welfare and destruction of or interferences in the operation of which would significantly affect the implementation of State functions.

(2) Critical infrastructure shall be classified as follows:

1) especially important critical infrastructure of State level (Category A critical infrastructure), destruction of or reduction of operational capabilities of which significantly endangers State administration and national security;

2) important critical infrastructure of State level (Category B critical infrastructure), destruction of or reduction of operational capabilities of which hinders State administration and endangers public and national security;

3) critical infrastructure of local governments and sectors (Category C critical infrastructure), destruction of or reduction of operational capabilities of which hinders administration of local government activities or sectors, as well as endangers public security.

(3) A separate critical infrastructure, destruction of or reduction of operational capabilities of which would significantly affect at least two European Union Member States, may also be determined as a European critical infrastructure.

(4) The owner or legal possessor of critical infrastructure, including European critical infrastructure, shall ensure planning and implementation of security measures.

(5) The owner or legal possessor of critical infrastructure, including European critical infrastructure, shall determine the status of restricted access information for documents governing internal security measures.

(6) The Cabinet shall determine the procedures for surveying critical infrastructure, including European critical infrastructure, and for planning and implementation of security measures.

(7) A permission from the Cabinet shall be required for transfer of the critical infrastructure referred to in Paragraph two, Clause 1 or 2 or Paragraph three of this Section into possession or ownership of another person.

Section 23. Responsibility of the Cabinet and Obligations of Ministries

(1) The Cabinet shall be responsible for the suppression of danger to the State and the liquidation of such consequences.

(2) The Ministries shall sectors within their competence and plan the prevention, suppression and liquidation forecast danger to the possible consequences of the danger. The sector plans for the prevention, suppression and liquidation of possible consequences of the danger shall be submitted by the ministries to for approval to the relevant member of the Cabinet. The draft plans prior to approval in ministries shall be submitted for evaluation to the Crisis Management Council. The approved plans shall be submitted by the ministries to the Crisis Management Council for utilisation in the work of the Council.

(3) In the case of a danger to the State, the measures for suppression of the danger shall be conducted by the ministry responsible for the relevant sector.

(4) [21 April 2005]

(5) In the case of danger to the State, the Cabinet is entitled to take a decision on the involvement of the National Armed Forces in the maintenance of public order and liquidation of the consequences caused by the danger.

(6) [17 April 2008]

(7) For overcoming a concealed military danger during peace, if military means are used, the Cabinet may assign the Ministry of Defence to lead the measures for suppression of the danger in a restricted territory in accordance with the State Defence Plan. If the Cabinet is hindered in fulfilment of its functions, the Prime Minister shall decide thereon. If the Prime Minister is hindered in fulfilment of his or her office, the Minister for Defence shall decide thereon.

Section 23.¹ The Crisis Management Council shall:

- (1) In the case of a danger to the State, the Crisis Management Council shall co-ordinate civil-military co-operation and the operational measures of State administration institutions in suppression of the danger to the State.
- (2) The by-law of the Crisis Management Council shall be approved by the Cabinet.

Section 23.² Composition of the Crisis Management Council

- (1) The Crisis Management Council shall be chaired by the Prime Minister.
- (2) Members of the Crisis Management Council are the:
 - 1) the Minister for Defence;
 - 2) the Minister for Foreign Affairs;
 - 3) Minister for Economics;
 - 4) Minister for Finance;
 - 5) the Minister for the Interior;
 - 6) Minister for Justice;
 - 7) Minister for Health;
 - 8) Minister for Transport;
 - 9) Minister for Environmental Protection and Regional Development.
- (3) Heads of State security institutions and other State officials may be invited to meetings of the Crisis Management Council with advisory rights.

Section 23.³ Competence of the Crisis Management Council

The Crisis Management Council shall:

- 1) co-ordinate the operational management of suppression of a danger to the State;
- 2) co-ordinate the development of plans for the prevention of danger to the State of State administration institutions;
- 3) [17 April 2008];
- 4) in the case of a danger to the State, co-ordinate the unified and timely implementation of political decisions in State administration institutions;
- 5) [29 April 2010].

Section 23.⁴ The Crisis Management Council Secretariat

- (1) The work of the Crisis Management Council shall be ensured by the Crisis Management Council secretariat.
- (2) The Crisis Management Council secretariat shall ensure the purposeful and continuous provision of co-operation and support of responsible institutions to the Crisis Management Council within the scope of its competence in the following issues:
 - 1) preparation of proposals to the Crisis Management Council regarding the development of crisis management;
 - 2) the co-ordination and examination of sector danger forecasts prepared by the ministries, and the developed plans for the prevention, suppression and liquidation of possible consequences thereof;
 - 3) the operational planning and co-ordination of the prevention of danger to the State, and the compilation, and analysis of the results of the implementation thereof;

4) the management of State and international level crisis management training or participation in training.

Section 24. Powers of the President in Case of War or Military Aggression

(1) In case of war declared to the State, or military aggression, the President shall immediately:

1) act in accordance with the regulations of the State Defence Plan, issue orders and directions to the National Armed Forces, State and local government institutions and the population of the State;

2) convene the Saeima for the taking of a decision to declare and commence war;

3) [25 February 2016];

2) [25 February 2016];

Section 25. Powers of Other Institutions and Officials in Case of War or Military Aggression

(1) If an exceptional state has not been declared in the State or its part, in case of unexpected military aggression:

1) the Commander of each unit of the National Armed Forces shall undertake the military defence measures in accordance with the State Defence Operational Plan, without awaiting a separate decision on it;

2) the Commander of the National Armed Forces shall immediately undertake organized military defence activities in accordance with the State Defence Operational Plan and shall inform thereof the Minister for Defence;

3) the Minister for Defence shall immediately undertake organized military defence activities in accordance with the State Defence Plan and shall inform thereof the President, the Presidium of the Saeima, and the Prime Minister.

(2) Display of armed resistance shall not be prohibited during a war.

If the institutions implementing legitimate State authority and administration have been liquidated in an antidemocratic way or as a result of military aggression of another State, the following shall be done in the interests of maintaining or restoring of independence:

1) the National Armed Forces, as well as other State institutions shall act in accordance with special procedures, appropriate to the situation, laid down in the National Security Plan and by the National Defence Plan;

2) the Ambassador Plenipotentiary of Latvia to the United Nations shall have the powers to represent the legitimate State authority of Latvia; The National Defence Plan may prescribe procedures for transferring the powers to represent the legitimate State authority;

3) State institutions and officials of Latvia situated in foreign states shall immediately take measures for the restoration of State independence, making use of the help of international organisations;

4) citizens and the society shall take possible resistance measures against the illegal administration institutions.

Chapter V

Preparation and Approval of Concepts and Plans for Prevention of Danger to the State

Section 26. Analysis of Danger to the State

(1) The analysis of danger to the State is a comprehensive assessment as a result of which the existing and potential specific danger or risk factors to the national security are identified.

(2) The analysis of danger to the State shall be:

- 1) drawn up by the Constitution Protection Bureau in co-operation with the Security Police and the Military Intelligence and Security Service not less than once in four years;
- 2) co-ordinated by the Council of State Security Institutions;
- 3) examined by the Cabinet and the National Security Council.

Section 27. Concept of National Security

(1) The Concept of National Security is a document prepared on the basis of the analysis of danger to the State, which determines the basic strategic principles and priorities for the prevention of danger to the State.

(2) The Concept of National Security shall be:

- 1) prepared by the Cabinet;
- 2) examined by the National Security Council;
- 3) approved by the Saeima not less than once during each convening by 1 October of its first year of operation.

Section 28. Analysis of Military Threat

(1) The Analysis of Military Threat is an assessment of the possibility of military aggression against Latvia in which the existing and potential dangers and risk factors, as well as their possible expression and impact are specified.

(2) The Analysis of Military Threat shall be:

- 1) each year prepared by the Military Intelligence and Security Service;
- 2) examined by the State Security Council and the Cabinet.

Section 29. Concept of State Defence

(1) The Concept of State Defence is a document drawn up on the basis of the Analysis of Military Threat, which determines the basic strategic principles, priorities and measures of the State military defence during peacetime, danger to the State and a state of war.

(2) The Concept of State Defence shall be:

- 1) prepared by the Ministry of Defence;
- 2) examined by the Cabinet;
- 3) approved by the Saeima not less than once during each convening by 1 October of its second year of operation.

Section 30. National Security Plan

(1) The National Security Plan shall be based on the strategy and principles determined by the National Security Concept. It shall include specific measures for neutralisation and prevention of danger to the State.

(2) The National Security Plan shall be drawn up and approved by the Cabinet within a year after approval of the National Security Concept.

(3) The Prime Minister shall make the National Security Council and the National Security Committee of the Saeima acquainted with the National Security Plan approved by the Cabinet.

Section 31. State Defence Plan

(1) The State Defence Plan shall be prepared on the basis of the Analysis of Military Threat and the principles determined in the State Defence Concept. It shall determine specific State defence measures, priorities and necessary resources, as well as the necessary readiness and activities of the National Armed Forces, institutions implementing State authority and administration, local governments, and natural and legal persons regard to State defence.

(2) The State Defence Plan shall be:

- 1) drawn up by the Ministry of Defence in co-operation with other ministries;
- 2) approved by the Cabinet.

(3) The Minister for Defence shall acquaint the Defence, Internal Affairs and Corruption Prevention Committee of the Saeima with the State Defence Plan.

(4) The Minister for Defence after co-ordination with the Constitution Protection Bureau may involve in the development of the State defence plan specialists from foreign states, international organisations and the institutions thereof, with which an agreement has been entered into regarding the protection of classified information.

Section 32. National Armed Forces Development Plan

Section 33. State Defence Operational Plan

(1) The State Defence Operational Plan shall include the assessment of the operational situation, the assessment of operational combat readiness of the National Armed Forces, and the plan of action. It shall determine leadership of the operational situation, tasks, obligations, procedures for their performance, expected support, possible liaison and materials and technical facilities.

(2) The State Defence Operational Plan shall be:

- 1) drawn up by the Commander of the National Armed Forces;
- 2) approved by the Minister for Defence.

(3) The implementation of the State Defence Operational Plan shall be ensured by the Commander of the National Armed Forces.

Section 34. National Armed Forces Mobilisation Plan

Section 35. National Economy Mobilisation Plan

(1) The National Economy Mobilisation Plan shall include the preparation and utilisation of State material reserves and objects of national economy during an exceptional state or a state of war.

(2) The National Economy Mobilisation Plan shall be approved by the Cabinet.

Section 36. State Civil Protection Plan

(1) The State Civil Protection Plan shall include measures for the implementation of the State civil protection system, and preventive, readiness and response measures intended for states of emergency, and measures for the liquidation of the consequences of such situations, and shall

determine the actions of the civil protection system in case of military aggression or a state of war.

(2) The State Civil Protection Plan shall be:

- 1) drawn up by the Ministry of the Interior in co-operation with other ministries;
- 2) approved by the Cabinet.

Chapter VI

Restrictions on Commercial Companies of Significance to National Security

Section 37. Commercial Companies of Significance to National Security

The restrictions specified in this Chapter shall apply to a commercial company registered in the Republic of Latvia which conforms to at least one of the following conditions:

1) is an electronic communications merchant with a significant market power which has been imposed liabilities for tariff regulation and cost accounting in accordance with the procedures provided for in the Electronic Communications Law;

2) is an audible electronic mass medium the coverage zone of the programme of which, using technical means for terrestrial broadcasting, according to the broadcasting permit issued by the National Electronic Mass Media Council is Latvia or at least 60 per cent of its territory, or is an audio-visual electronic mass medium the coverage zone of the programme of which, using technical means for terrestrial broadcasting, according to the broadcasting permit issued by the National Electronic Mass Media Council is Latvia or at least 95 per cent of its territory;

3) has received a licence in the Republic of Latvia for transmission, distribution, storage of natural gas or has, in its ownership, a liquefied natural gas facility connected to a transmission system;

4) is an electricity or thermal energy producer the installed actual capacity of which exceeds 50 megawatts;

5) is a thermal energy transmission and distribution operator which has heat supply networks in its ownership in length of at least 100 kilometres;

6) has received a licence for electricity transmission in the Republic of Latvia.

Section 38. Restrictions on Obtaining Influence

(1) In order to preclude an influence endangering or potentially endangering national security in a commercial company of significance to national security, the Cabinet shall determine the obligations referred to in this Chapter for commercial companies of significance to national security and decide on permission for the following activities:

1) in relation to capital companies:

- a) obtaining of qualifying holding,
- b) obtaining of decisive influence,
- c) transition of an undertaking,

d) preservation of the status of a stockholder or shareholder or preservation of the right to exercise indirect holding (right to vote), if the beneficial owner changes;

2) in relation to partnerships:

- a) joining of a new member,
- b) preservation of the status of a member if the beneficial owner changes.

(2) The concept “qualifying holding” used in this Law conforms to the concept of qualifying holding within the meaning of the Financial Instrument Market Law, if a smaller proportion of holding or other additional conditions have not been specified in another law; the concept “decisive influence” conforms to the concept of decisive influence within the meaning of the Group of Companies Law; the concept “beneficial owner” conforms to the concept of the beneficial owner within the meaning of the Law on the Prevention of Money Laundering and Terrorism Financing.

Section 39. Legal Consequences of Obtaining the Status of a Company of Significance to National Security

(1) A commercial company shall, within five working days from the day when it conforms to any of the conditions referred to in Section 37 of this Law:

1) submit a notification to the Commercial Register Office regarding its conformity with the conditions for a commercial company of significance to national security;

2) make an entry in the register of stockholders or shareholders regarding the status of the capital company;

3) inform the shareholders or stockholders of the relevant capital company and persons who exercise indirect holding (right to vote), or members of the partnership regarding its conformity with the conditions for a commercial company of significance to national security;

4) inform the institution stipulated by the Cabinet regarding its shareholders, stockholders and persons who exercise indirect holding (right to vote), or regarding members, as well as beneficial owners – natural persons who directly or indirectly have qualifying holding in this commercial company.

(2) The Commercial Register Office shall publish the information regarding conformity of the commercial company with the conditions for a commercial company of significance to national security on the website of the Commercial Register Office.

(3) If beneficial owners are:

1) a financial institution supervised by the competent financial and capital market supervisory institution of the relevant state, an alternative investment fund, and investors in foundations equivalent thereto – information regarding beneficial owners may contain only information regarding the relevant financial institution and its operational policy;

2) an association or foundation – information regarding the beneficial owner shall contain information regarding the relevant association or foundation and its purpose of operation;

3) stockholders of such joint stock company the stocks of which are included in a regulated market – information shall be provided only regarding such stockholders which exceed 10 per cent of the total number of voting stocks of the relevant joint stock company.

(4) The Cabinet shall determine the institution to which the information specified in Paragraph one, Clause 4 of this Section shall be submitted, the amount of the information to be submitted, and the procedures for submitting it.

Section 40. Receipt of a Permit for Obtaining Qualifying Holding or Decisive Influence

(1) A permit of the Cabinet shall be necessary before a person or several persons who act in a co-ordinated manner obtain qualifying holding or decisive influence in a commercial company of significance to national security or become a member of such commercial company, or also

obtain influence in a capital company registered in the Republic of Latvia which is a member of a commercial company of significance to national security.

(2) If a direct prohibition is imposed in another law on specific legal subjects in relation to obtaining holding of specific type in any of the commercial companies of significance to national security, such prohibition shall be applicable regardless of a permit of the Cabinet.

(3) An application for the receipt of a permit shall be submitted by a person who wishes to obtain qualifying holding or decisive influence in a commercial company of significance to national security.

Section 41. Change of a Beneficial Owner

(1) A shareholder, stockholder in a commercial company of significance to national security, a person who exercises indirect holding (right to vote), or a member must receive a permit to retain holding or to remain a member in the commercial company if its beneficial owner changes.

(2) An application for the receipt of a permit shall be submitted by the relevant shareholder, stockholder in a commercial company of significance to national security, person who exercises indirect holding (right to vote), or member within five working days from the day when change of the beneficial owner occurred.

(3) The Cabinet is entitled to take a decision by which an obligation is imposed on the person referred to in Paragraph two of this Section to alienate shares or stocks of the share capital accordingly within a specific period of time or to terminate indirect holding (right to vote), or to leave the commercial company.

(4) If the person has not carried out the activities which are specified in the decision referred to in Paragraph three of this Section, it is not entitled to exercise the right to vote in the relevant capital company or is not entitled to represent the partnership and to manage record-keeping on the following day after the specified period of time.

Section 42. Transition of an Undertaking

(1) A permit of the Cabinet shall be required for each transition of an undertaking as a result of which a person obtains such undertaking in its ownership from a capital company of significance to national security which has assets that are used for carrying out the activity referred to in Section 37 of this Law.

(2) A commercial company of significance to national security shall submit an application for the receipt of a permit in accordance with the procedures stipulated by the Cabinet.

Section 43. Exceptions for Restrictions on Obtaining Influence

A permit of the Cabinet shall not be required if:

1) the same capital company obtains shares or stocks of the share capital in the cases specified in the law;

2) shares or stocks of a State capital company and State capital are managed in accordance with the Law on Governance of Capital Shares of a Public Person and Capital Companies;

3) an undertaking, shares or stocks of the share capital are transferred into the ownership of a public person, capital company of a public person, or a public private capital company;

4) in accordance with the procedures laid down in the Criminal Procedure Law the person directing the proceedings decides on returning the shares or stocks of the share capital to the lawful owner;

5) in accordance with the procedures laid down in the Criminal Procedure Law the court decides on confiscating the shares or stocks of the share capital.

Section 44. Procedures for Taking and Appealing a Decision of the Cabinet

(1) In the cases referred to in Section 22.², Paragraph seven, Section 40, Paragraph one, Section 41, Paragraph three, and Section 42, Paragraph one of this Law a decision of the Cabinet is taken within one month from the day of receiving an application. This time period may be extended up to four months.

(2) Upon taking a decision in the cases referred to in this Chapter, the Cabinet shall evaluate the restriction on the rights of the person, its commensurability with the national security interests, and the opinion of a State security institution, as well as the conformity with the principle of legitimate expectations.

(3) The decision referred to in Section 22.², Paragraph seven, Section 40, Paragraph one, Section 41, Paragraph three, and Section 42, Paragraph one of this Law shall be notified to the addressee, and a notification on the decision taken shall be sent to the relevant commercial company of significance to national security, if it is not the addressee of the decision.

(4) The decision of the Cabinet may be appealed to the Administrative District Court. The appeal of the decision shall not suspend the operation thereof.

(5) The court shall examine the case as the court of first instance. The case is examined in the composition of three judges. A judgement of the Administrative District Court may be appealed by submitting a cassation complaint.

(6) If for objective clarification of circumstances of the case the court needs to examine information containing an official secret, then only the court shall be become acquainted with such information and evaluate it. The court shall indicate in the ruling that such information has been evaluated.

(7) If the Cabinet has not taken a decision within the time period specified in this Section, it shall be deemed that a permit has been granted after expiry of the time period.

(8) The Cabinet shall determine the institution to which the application for the receipt of the permits referred to in Section 22.², Paragraph seven, Section 40, Paragraph one, Section 41, Paragraph one, and Section 42, Paragraph one of this Law should be submitted, the amount of the information to be submitted, the procedures for submitting and evaluating it, as well as for taking a decision to issue a permit or to refuse to issue a permit and for taking and notifying a decision to specify the obligations referred to in Section 41, Paragraph three of this Law, and the information to be included in the notification regarding the decision taken.

Section 45. Legal Consequences of Non-conformity with the Restriction

(1) If a person or several persons who act in a co-ordinated manner, obtain qualifying holding or decisive influence in a commercial company of significance to national security or become a member of such commercial company without receiving the permit referred to in Section 40 of this Law, then a transaction concluded or action carried out in Latvia which was the grounds for obtaining the abovementioned rights is not valid from the moment of concluding or carrying out. Regardless of the place of concluding the transaction or the action the commercial company of

significance to national security is not entitled to make changes in the register of stockholders or shareholders, if the permit specified in Section 40 of this Law has not been received.

(2) If as a result of transition of an undertaking another person obtains such undertaking into its ownership from a capital company of significance to national security which holds assets that are used for carrying out the activity referred to in Section 37 of this Law, without receiving the permit referred to in Section 42 of this Law, the transition is not valid.

(3) Decisions of a meeting of shareholders or stockholders of a commercial company of significance to national security voted by shareholders and stockholders for holding or change of the beneficial owner of which the Cabinet has not given a permission, or decisions taken in violation of the prohibition of the right to vote specified in this Chapter shall not be valid. Also any action of a member which has been carried out thereby on behalf of the commercial company of significance to national security, thus violating the restrictions on representation and record-keeping specified in this Law, shall not be valid.

(4) In the cases specified in Paragraph one of this Section the Cabinet shall take a decision by which the following obligation is imposed:

1) on shareholders or stockholders of capital companies to alienate shares or stocks of the share capital or to terminate indirect holding (right to vote), and prohibits to exercise the right to vote in the relevant capital company until fulfilment of the abovementioned obligation;

2) on members of partnerships to leave the company, and prohibits to represent the company and to manage its record-keeping until fulfilment of the abovementioned obligation.

Transitional Provisions

1. With the coming into force of this Law, the Law On State Defence (Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs, 1995, No. 2, 21; 1996, No. 6; 1997, No. 6; 1999, No. 24), is repealed.

2. Until the adoption of the relevant Cabinet Regulation, but not longer than by 31 December 2001, the following Cabinet Regulation shall be in effect, which have been issued in accordance with the Law on State Defence:

1) 21 January 1997 Regulation No. 37 By-laws on Service Career Path of Military Persons; and

2) 11 March 1997 Regulation No. 91, Rules of Procedure on Military Discipline of Soldiers.

3. Section 7, Paragraph one of this Law shall come into force concurrently with the convening of 8th Saeima.

4. Section 7, Paragraph two, and Section 20, Paragraphs one and three of this Law shall come into force concurrently with relevant amendments to the State Security Institutions Law and the Constitution Protection Bureau Law.

5. Section 19, Paragraph three of this Law shall come into force on 1 January 2002.

6. The National Security Concept, prepared in accordance with Section 27 of this Law, and the State Defence Concept, prepared in accordance with Section 29, shall be approved during the term of office of the 7th Saeima by 1 October 2001.

7. The Cabinet shall, by 1 January 2003, approve the State Civil Defence Plan referred to in Section 36 of this Law.

8. The Cabinet shall, by 1 June 2009, approve the National Economy Mobilisation Plan referred to in Section 35 of this Law.

9. The remuneration (work remuneration, etc.) in 2009 specified in accordance with this Law shall be determined in accordance with the Law On Remuneration of Officials and Employees of State and Local Government Institutions in 2009.

10. Work in the Information Analysis Service shall be considered as equivalent to work in State security institutions.

11. Such officials of the Information Analysis Service who at the time of liquidation of the Service, in conformity with that laid down in Paragraph 10 of these Transitional Provisions, conform to the criteria brought forward for such persons who have the right to service pension in accordance with the Law On Service Pensions of Officials of the Constitution Protection Bureau, are granted service pension. Service pensions are granted to, calculated for and disbursed to officials of the Information Analysis Service in accordance with the procedures laid down in the Law On Service Pensions of Officials of the Constitution Protection Bureau.

12. Until the day of coming into force of new Cabinet regulations, but not later than until 1 June 2010 Cabinet Regulation No. 428 of 10 June 2008, Procedures for the Planning and Implementation of Security Measures for Objects Vital for State Security, shall be in force.

13. For persons who have started to serve in foreign countries by 1 January 2017 the prohibition provided for in Section 3.1 of this Law shall be applicable from 1 January 2018.

14. Commercial companies which with the coming into force of Section 37 of this Law conform to the conditions of a commercial company of significance to national security, shall fulfil the obligations specified in Section 39, Paragraph one of this Law by 1 June 2017.

15. The Commercial Register Office shall ensure publishing of the information regarding commercial companies of significance to national security on the website of the Commercial Register Office (Section 39, Paragraph two) from 15 June 2017.

Informative Reference to the European Union Directive

This Law contains legal norms arising from Council Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection.

This Law has been adopted by the Saeima on 14 December 2000.

President

Rīga, 29 December 2000

V. Vīķe-Freiberga

Republic of Latvia
Cabinet
Regulation No. 606
Adopted 3 October 2017

Regulations Regarding the Institution Determined in the National Security Law, the Scope of Information to be Submitted, the Procedures for Submission Thereof, and the Evaluation of the Submitted Information, and also the Taking and Notification of the Decision Determined in the National Security Law

Issued pursuant to Section 39, Paragraph four and Section 44, Paragraph eight of the National Security Law

1. This Regulation prescribes:

1.1. the institution:

1.1.1. where the information shall be submitted regarding shareholders, stockholders of a commercial company significant for the national security, and persons who exercise indirect holding (voting rights) therein, or members thereof, and also the actual beneficiaries – natural persons who have direct or indirect qualifying holding in this commercial company;

1.1.2. where an application for receipt of the Cabinet permit (hereinafter – the application) shall be submitted:

1.1.2.1. for the transfer of such especially important critical infrastructure of State level (Category A critical infrastructure) into the possession or ownership of another person the destruction of or reduction of operational capabilities of which significantly endangers State administration and national security;

1.1.2.2. for the transfer of such important critical infrastructure of State level (Category B critical infrastructure) into the possession or ownership of another person the destruction of or reduction of operational capabilities of which hinders State administration and endangers public and national security;

1.1.2.3. for the transfer of European critical infrastructure into the possession or ownership of another person;

1.1.2.4. before a person or several persons who act in a coordinated manner acquire qualifying holding or decisive influence in a commercial company significant for the national security, or become a member of such commercial company, or acquires influence in a capital company registered in the Republic of Latvia that is a member of a commercial company significant for the national security;

1.1.2.5. to maintain holding or remain a member in a commercial company significant for the national security if the actual beneficiary thereof changes. The relevant application shall be submitted by a shareholder, a stockholder of a commercial company significant for the national security, a person who exercises indirect holding (voting rights) therein or a member thereof;

1.1.2.6. for the transfer of a company as a result of which another person acquires a company into the ownership from a capital company significant for the

national security, and this company includes assets that are used to perform an activity which forms the basis for the recognition of a commercial company as a commercial company significant for the national security;

1.2. the scope of information to be provided by a commercial company significant for the national security, and also the procedures for submission and evaluation of such information;

1.3. the procedures for taking of a decision to issue or refuse to issue a permit and a decision by which an obligation is imposed upon a shareholder, a stockholder of a commercial company, a person who exercises indirect holding (voting rights) therein or a member thereof to dispose of equity capital shares or stocks respectively, or terminate the indirect holding (voting rights), or withdraw from the commercial company within the set period of time, and also the procedures for notification of the said decisions and the information to be included in the notification.

2. A commercial company significant for the national security shall submit the following information to the Ministry of Economics in accordance with Section 39, Paragraph one, Clause 4 of the National Security Law:

2.1. all commercial companies:

2.1.1. the firm name, registration number and legal address;

2.1.2. the information regarding the compliance with the conditions referred to in Section 37 of the National Security Law;

2.1.3. the list of actual beneficiaries in accordance with Section 39, Paragraph one, Clause 4 of the National Security Law. If any of the conditions referred to in Section 39, Paragraph three of the National Security Law occur, the information regarding the actual beneficiary may be indicated according to the relevant Paragraph;

2.1.4. the information regarding the concluded group of companies contracts;

2.1.5. any other information relevant to activity of this company as a commercial company significant for the national security and not required as mandatory information;

2.2. a joint stock company:

2.2.1. the information regarding its equity capital, the total number of stocks and nominal value thereof, class of stocks and stocks with voting rights;

2.2.2. the information regarding stockholders:

2.2.2.1. the stockholders with registered stocks registered with the register of stockholders;

2.2.2.2. the list of stockholders with bearer stocks received from the Latvian Central Depository at the last meeting of stockholders, and also the information regarding notifications submitted by stockholders after the last meeting of stockholders in accordance with Section 61, Paragraph one of the Financial Instrument Market Law;

2.2.3. the information regarding persons who exercise indirect holding (voting rights);

2.2.4. the information regarding an agreement concluded between stockholders on the exercising of stockholders' rights in the governance of a company;

2.3. a limited liability company:

2.3.1. the information regarding equity capital, the total number of capital shares and nominal value thereof, and also voting rights;

2.3.2. the information regarding the register of shareholders;

- 2.3.3. the information regarding an agreement concluded between shareholders on the exercising of shareholders' rights in the governance of a company;
- 2.3.4. the information regarding persons who exercise indirect holding (voting rights);
- 2.4. a partnership:
 - 2.4.1. the list of members by indicating rights and obligations thereof;
 - 2.4.2. a partnership contract if such has been concluded.
3. By providing the information referred to in Paragraph 2 of this Regulation the following shall be indicated: for a legal person – name, registration number and legal address or country of residence if the legal address is unknown, for a natural person – given name, surname, personal identification number or other personal data, address or country of residence if the address is unknown, and citizenship if it is known.
4. If the application is submitted for the receipt of the permit referred to in Section 22.², Paragraph seven or Section 40, Paragraph one of the National Security Law, an acquirer shall:
 - 4.1. provide the information indicated in Paragraph 3 of this Regulation if he or she is a natural person;
 - 4.2. provide the information indicated in Paragraphs 2 and 3 of this Regulation if he or she is a legal person.
5. If the application is submitted for the receipt of the permit referred to in Section 41, Paragraph one of the National Security Law, the information referred to in Paragraph 3 of this Regulation shall be indicated in the application with regard to the actual beneficiary. If any of the conditions referred to in Section 39, Paragraph three of the National Security Law occur, the information regarding the actual beneficiary may be indicated according to the relevant Clause.
6. If the application is submitted for the receipt of the permit referred to in Section 42, Paragraph one of the National Security Law, a commercial company significant for the national security shall submit the information indicated in Paragraphs 2 and 3 of this Regulation with regard to an acquirer of the company.
7. If a person may not submit the information referred to in Paragraph 2, 3, 4, 5 or 6 of this Regulation, this person shall indicate the grounds for the failure to submit the said information to the Ministry of Economics. The person shall be obliged to provide the information according to this Regulation as soon as possible.
8. The Ministry of Economics and the State security institutions may request additional information and documents from the applicant which are necessary for evaluation of the application, and also an explanation if the information at the disposal of the Ministry of Economics does not comply with the requirements laid down in this Regulation or the National Security Law.
9. The Ministry of Economics shall immediately send the received application to the State security institutions for provision of an opinion. The State security institutions shall indicate in the opinion whether the issuing of the permit threatens interests of the national security.
10. A draft decision to issue or refuse to issue the permit, and also regarding an obligation of the person who has not received the permit to maintain holding or remain a member in a commercial company dispose of his or her equity capital shares or stocks, or terminate the indirect holding (voting rights), or withdraw from the commercial company shall be prepared by the Ministry of Economics, and the Minister for Economics shall submit it to the Cabinet for examination as a matter of urgency.
11. The Cabinet shall take a decision to refuse to issue the permit if:

11.1. the issuing of the permit threatens interests of the national security;

11.2. the person who has submitted the application has failed to submit additional information or documents necessary for preparation of opinion of the State security institutions within the period of time set by the Ministry of Economics and the State security institutions;

11.3. The Ministry of Economics or the State security institutions establish that they have been provided with false information.

12. The Ministry of Economics shall notify of the Cabinet decision in accordance with the Law on Notification. If the Cabinet decision contains an official secret, the Ministry of Economics shall notify of the decision in a form of extract by including the parts of the decision in the extract which do not contain the official secret.

Prime Minister

Deputy Prime Minister, Minister for Economics

Māris Kučinskis

Arvils Ašeradens