

Effective from 18 March 1994  
With amendments announced by 12 July 2005  
The Saeima has adopted and  
the President of the State has proclaimed  
the following law

## On Privatisation of State and Municipal Asset Units

The Law determines the procedure for state and municipal asset unit privatisation, unless it has been provided for in other laws, as well as the establishment and operational principles of the Latvian Privatisation Agency.

### Terms and Concepts Used in this Law

**Privatisation** - a set of uniform activities, as a result of which a state or municipal asset unit changes ownership. The methods of privatisation are listed in Article 2 herein.

**State or municipal asset unit** - real estate or the undivided share of the real estate, capital company, equity holding or other assets owned by the state or municipality.

**Privatisation subject** - as interpreted in this Law: a specified person or a legal entity, eligible to obtain state or municipal property during privatisation process.

**Capital** - as interpreted in this Law: a set of tangible and intangible assets, which are used in entrepreneurial activities and for which price can be determined.

**Private capital** - capital owned by persons or legal entities, save the state or municipal capital companies.

**Equity holding**- shares or equity holding in a capital company.

**Privatisation method** - a set of legal activities that shall be performed to privatise state or municipal asset unit.

**Privatisation approach** - the way the privatisation method is implemented.

**State asset unit privatisation proposal** - a proposal for a state asset unit privatisation, developed by the privatisation subject in compliance with the provisions of Article 21 herein.

**State asset unit privatisation regulations** - a set of information and conditions stipulated for the privatisation subject, as well as the procedures for the state asset unit privatisation, developed and approved by the Latvian Privatisation Agency in compliance with Article 23 herein.

**Bidder** - a privatisation subject that has filed with the Latvian Privatisation Agency a statement of intent to privatise a state asset unit in compliance with the approved state asset unit privatisation regulations.

**Privatisation project for a municipal asset unit** - a set of information and the procedures for the municipal asset unit privatisation, developed by the privatisation subject in compliance with Article 40 herein.

**Sale of an asset unit by auction**- as interpreted in this Law: privatisation approach, envisaging a purchase agreement conclusion with a person (auction participant), who bids the highest price for the asset unit to be sold and agrees to comply with the terms set forth by the Latvian Privatisation Agency or the municipality.

**Public auction** - an auction with unlimited range of participants.

**Auction with selected bidders** - an auction where the auction organiser defines restrictions regarding the range of persons eligible to participate in the respective auction.

**Sale of an asset unit through tender process** - as interpreted in this Law: privatisation approach, envisaging conclusion of a purchase agreement with a person (bidder) who undertakes to its best efforts to comply with the terms set forth by the Latvian Privatisation Agency or the municipality.

**Sale of an asset unit with immediate payment** - as interpreted in this Law: privatisation approach, envisaging conclusion of a purchase agreement with a person who undertakes to pay full purchase price within the term defined by the agreement and to comply with the terms set forth by the Latvian Privatisation Agency or municipality.

**Credit sale of an asset unit** - as interpreted in this Law: privatisation approach envisaging conclusion of a purchase agreement with a person who undertakes to pay the purchase price in instalments, and to comply, to its best efforts, with the terms set forth by the Latvian Privatisation Agency or municipality.

**Sale of equity holdings**- privatisation approach as a result of which an equity holding of the state or municipal capital company or an equity holding owned by the state or municipality in a capital company with a private capital is being sold

**Asset unit** - buildings and structures bound to the land and acquired in ownership as a result of privatisation or in the cases prescribed by other laws and legislative documents.

**Former state asset unit** - an asset unit, which initially, prior to privatisation or prior to the transition of title to the new owner as prescribed by other laws and legislative documents, has been the state owned property.

**Former municipal asset unit** - an asset unit, which initially, prior to privatisation or prior to the transition of title to the new owner as prescribed by other laws and legislative documents, has been the property of municipality.

**Institution performing privatisation** - State Joint Stock Company "Latvian Privatisation Agency" or the respective municipality which performs privatisation of the state or municipal asset units or land plots pursuant to this Law, as well as the Ministry of Agriculture which performs privatisation of agricultural service enterprises pursuant to the Law On Privatisation of Agricultural Service Enterprises.

**Land plot in privatisation** - a land plot with buildings or a vacant land plot, which has been designated for privatisation.

**Land plot with buildings** - a land plot where buildings or structures are located.

**Vacant land plot** - a land plot where no surface buildings or structures are located.

**Land plot the municipality is entitled to** - a land plot referred to in Item 3 of Article 3 of the Law On Title to the State and Municipal Land and its Registration with the Landbooks.

**Land plot the state is entitled to** - a land plot referred to in Item 3 of Article 2 of the Law On Title to the State and Municipal Land and its Registration with the Landbooks.

**Privatisation announcement** - pursuant to the Law On the Completion of Privatisation of State and Municipal Asset Units and the Use of Privatisation Vouchers, a proposal incorporating conditions drafted in writing by the institution performing privatisation to a person having pre-emption rights to purchase a land plot with buildings.

*(With amendments made with the Law of 11 June 1997, the Law of 31 January 2002, the Law of 23 October 2003 and the Law of 22 June 2005)*

## **PART II**

### **General Terms**

#### **Article 1. The scope of application of the law**

1. The law shall be applicable to:

1) state asset units, save those state asset units which shall be privatised pursuant to the Law On Privatisation of Agricultural Service Enterprises and that are subject to the provision of Item 4 of Article 6 herein for all state and municipal tax and duty exemption;

2) municipal asset units.

2. *(Excluded by the Law of 24 October 1996.)*

3. Privatisation of a state and municipal residential fund is stipulated by other laws.

4. The procedure for granting rights to use or privatise a land plot where state or municipal asset unit in privatisation is located is regulated by provisions of Part VII herein and other laws.

5. Provisions herein shall be applicable unless stipulated otherwise by the Law On the Completion of Privatisation of State and Municipal Asset Units and the Use of Privatisation Vouchers.

*(With amendments made with the Law of 24 October 1996, the Law of 11 June 1997, and the Law of 22 June 2005)*

#### **Article 2. Goals and methods of privatisation**

1. The goal of privatisation is the creation of a favourable environment for private capital activities in Latvia, by changing a state or a municipal asset unit ownership, in the interests of the economic development of Latvia, and the reduction of entrepreneurial activity performed by the state and municipality as business entities.

2. The following privatisation methods are applied to privatise state and municipal asset units:

1) sale of a state or municipal asset unit (also equity holdings thereof) to privatisation subjects. This privatisation method shall be hereinafter referred to as the sales method;

2) investment of a state or municipal asset unit as tangible investment in a capital company with private capital. This privatisation method shall be hereinafter referred to as the investment method;

3) share capital increase of a state or municipal capital company by private capital attraction. This privatisation method shall be hereinafter referred to as the method of private capital attraction.

4) creditors' debts of the state or municipal capital companies shall be converted to shares or equity holdings. This privatisation method shall be hereinafter referred to as the debt capitalisation method;

5) merger of a capital company with private capital with a state or municipal capital company, consolidation of a state or municipal capital company and a capital company with private capital, merger of a state or municipal capital company with a capital company with private capital. This privatisation method shall be hereinafter referred to as the restructuring method.

6) sale of capital company equity holdings to the members of the executive body of the given company, if, as a result of the activity of the executive body as of the moment of approval of the privatisation regulations (privatisation project) the capital company does not have any state or municipal tax and duty liabilities, salary payment liabilities to employees of the capital company, as well as, if the capital company assets are not encumbered with debts and other liabilities in excess

of 10% of equity of the company and, if the capital company is engaged in such entrepreneurial activities which are indicated in its Charter. Extent of the sale of equity holdings shall not exceed 25% of the share capital of the capital company. This privatisation method shall be hereinafter referred to as the management buy-out method.

3. Regulations of the Cabinet of Ministers stipulate the procedure of privatisation applying the investment method.

4. Regulations of the Cabinet of Ministers stipulate the procedure of privatisation applying the method of private capital attraction.

5. Regulations of the Cabinet of Ministers stipulate the procedure of privatisation applying the debt capitalisation method.

6. The restructuring method of privatisation is implemented in the procedure stipulated by Item 1 of Article 27 of the Law On the Procedure of Enactment of the Commercial Law.

7. State or municipal asset unit can be privatised:

1) in aggregate;

2) by dividing it into parts and privatising each part separately;

3) separating individual parts and privatising each part separately;

4) consolidating several asset units in privatisation or parts thereof in one asset unit.

8. One and the same state or municipal asset unit can be privatised by applying one or several privatisation methods referred to in this Article.

9. If the state or municipal asset unit is privatised applying the method referred to in Sub-item 6 of Item 2 of this Article, the following words in this Item "debts and other liabilities" shall be construed as such debts and liabilities, which have matured and which are not settled.

*(With amendments made with the Law of 24 October 1996, the Law of 11 June 1997, the Law of 23 October 2003 and the Law of 22 June 2005)*

### **Article 3. Procedure and approach of privatisation of state and municipal asset units to be performed by sales method**

1. The state and municipal asset units which are privatised applying the sales method, can be privatised by sale of an asset unit as a whole, by splitting it up, or by separating individual parts and selling them separately, as well as selling movable and immovable assets separately.

2. For the sale of one asset unit, one or more privatisation approaches provided for in this Article can be applied.

3. Privatisation of an asset unit by the sales method can be performed applying the following privatisation approaches:

1) sale by auction;

2) sale by public tender;

3) sale with immediate payment;

4) credit sale;

5) *(excluded by the Law of 22 June 2005)*

6) sale of equity holdings of a state or municipal capital company;

7) sale of equity holdings owned by the state or municipality in a capital company with private capital;

8) liquidation of a state or municipal capital company.

4. *(Excluded by the Law of 22 June 2005).*

5. *(Excluded by the Law of 22 June 2005)*

6. Procedure for the sale of equity holdings owned by the state or municipalities in capital companies with private capital, is regulated by the provisions of Part V herein.

7. *(Excluded by the Law of 31 January 2002, effective from 5 March 2002)*

8. Specific privatisation procedure for collectively owned state or municipal asset units is prescribed by the provisions of Part V herein.

9. State or municipal capital companies shall be liquidated in the procedure stipulated by the laws.

10. *(Excluded by the Law of 22 June 2005).*

11. If the state or municipal capital company in privatisation has been declared bankrupt, the minimum term for announcing the auction in case of the sale of the capital company immovable property through liquidation shall be one month,

12. If the state or municipal capital company in privatisation has been declared insolvent, the insolvency procedure of this capital company shall take place pursuant to the Law On Insolvency of Enterprises and Companies.

*(With amendments made with the Law of 24 October 1996, the Law of 11 June 1997, the Law of 18 March 1999 and the Law of 22 June 2005)*

#### **Article 4. Privatisation subject**

1. A person or a legal entity eligible to purchase movable or immovable property in Latvia, can be a privatisation subject. The state or municipality, a state or municipal capital company, as well as a capital company with private capital not exceeding 25% of the share capital, may not be the privatisation subject in the privatisation of a state or municipal asset unit.

2. When liquidating a state or municipal capital company and selling movable and immovable property of this capital company, the purchaser of the property may also be the state or municipality, a state or municipal capital company, as well as a capital company with private capital not exceeding 25% of the share capital.

3. If the restructuring method is applied in the process of privatisation, also a capital company with private capital not exceeding 25% of the share capital may be a privatisation subject.

4. If the asset unit in privatisation is a separate asset, the purchaser of this asset may be the state or municipality, a state or municipal capital company, a capital company with private capital not exceeding 25% of the share capital, as well as other state or municipal legal entities.

5. If the institution performing privatisation pursuant to the procedure and in the cases stipulated by this Law decides to privatise the state or municipal asset unit as a single asset unit along with the land plot where it is located, then the subjects referred to in Article 62 herein can be the privatisation subjects of this asset unit.

*(With amendments made with the Law of 24 October 1996, the Law of 11 June 1997, the Law of 31 January 2002 and the Law of 22 June 2005)*

#### **Article 5. Organiser of asset unit privatisation**

1. Privatisation of a state asset unit on behalf of the state shall be organised and performed by the Latvian Privatisation Agency; the procedure for the establishment, operation, restructuring and

liquidation of the Agency is prescribed by this Law and the Charter of the Latvian Privatisation Agency.

2. Privatisation of a municipal asset unit shall be performed by the municipal property privatisation commission (hereinafter - Privatisation Commission) which is established and operates in compliance with the Law On State and Municipal Property Privatisation Commissions.

#### **Article 6. Means of payment and their application**

1. Payments for asset units shall be made in:

1) lats;

2) privatisation vouchers.

2. Privatisation vouchers can be used to pay for any state or municipal asset unit in privatisation. The Latvian Privatisation Agency or the respective city council, district government or municipal government shall determine the amount of privatisation vouchers to be used. If the pre-emption rights, provided for in Sub-item 1 of Item 1 of Article 17 or Sub-item 1 of Item 1 of Article 35 herein are exercised, the privatisation subject shall have the right to choose one or both means of payment prescribed in Item 1 of this Article. If the privatisation approach described in Sub-item 8 of Item 3 of Article 3 herein is applied in the privatisation of a state or municipal capital company and the respective capital company has been declared insolvent, no privatisation vouchers shall be used as payment means.

3. Revenues generated from the privatisation of state and municipal asset units shall be transferred to the state and municipal property privatisation funds in compliance with the procedure stipulated by the Law On State and Municipal Property Privatisation Funds after the privatisation expenses have been deducted, the monies have been transferred to the reserve fund as stipulated by the Law On State and Municipal Property Privatisation Funds, as well as after the expenses prescribed by the Cabinet of Ministers have been deducted, whereas revenues generated from the capitalisation of principal debt amount to the state budget shall be transferred to the respective budget, in compliance with the procedure stipulated by the Law On Taxes and Duties.

4. The dealings by the Latvian Privatisation Agency or municipality, or - on their behalf, by authorised persons, also agreements concluded with privatisation subjects and other activities related to the state or municipal asset unit privatisation and transfer of title to the asset unit to the new owner, shall be exempt from all the taxes and duties prescribed by the state and municipalities.

5. Upon privatising specialised state agricultural capital companies to which the Cabinet of Ministers Regulations No 259 "Regulations on the Compensation for Equity Holding Retained in Specialised Agricultural Enterprises (Companies) for State Needs", dd. 22 August 1995, apply, the Latvian Privatisation Agency may use revenues generated from the privatisation of these state asset units in compliance with the procedure stipulated by the Cabinet of Ministers regulations, by paying out the calculated compensation for the initially consolidated assets.

6. Privatisation vouchers shall be used as payment means if stipulated so in the privatisation regulations (privatisation project) or the privatisation announcement.

*(With amendments made with the Law of 15 June 1994, the Law of 24 October 1996, the Law of 18 March 1999, the Law of 11 November 1999, the Law of 23 October 2003, and the Law of 22 June 2005)*

## **PART III State Property Privatisation**

### **Section 1 Latvian Privatisation Agency**

#### **Article 7. Legal status of the Latvian Privatisation Agency**

1. The Latvian Privatisation Agency is a state joint stock company, operating in compliance with this Law, other laws and its Charter. The Charter shall be approved and amendments thereto shall be performed by the Cabinet of Ministers.

2. *(Excluded by the Law of 22 June 2005).*

3. *(Excluded by the Law of 22 June 2005).*

4. *(Excluded by the Law of 22 June 2005).*

5. A person may appeal to the court those decisions by the Latvian Privatisation Agency's Executive Board and its authorised institutions, which violate the interests of this person.

6. Decision on the liquidation of the Latvian Privatisation Agency shall be passed by the Cabinet of Ministers, issuing an order thereon. The liquidation of the Latvian Privatisation Agency shall be performed by a liquidation commission in the panel of three liquidators which, based on the proposal of the Minister of Economy, shall be appointed by the Cabinet of Ministers. The Cabinet of Ministers may, at any point, dismiss a liquidator or suspend him from duties.

*(With amendments made with the Law of 24 October 1996, the Law of 2 April 1998, the Law of 31 January 2002, the Law of 23 October 2003, and the Law of 22 June 2005)*

#### **Article 8. Functions, rights and obligations of the Latvian Privatisation Agency**

1. The Latvian Privatisation Agency shall perform the following functions in the procedure stipulated by the law and in line with the rights and obligations stipulated herein:

1) collate proposals and develop draft orders of the Cabinet of Ministers on the designation of state asset units for privatisation;

2) administer and, within its competence, manage state asset units transferred to it in compliance with Article 13 herein until the completion of privatisation thereof;

3) prepare state asset units for privatisation;

4) organise and perform valuation of state asset units in privatisation also, if the state property is invested in the share capital of a capital company;

5) prepare and file with the Ministry of Economy proposals for taking decisions on the restitution of title to the former owners to asset units or parts thereof currently under the administration of the Latvian Privatisation Agency in compliance with the Law On Restitution of Title to Enterprises and Other Asset Units, as well as perform other activities in compliance with the above-mentioned Law;

6) define total rights and liabilities of the state asset unit in privatisation to be transferred to the new owner;

7) draft and approve privatisation regulations for state asset unit, as well as make amendments to the approved privatisation regulations after signing the purchase agreement for the asset unit;

8) organise offerings of state asset units in privatisation, sale, investment of state asset units and attraction of private capital, as well as restructure or liquidate state capital companies in the course of privatisation thereof and capitalise tax payment principal debt amount of state capital companies privatised and in privatisation to be transferred to the state budget;

9) assess proposals filed by the potential buyers of state asset units, negotiate with them and make a decision on the privatisation of the asset unit by a definite bidder or a group of bidders;

10) sign agreements for the sale of state asset units transferred to the Latvian Privatisation Agency and other legal documents related to the state asset unit privatisation on behalf of the state;

11) monitor the implementation of the concluded agreements (also those concluded prior to the establishment of the Latvian Privatisation Agency), perform activities provided for by the laws and by the agreements to ensure compliance with these agreements, and can break agreements, if the privatisation subject fails to comply with the terms of these agreements;

12) ensure that funds generated from the privatisation of the state asset units are received and the respective accounts with the state and municipal property privatisation funds are settled;

13) organise control of payments in privatisation vouchers during the state asset unit privatisation and control of records of the generated privatisation vouchers;

14) control implementation of the privatisation projects for state asset units, regulations for privatisation tender, purchase agreements and other related documents, and pass decisions on completion of particular state asset unit privatisation;

15) make amendments to the projects of the state asset unit privatisation, to the regulations for privatisation tender, purchase agreements and other related documents pursuant to the regulations approved in compliance with the procedure stipulated by the Charter of the Latvian Privatisation Agency;

16) perform privatisation of land plots and other related activities pursuant to the provisions stipulated in Part VII herein;

17) perform the administration of the state equity holdings designated for privatisation and alienation, as well as stipulated by other legislative documents and perform other functions delegated to it in compliance with the laws and the Cabinet of Ministers' resolutions.

2. As part of its functions, the Latvian Privatisation Agency shall perform the following activities:

1) organise auctions and tenders of state asset units;

2) *(excluded by the Law of 22 June 2005).*

3) perform liquidation of the state capital companies regarding which a decision on their liquidation has been passed;

4) perform functions of the state capital company administrator in compliance with the procedure stipulated by the Law On Insolvency of Enterprises and Companies;

5) perform other activities related to the state property privatisation;

6) organise and undertake activities ensuring efficient utilisation of the state capital.

3. The Latvian Privatisation Agency can mandate other persons to perform activities referred to in Items 1 and 2 of this Article in compliance with the procedure provided for by the legislative documents.

4. The Latvian Privatisation Agency shall be entitled to:

1) request and receive without charge all the necessary information related to the property privatisation from the state and municipal institutions, the state authorised representatives in companies, State Committee of Statistics, the State Joint Stock Company the State Real Estate Agency, Enterprise Register of the Republic of Latvia and the state capital companies;



2) assign binding responsibilities to the management bodies of the state asset units in privatisation with regard to the state asset unit privatisation;

3) *(excluded by the Law of 22 June 2005).*

4) break any lease agreements for a state asset unit in privatisation, if they have not been concluded and registered in compliance with the procedure stipulated by the law;

5) sign agreements with experts, capital companies on the valuation of state asset units and the performance of other activities related to privatisation;

6) take over and transfer or sell accounts receivable and accounts payable of state capital companies in privatisation or capitalise the accounts payable;

7) *(excluded by the Law of 22 June 2005).*

5. The Latvian Privatisation Agency shall have also other rights as provided for by the laws.

6. The Latvian Privatisation Agency shall be obliged to:

1) ensure publicity and transparency of the privatisation process and its activities;

2) ensure the degree of confidentiality of documents filed by the privatisation subject as prescribed by the law,

3) make a due transfer of revenues at its disposal, generated as a result of privatisation, into the state and municipal property privatisation funds in compliance with the Law On State and Municipal Property Privatisation Funds;

4) propose the privatisation subjects having pre-emption rights to conclude purchase agreement for the unit in privatisation;

7. The provisions of the Law On Procedure of Reviewing Applications, Complaints and Proposals at State and Municipal Institutions shall not apply to the documents which, pursuant to this law and privatisation regulations for the state asset unit, are filed with the Latvian Privatisation Agency during the procedure of privatisation of state asset unit.

*(With amendments made with the Law of 24 October 1996, the Law of 11 June 1997, the Law of 11 November 1999, the Law of 23 October 2003, and the Law of 22 June 2005)*

#### **Article 9. Supervision of activities of the Latvian Privatisation Agency**

1. The activities of the Latvian Privatisation Agency are supervised and the activities of the Executive Board are controlled by the Supervisory Board appointed by the Cabinet of Ministers.

2. Supervisory Board is composed of the representatives recommended by the political organisations (parties) or factions thereof. Deputies of each political organisation (party) or the faction thereof elected to the Saeima shall nominate one representative.

3. If the Supervisory Board member leaves the post or is dismissed from the post prior to the operation term of the Supervisory Board, the whole body of the Supervisory Board shall not be appointed anew and the remaining Supervisory Board members shall proceed with the performance of their duties.

4. The Ministry of Economy is the shareholder of the Latvian Privatisation Agency.

5. The privatisation of state asset units is supervised by the Minister of Economy who is also the representative of the shareholder of the Latvian Privatisation Agency and the Chairman of the Supervisory Board of the Latvian Privatisation Agency.

6. The Cabinet of Ministers appoints the Chairman of the Executive Board of the Latvian Privatisation Agency based on the proposal of the Minister of Economy.

7 Also other state institutions supervise the Latvian Privatisation Agency activities in compliance with the procedure stipulated by the law.

*(In the wording of the Law of 22 June 2005)*

#### **Article 10. Restrictions to the Latvian Privatisation Agency employee rights and the liability**

1. Restrictions to entrepreneurial activities, revenue generating, job combining, and activities performance of the Chairman of the Executive Board, other officials of the Agency, as well as other related restrictions, obligations and liability are provided for by the Law On Prevention of Conflict of Interest in the Activities of State Officials.

2. If an employee of the Latvian Privatisation Agency is not an official, the restrictions to his activities and liability regarding state asset unit privatisation, directly organised or supervised by him, are provided for by the Law On Prevention of Conflict of Interest in the Activities of State Officials.

*(In the wording of the Law of 24 October 1996 with amendments made by the Law of 23 October 2003 and the Law of 22 June 2005).*

#### **Article 11. Funds and funding of the Latvian Privatisation Agency activities**

1. The Latvian Privatisation Agency receives remuneration for the state asset unit privatisation activities in the form of deductions from the revenue generated as a result of privatisation of the state asset units, the alienation of state equity holdings and administration of the state equity holdings, as well as other revenues. The amount of deductions and the procedure for making deductions is provided for by the Cabinet of Ministers regulations.

2. *(Excluded by the Law of 22 June 2005).*

3. The Latvian Privatisation Agency has the reserve fund stipulated by the Law On State and Municipal Property Privatisation Funds. The reserve fund shall be used exclusively to provide funding for the organisational purposes of state property privatisation process and the state equity holdings alienation process in compliance with the Cabinet of Ministers regulations.

4. The Latvian Privatisation Agency shall not be entitled to make donations.

5. In the event of liquidation of the Latvian Privatisation Agency, the Cabinet of Ministers shall approve the estimate for financing the liquidation expenses and make amendments thereto. Also the monies of the reserve fund provided for in Item 3 of this Article can be used for funding the liquidation expenses.

*(With amendments made with the Law of 11 November 1999, the Law of 31 January 2002, the Law of 23 October 2003, and the Law of 22 June 2005)*

#### **Section 1<sup>1</sup> Termination of operation of the Latvian Privatisation Agency and its liquidation**

*(Section in the wording of the Law of 31 January 2002, effective from 5 March 2002)*

#### **Article 11<sup>1</sup>. Restrictions imposed on the liquidators of the Latvian Privatisation Agency**

1. A person which on the day the decision on the termination of operation of the Latvian Privatisation Agency has been passed is or during the last year has been a member of the Executive Board of the Latvian Privatisation Agency cannot be the liquidator of the Latvian Privatisation Agency.

2. The liquidator of the Latvian Privatisation Agency shall undertake only pedagogical, scientific or other creative work with the authorisation of the shareholders' meeting of the Latvian Privatisation Agency.

3. Upon the appointment of the liquidation commission, the powers of the members of the Executive Board and the chairman of the Executive Board of the Latvian Privatisation Agency terminate.

*(With amendments made with the Law of 23 October 2003 and the Law of 22 June 2005)*

**Article 11<sup>2</sup>. Funding estimate of liquidation expenses of the Latvian Privatisation Agency**

1. The funding estimate of liquidation expenses of the Latvian Privatisation Agency shall be prepared by the liquidation commission.

2. The Cabinet of Ministers, upon the proposal of the Minister of Economy, shall approve and make amendments to the funding estimate of liquidation expenses of the Latvian Privatisation Agency.

3. The reserve fund monies stipulated in Item 3 of Article 11 herein may be utilised also for the purpose of covering the liquidation expenses.

*(With amendments made with the Law of 23 October 2003)*

**Article 11<sup>3</sup>. Operation of the liquidation commission**

1. The liquidation commission liquidates the Latvian Privatisation Agency in the procedure stipulated by the Law On State and Municipal Equity Holdings and Capital Companies and the Commercial Law, unless stipulated otherwise herein.

2. The liquidation commission shall elect the chairman from among themselves who shall organise the work of the liquidation commission.

3. The liquidation commission shall pass all decisions jointly. The chairman of the commission shall convene the liquidation commission meetings.

4. The liquidation commission is entitled to pass decisions if at least two liquidators participate in the meeting and it passes the decisions with the simple majority of votes. In the event of an equal number of votes, the decision is deemed as not passed. If the liquidator does not agree with the liquidation commission decision and votes against it, he shall not be held liable for the passed decision. His differing opinion shall be entered in the minutes of the meeting.

5. The liquidation commission, within the terms stipulated by the Cabinet of Ministers, shall provide a report on its activities, whereas after the completion of liquidation - also a report on all work performed during the liquidation.

*(With amendments made with the Law of 22 June 2005)*

**Section II Commencement of State Asset Unit Privatisation**

**Article 12. Proposal to privatise state asset unit and decision on designating asset unit for privatisation**

1. Any person or legal entity shall be entitled to file a proposal for privatisation of any state asset unit, if applicable under this Law.

2. Proposals for state asset unit privatisation shall be filed with the Latvian Privatisation Agency.

3. The Latvian Privatisation Agency solely shall collate proposals and develop draft orders of the Cabinet of Ministers on the designation of state asset units for privatisation.

4. Decision on the designation of a state asset unit for privatisation shall be passed by the Cabinet of Ministers. The Cabinet of Ministers may determine uniform privatisation principles for separate groups of asset units, as well as determine privatisation conditions for particular state asset units.

5. The privatisation conditions of infrastructure asset units of national importance - natural monopolies or the state equity holdings shall stipulate the requirements of these conditions.

6. The Cabinet of Ministers may determine or change the privatisation conditions of a state asset unit until the privatisation regulations for the particular state asset unit have been approved.

7. If it is impossible to comply with the requirements of the privatisation conditions for a state asset unit stipulated by the Cabinet of Ministers, the Latvian Privatisation Agency shall draft and the minister in charge of the state asset unit privatisation shall file with the Cabinet of Ministers the draft legislative document regarding the amendments to the requirements of the privatisation conditions.

*(With amendments made with the Law of 11 June 1997, the Law of 2 April 1998, effective from 30 April 1998)*

### **Article 13. Take-over of state asset unit in privatisation**

1. Within two weeks after the Cabinet of Ministers has issued the order on designating the state asset unit for privatisation the state institution in charge of the state asset unit in privatisation shall transfer the asset unit to the Latvian Privatisation Agency and the Latvian Privatisation Agency shall take it under its administration until the completion of privatisation of this particular asset unit. If the Latvian Privatisation Agency agrees, the due date for taking over the asset unit may be extended. The head of the state institution in charge of the state asset unit in privatisation shall be liable for the transfer of the state asset unit to the Latvian Privatisation Agency.

2. Transfer and take-over of the state asset unit shall be performed in compliance with the deed of transfer that shall comprise:

1) closed balance sheet of the unit for the previous year and for the previous quarter of the current year;

2) stock taking record for the assets of the unit;

3) list of liabilities and encumbrances of the unit;

4) information on the land area in use and documents providing for the right to use the land;

5) other information and documents as required by the Latvian Privatisation Agency.

*(With amendments made with the Law of 15 June 1994, the Law of 24 October 1996, the Law of 11 June 1997 and the Law of 22 June 2005)*

### **Article 14. Commencement of state asset unit privatisation**

1. Privatisation shall be considered commenced after the deed of transfer for a state asset unit has been signed.

2. The Latvian Privatisation Agency shall notify all the creditors of the capital company whose location is known to the Latvian Privatisation Agency, as well as those banking institutions where the state capital company in privatisation has opened its accounts on the commencement of privatisation of the state capital company.

3. The Latvian Privatisation Agency shall notify the Enterprise Register of the Republic of Latvia on the commencement of the state capital company privatisation. The notification shall be appended with the Cabinet of Ministers order on designating the state asset unit for privatisation.

4. The respective municipality where the asset unit is located, shall be notified of the commencement of the state asset unit privatisation.

5. During privatisation the state capital company shall retain the rights of a legal entity, whereas the name of the capital company shall be supplemented with the words "in privatisation".

*(With amendments made with the Law of 11 June 1997, effective from 1 July 1997)*

### **Article 15. Administration of state asset unit in privatisation**

1. *(Excluded by the Law 22 June 2005).*

2. The Latvian Privatisation Agency is the holder of equity holdings of the state capital companies in privatisation pursuant to the Law On State and Municipal Equity Holdings and Capital Companies.

3. After the Cabinet of Ministers has issued the order on designating the state asset unit for privatisation, the administrating institution of the unit in privatisation may, in the cases stipulated by the law, transfer for utilisation or sell movable and immovable assets on its balance sheet, save the land, invest them in capital companies, as well as conclude agreements on encumbrance of the assets with debt, enter into cession agreements, assume other liabilities and perform other transactions only with the permission of the Latvian Privatisation Agency or in compliance with the procedures prescribed by it.

4. *(Excluded by the Law 22 June 2005).*

5. The Latvian Privatisation Agency has not assumed the third party liability for debts and other liabilities of state asset units under its jurisdiction or under its administration.

*(With amendments made with the Law of 24 October 1996, the Law of 11 June 1997, the Law of 23 October 2003 and the Law of 22 June 2005)*

### **Article 16. Announcement on designating a state asset unit for privatisation and method of restructuring applied during state capital company privatisation**

1. Within two weeks after the Cabinet of Ministers has issued the order on designating the state asset unit for privatisation, the Latvian Privatisation Agency shall publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the state asset unit in privatisation is located the announcement on designating the state asset unit for privatisation. The announcement shall comprise:

1) name of the asset unit;

2) address of the asset unit (if structural units or immovable assets are located in several locations - all the addresses);

3) term for filing creditors' claims and other demands related to the capital company in privatisation;

4) address for filing the documents certifying claims and other demands referred to in Item 3 and for acquisition of information on the unit in privatisation.

2. If the Latvian Privatisation Agency takes a decision on the privatisation of a state capital company through the method of restructuring, the Agency shall publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the capital company with private capital is located the announcement on the application of the method of restructuring for the state capital company privatisation, which merges with the state capital company or which is consolidated with the state capital company, or which acquires a state capital company. The announcement shall include:

1) name of the state capital company which is privatised applying the method of restructuring;

2) name of the capital company with private capital, legal address and number of registration with the Enterprise Register of the Republic of Latvia;

3) term for filing the creditors' claims and other demands related to the capital company with private capital;

4) address for filing the documents certifying claims and other demands referred to in Item 3 and for acquisition of information on the unit in privatisation.

3. If the Latvian Privatisation Agency passes a decision on the privatisation of a state capital company applying the method of restructuring, the Agency may publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the capital company with private capital is located the announcement on the application of the method of restructuring for the state capital company privatisation, which merges with the state capital company or which is consolidated with the state capital company, or which acquires a state capital company. The announcement shall include:

1) name of the state capital company which is privatised applying the method of restructuring;

2) name of the capital company with private capital, legal address and number of registration with the Enterprise Register of the Republic of Latvia;

3) term for filing the creditors' claims and other demands related to the capital company with private capital, which has been established applying the method of restructuring for the state capital company privatisation;

4) address for filing the documents certifying claims and other demands referred to in Item 3 and for acquisition of information on the unit in privatisation.

4. The term referred to in Sub-item 3 of Item 1, Sub-item 3 of Item 2 and Sub-item 3 of Item 3 of this Article shall be two months.

5. The term referred to in this Article shall begin from the date when the announcement referred to in Item 1 of this Article is published in the official newspaper "Latvijas Vēstnesis".

*(In the wording of the Law of 24 October 1996 with amendments made with the Law of 11 June 1997, effective from 1 July 1997)*

### **Article 17. Pre-emption rights of privatisation subjects**

1. Pre-emption rights to a state asset unit in privatisation and majority stock of shares or equity holdings in a capital company in privatisation shall be granted to:

1) privatisation subject, who is a current owner of land under the asset unit, as well as the former owner or his heirs, who, in compliance with the procedure stipulated by the law, has claimed restitution of title, if more than half of the land is occupied by the asset unit in privatisation, with the exception of production buildings and structures related to the residential buildings, for instance, cattle-sheds, barns, garages, cellars, and similar buildings and structures, where the lease holders of these buildings have pre-emption rights;

2) lease holder of a state asset unit in privatisation, if he has leased the entire asset unit in privatisation for more than a year and the lease agreement has been registered in the procedure stipulated by the law, if the lease holder has no rental debts and, if persons referred to in Sub-item 1 of Item 1 of this Article have not exercised their pre-emption rights;

3) if a pharmacy is privatised, pre-emption rights to the pharmacy in privatisation shall be granted to:

a) sole proprietorship established by a pharmacist who is a sole employee in the pharmacy in privatisation,

b) the capital companies, where no less than 51% of the share capital is owned by persons with pharmacological qualifications, who are employed at the pharmacy.

2. Persons referred to in Item 1 of this Article acquire pre-emption rights, if they apply within one month of the date the announcement on the commencement of the state asset unit privatisation

has been published or posted. If the state asset unit designated for privatisation is being restructured by splitting it up into several asset units in privatisation, the Latvian Privatisation Agency shall repeatedly announce a term (it may not be shorter than two weeks) for filing applications when persons referred to in Item 1 of this Article may claim their pre-emption rights.

3. Persons having pre-emption rights shall exercise these rights in compliance with the procedures stipulated in Article 25 herein.

*(With amendments made by the Law of 24 October 1996, effective from 27 November 1996)*

#### **Article 18. Valuation of state asset unit in privatisation and compliance with creditor liabilities**

1. Valuation of state asset unit in privatisation shall be performed in compliance with the Law On the Procedure for Valuation of State and Municipal Asset Units in Privatisation.

2. Valuation of the state asset unit in privatisation shall be organised by the Latvian Privatisation Agency.

3. Following the expiry of the term referred to in Item 4 of Article 16 herein, creditors having failed to file their claims, including state and municipal institutions in charge of the accounting and control of the payment of taxes and duties specified by the state and municipality, may not request an adjustment to the preliminary price of the state asset unit in privatisation prescribed by the privatisation regulations, and may not request any amendments to the rights and liabilities transferable to the new owner of the asset unit.

4. Upon valuation of the asset unit in privatisation and determining its preliminary price, as well as when stating the rights and liabilities transferable to the new owner, the Latvian Privatisation Agency shall consider the debts of the state capital company in privatisation stated in the accounting records, irrespective of whether the creditors have filed their claims or not.

5. Following the expiry of the term referred to in Item 4 of Article 16 herein, creditors who have failed to file their claims, including state and municipal institutions in charge of the accounting and control of the payment of taxes and duties specified by the state and municipality, may not address their creditor claims and other demands against the capital company with private capital, which has been established by privatising the state capital company through the restructuring method.

*(In the wording of the Law of 24 October 1996 with amendments made with the Law of 22 June 2005)*

#### **Article 19. Restrictions on privatisation of state asset units**

1. If a state asset unit designated for privatisation includes assets, on which restitution claims have been filed by the former owner or his heir, and compensation pursuant to the Law On Restitution of Title to Enterprises and Other Asset Units has been declined by him, the Latvian Privatisation Agency, prior to the approval of the privatisation regulations for a particular state asset unit, shall perform the activities stipulated in the said law.

2. If a state asset unit designated for privatisation includes residential building, on which restitution claims have been filed by the former owner or his heir in compliance with the Law On Denationalisation of Residential Buildings in the Republic of Latvia and the Law On Restitution of Residential Buildings to their Legitimate Owners, the Latvian Privatisation Agency, prior to the approval of privatisation regulations for a state asset unit, shall perform all the required activities to segregate the said residential building from rest of the unit in privatisation and retain it under the administration of the state until a decision on its restitution to its legitimate owner has been passed.

*(With amendments made with the Law of 24 October 1996, effective from 27 November 1996)*

## **Article 20. Information on state asset unit in privatisation**

Any privatisation subject shall have the right to examine information related to the structure of assets and liabilities of the asset unit designated for privatisation, its operations and status of a real estate in compliance with the procedure and to the extent determined by the Latvian Privatisation Agency.

### **Section III Privatisation Proposals and Regulations for State Asset Unit**

#### **Article 21. Commencement of state asset unit privatisation and privatisation proposals**

1. The Latvian Privatisation Agency shall publish the announcement on the commencement of privatisation of the asset unit in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the state asset unit in privatisation is located. The announcement shall comprise:

- 1) information referred to in Sub-items 1, 2 and 4 of Item 1 of Article 16 herein;
- 2) term for filing state asset unit privatisation proposals by privatisation subjects;
- 3) term for filing a statement of intent to exercise pre-emption rights by the entities referred to in Article 17 herein.

2. The term referred to in Sub-item 2 of Item 1 of this Article shall not be shorter than two weeks. The Latvian Privatisation Agency shall be entitled to extend or renew this term.

3. The term referred to in Sub-item 3 of Item 1 of this Article shall be one month.

4. Any privatisation subject shall have the right to file a privatisation proposal for any state asset units designated for privatisation (hereinafter - privatisation proposal) within the time period stated in the announcement published by the Latvian Privatisation Agency.

5. Privatisation proposal shall include the following information:

- 1) name of the asset unit;
- 2) address of the asset unit;
- 3) structural units of the object, which the privatisation subject intends to privatise;
- 4) whether the privatisation subject intends to privatise land occupied by the asset unit;
- 5) proposed privatisation method, approach and the possible privatisation procedure;
- 6) means, ways and procedure for making payment;
- 7) operation of the asset unit or its use after privatisation;
- 8) for privatisation subject - person: name, family name, citizenship and passport data, address, phone, telex or fax number; for privatisation subject - legal entity: name, legal address, authorised person's name, family name, phone, telex or fax number. If the privatisation subject is a legal entity, a duplicate of the registration certificate of this legal entity shall be annexed to the privatisation proposal;
- 9) information requested by the Latvian Privatisation Agency in its announcement.

6. The Latvian Privatisation Agency shall be entitled to organise international tenders for the privatisation of state asset units; tender regulations shall provide for the limitations on filing the notifications referred to in Item 3 of Article 24 herein.

*(In the wording of the Law of 24 October 1996, effective from 27 November 1996)*



## **Article 22. Collation of privatisation proposals and drafting of privatisation regulations for state asset unit**

1. The Latvian Privatisation Agency shall register all the filed privatisation proposals and deliver confirmations on their receipt to the persons who have filed them.

2. Taking into account the privatisation conditions for a state asset unit determined in line with the procedure of the Cabinet of Ministers stipulated in Article 12 herein, the valuation of a state asset unit and experts' conclusions with regard to its further use, the Latvian Privatisation Agency shall draft privatisation regulations for the particular state asset unit. The Latvian Privatisation Agency can take into account the filed privatisation proposals or provide for the privatisation methods and approaches not stated in these proposals if these do not contradict with the state asset unit privatisation conditions stipulated by the Cabinet of Ministers.

*(With amendments made with the Law of 2 April 1998, effective from 30 April 1998)*

## **Article 23. Privatisation regulations for state asset unit**

1. Privatisation regulations for a state asset unit shall comprise the following information:

- 1) name of the asset unit;
- 2) location of the asset unit;
- 3) brief description of the asset unit;
- 4) information on the status of title to the unit;
- 5) information on persons leasing the asset unit or part of it, and term of these lease agreements;
- 6) preliminary price of the asset unit;
- 7) privatisation approach for the asset unit;
- 8) distribution of share capital according to kinds and categories of shares in a joint stock company and groups of purchasers;
- 9) procedure for the performance of the asset unit privatisation activities;
- 10) conditions and procedure for exercising pre-emption rights by the privatisation subjects;
- 11) procedure for disposal of equity holdings and equity holding transferable to the state pension special budget which amounts to no less than 10 percent as stipulated by the Cabinet of Ministers;
- 12) prescribed procedure and criteria for the selection of prospective bidders;
- 13) prescribed procedure of payment;
- 14) total rights and liabilities transferable to the new owner;
- 15) conditions for the right to use land (title to the land);
- 16) employment commitments;
- 17) investment conditions;
- 18) environmental protection conditions;
- 19) other conditions and guarantees necessary for privatisation of the asset unit.

2. Duplicates of documents certifying title to the asset unit shall be annexed to the privatisation regulations.

3. If auction with selected bidders has been chosen by the Latvian Privatisation Agency as a privatisation approach, the regulations for a state asset unit privatisation shall simultaneously serve as the regulations for bidder selection.

4. If a tender process has been chosen by the Latvian Privatisation Agency as a privatisation approach, the regulations for a state asset unit privatisation shall simultaneously serve as the regulations for the tender process of the asset unit in privatisation.

5. Upon approving the privatisation regulations for a state capital company, the Latvian Privatisation Agency shall invite a trade union representative of the capital company in privatisation, or, if such a union does not exist in the capital company in privatisation, an employee representative of the capital company in privatisation to participate.

*(With amendments made with the Law of 24 October 1996 and the Law of 2 April 1998 effective from 30 April 1998)*

#### **Article 24. Information on approved privatisation regulations for state asset unit**

1. No later than one week after the privatisation regulations for a state asset unit have been approved, the Latvian Privatisation Agency shall:

1) publish announcement regarding the approval of the privatisation regulations in the official newspaper "Latvijas Vēstnesis" and the newspaper of the region or town where the state asset unit in privatisation is located;

2) mail the approved privatisation regulations for a state asset unit in a registered letter to those privatisation subjects who have filed their privatisation proposals within the term stated by the Latvian Privatisation Agency, as well as to employees' trade union of the state asset unit in privatisation, but if there is no such employees' trade union in the state asset unit in privatisation, - then to the employees of the asset unit in privatisation.

2. In the announcement on the approval of the privatisation regulations for the state asset unit and the letter to privatisation subject, the Latvian Privatisation Agency shall state the term for filing the statement of intent to privatise the respective asset unit in compliance with the approved privatisation regulations for the state asset unit.

3. The privatisation subject shall have the rights to examine the approved privatisation regulations for the state asset unit and file, pursuant to the procedure stipulated by the Latvian Privatisation Agency, a statement of intent to privatise the asset unit in compliance with these regulations.

*(With amendments made with the Law of 24 October 1996, effective from 27 November 1996)*

### **Section IV Selection of Purchaser for State Asset Unit**

#### **Article 25. Exercise of pre-emption rights of privatisation subjects**

1. No later than one week after the privatisation regulations for the state asset unit have been approved, the Latvian Privatisation Agency shall offer persons who have pre-emption rights (Article 17) to sign purchase agreement for the asset unit in privatisation in compliance with the approved privatisation regulations for the state asset unit by mailing these regulations in a registered letter.

2. Persons having pre-emption rights shall respond within one month from the receipt of the registered letter. If a person entitled to pre-emption rights does not respond in due time, his pre-emption rights shall terminate and the Latvian Privatisation Agency shall perform activities referred to in Article 26 herein.

#### **Article 26. Selection of purchaser for state asset unit**

1. Depending on the number of prospective bidders, the Latvian Privatisation Agency shall perform one of the following activities:

1) if several prospective bidders have applied for the asset unit privatisation, an auction or tender shall be announced to select the purchaser of the state asset unit;

2) if only one bidder has applied - purchase agreement shall be concluded or other legal document executed on the privatisation of the asset unit in compliance with the approved privatisation regulations for a state asset unit, unless auction has been defined as the privatisation approach for the state asset unit.

2. The Latvian Privatisation Agency shall extend or renew the bidder application term or approve new privatisation regulations, if no prospective bidder has applied to the asset unit within the stated term after the announcement of the privatisation regulations.

*(With amendments made with the Law of 24 October 1996, effective from 27 November 1996)*

#### **Article 27. Criteria for selection of state asset unit purchaser**

The following criteria shall be taken into account in the selection of a successful bidder at the tender process and the auction with selected bidders:

- 1) proposed employment commitments;
- 2) proposed amount and terms of investment;
- 3) compliance with the environmental protection conditions;
- 4) compliance with other conditions prescribed by the approved privatisation regulations for the state asset unit.

#### **Article 28. Sale of state asset unit through auction**

1. The purchaser of a state asset unit can be determined by auction with selected bidders or by public auction.

2. For an auction with selected bidders, a prospective bidder shall file a (business) plan for the future utilisation of the asset unit, which shall be examined and approved by the Latvian Privatisation Agency.

3. Auction can be oral, written or of a mixed nature, i. e., oral and written.

4. Auction procedure shall be determined by the Latvian Privatisation Agency in compliance with the effective legislative documents.

#### **Article 29. Sale of state asset unit through tender**

1. To tender, a prospective bidder shall file a (business) plan for future utilisation of the unit and a draft purchase agreement in compliance with the requirements of the tender organiser.

2. The Latvian Privatisation Agency shall stipulate the procedure for a tender process organisation in compliance with the effective legislative documents.

3. The decision passed by the tender commission shall be final and cannot be appealed and revised.

#### **Article 30. Announcement on completion of state asset unit privatisation**

1. No later than one month after the purchase agreement for a state asset unit comes into effect, the Latvian Privatisation Agency shall publish information on the new owner and the privatisation terms of the asset unit in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the privatised unit is located.

2. Privatisation shall be deemed completed after the privatisation subject, who has acquired the asset unit in privatisation, has settled all liabilities, which were due in compliance with the asset unit privatisation regulations and purchase agreement. The Executive Board of the Latvian Privatisation

Agency shall pass a decision about the completion of the asset unit privatisation and notify the administrator of the State Property Privatisation Fund and the respective municipality thereon.

*(With amendments made with the Law of 24 October 1996 and the Law of 22 June 2005)*

## **PART IV Privatisation of Municipal Asset Units**

### **Section I Commencement of Municipal Asset Unit Privatisation**

#### **Article 31. Proposal to privatise municipal asset unit and decision on designating asset unit for privatisation**

1. Any person or legal entity shall be entitled to file a proposal for privatisation of a municipal asset unit, if applicable under this Law.

2. Proposals for municipal asset unit privatisation shall be filed with the respective municipality.

3. Municipality shall collate proposals and take decision on designating a municipal asset unit for privatisation. The decision shall be taken by the respective city council, district government or municipal government. The said decision may stipulate the basic principles for privatisation of municipal asset unit.

*(With amendments made with the Law of 15 June 1994, the Law of 24 October 1996 and the Law of 23 October 2003)*

#### **Article 32. Commencement of municipal asset unit privatisation**

1. The privatisation of an asset unit is considered commenced after the city council, district government or municipal government has passed a decision on designating the municipal asset unit for privatisation.

2. Creditors of the capital company, whose location is known to the municipality, as well as banking institutions, in which bank accounts of the municipal capital company in privatisation are opened, shall be notified of the commencement of privatisation of the municipal capital company.

3. The municipality shall notify the Enterprise Register of the Republic of Latvia on the commencement of municipal capital company privatisation. The decision on designating a municipal asset unit for privatisation shall be annexed to this notification.

4. During privatisation the municipal capital company shall retain the rights of a legal entity, whereas the name of the capital company shall be supplemented with the words "in privatisation".

*(With amendments made with the Law of 15 June 1994, and the Law of 23 October 2003)*

#### **Article 33. Administration of municipal asset unit in privatisation**

After the decision is made to designate a municipal asset unit for privatisation, the administering institution of the asset unit in privatisation may, in the cases stipulated by the law, transfer for utilisation or sell movable and immovable assets on its balance sheet, invest them in capital companies, as well as conclude agreements on encumbrance of the assets with debt, enter into cession agreements, assume other liabilities and perform other transactions only with the permission of the municipality or in compliance with the procedures prescribed by it.

*(With amendments made with the Law of 15 June 1994, and the Law of 24 October 1996, effective from 27 November 1996)*

#### **Article 34. Announcement on designating a municipal asset unit for privatisation**

1. No later than two weeks after the decision on designating a municipal asset unit for privatisation has been passed, the municipality shall publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the municipal asset unit in

privatisation is located the announcement on designating the particular municipal asset unit for privatisation. The announcement shall comprise:

- 1) name of the asset unit;
- 2) address of the asset unit (if structural units or immovable assets are located in several areas - all the addresses);
- 3) term for filing municipal asset unit privatisation projects by the privatisation subjects;
- 4) term for filing a statement of intent to exercise pre-emption rights by the persons referred to in Article 35;
- 5) address for filing the documents referred to in Sub-items 3 and 4 of Item 1 of this Article and for acquisition of information on the asset unit.
- 6) term for filing creditors' claims and other demands related to the capital company in privatisation.

2. The term referred to in Sub-item 3 of Item 1 of this Article may not be shorter than two weeks. City council, district government or municipal government shall have the right to extend or renew the term.

3. The term referred to in Sub-item 4 of Item 1 of this Article shall be one month.

4. The term referred to in Sub-item 6 of Item 1 of this Article shall be two months.

5. The term referred to in this Article shall begin from the date when the announcement referred to in Item 1 of this Article is published in the official newspaper "Latvijas Vēstnesis".

*(With amendments made with the Law of 24 October 1996, effective from 23 October 2003)*

### **Article 35. Pre-emption rights of privatisation subjects**

1. Pre-emption rights to a municipal asset unit in privatisation and to majority stock of shares or holdings in a capital company in privatisation shall be granted to:

1) privatisation subject, who is a current owner of land under the asset unit, as well as the former owner or his heirs, who in compliance with the procedure stipulated by the law, has claimed restitution of title to the land, if more than half of the territory occupied by the asset unit in privatisation is located on this land, with the exception of production buildings and structures related to the residential buildings, for instance, cattle-sheds, barns, garages, cellars, and similar structures, where the current lease holders of these buildings have pre-emption rights;

2) lease holder of the municipal asset unit in privatisation, if he has leased the entire asset unit in privatisation for more than one year and the lease agreement has been registered in the procedure stipulated by the law, if the lease holder has no rental debts, and if persons referred to in Sub-item 1 of Item 1 of this Article have not exercised their pre-emption rights.

2. Persons referred to in Item 1 of this Article acquire pre-emption rights, if they apply within one month of the date the announcement on the commencement of municipal asset unit privatisation has been published. If the municipal asset unit designated for privatisation is being restructured by splitting it up into several asset units in privatisation, the municipality shall repeatedly announce a term (it may not be shorter than two weeks) for filing applications when persons referred to in Part 1 of this Article may claim their pre-emption rights.

3. Persons having pre-emption rights shall exercise these rights in compliance with the procedure stipulated in Article 42 herein.

*(With amendments made with the Law of 24 October 1996, effective from 27 November 1996)*

### **Article 36. Valuation of municipal asset unit in privatisation and compliance with creditor liabilities**

1. Valuation of municipal asset unit in privatisation shall be performed pursuant to the Law On the Procedure for Valuation of State and Municipal Assets Units in Privatisation.

2. Following the expiry of the term referred to in Item 4 of Article 34 herein, creditors having failed to file their claims, including state and municipal institutions in charge of the accounting and control of the payment of taxes and duties specified by state and municipality, may not request an adjustment to the preliminary price of the municipal asset unit in privatisation prescribed by the privatisation project and may not request any amendments to the rights and liabilities transferable to the new owner of the municipal asset unit.

3. Upon valuation of the asset unit in privatisation and determining its preliminary price, as well as when stating the rights and liabilities transferable to the new owner, the privatisation commission shall consider the debts of the municipal capital company in privatisation stated in the accounting records, irrespective of whether the creditors have filed their claims or not.

*(In the wording of the Law of 24 October 1996, effective from 27 November 1996)*

### **Article 37. Restrictions on privatisation of municipal asset units**

1. If a municipal asset unit designated for privatisation includes assets on which restitution claims have been filed by the former owner or his heir and compensation pursuant to the Law On Restitution of Title to Enterprises and Other Asset Units has been declined by him, the municipality, prior to the approval of municipal asset unit privatisation project, shall perform activities stipulated in the said Law.

2. If a municipal asset unit designated for privatisation includes residential buildings on which restitution claims have been filed by the former owner or his heir pursuant to the Law On Denationalisation of Residential Buildings in the Republic of Latvia and the Law On Restitution of Residential Buildings to Legitimate Owners, municipality, prior to the approval of a privatisation project, shall perform activities to segregate the said residential building from the rest of the unit in privatisation and retain it under the administration of the municipality until a decision on its restitution to the legitimate owner has been passed.

### **Article 38. Information on municipal asset unit in privatisation**

Any privatisation subject shall have the right to examine information related to the structure of assets and liabilities of the asset unit designated for privatisation, its operations and status of a real estate in compliance with the procedure and to the extent determined by the municipality.

## **Section II Municipal Asset Unit Privatisation Project**

### **Article 39. Drafting of municipal asset unit privatisation project**

1. Any privatisation subject may draft and file privatisation project for any municipal asset unit designated for privatisation (hereinafter - privatisation project). Members of privatisation commission for the respective asset unit may not be the authors of the privatisation project

2. Privatisation project shall be filed with the municipality within the term referred to in the announcement on designating municipal asset unit for privatisation.

### **Article 40. Contents of municipal asset unit privatisation project**

1. Municipal asset unit privatisation project shall contain the following information:

- 1) name of municipality;
- 2) name of the asset unit;

- 3) address of the asset unit;
- 4) information about former owners, their property before nationalisation, amount of their property recorded in post-war fixed asset stock-taking documents, save the information on shareholders, owners of shares and holdings;
- 5) information on persons and legal entities who lease the asset unit or its part;
- 6) privatisation method or methods and privatisation approaches;
- 7) information about potential buyers (shareholders or lease holders of capital companies);
- 8) preliminary price, prescribed means of payment, their proportions, procedure and conditions of payment;
- 9) plan of the future business activities, also anticipated changes in the number of employees and investment programme;
- 10) list of transferred and additional liabilities (loans, unemployment benefits, etc.);
- 11) conditions for the right to use land (title to the land);
- 12) procedure for the performance of privatisation activities.

2. *(Excluded by the Law of 22 June 2005).*

3. Information referred to in Sub-items 4, 5, 10 and 11 of Item 1 and Sub-item 1 of Item 2 of this Article shall be prepared, as well as the documents, which certify the title to the asset unit and land shall be enclosed with the privatisation project by the municipal property privatisation commission.

4. If the privatisation project provides auction or tender as a privatisation approach, the privatisation commission shall enclose the auction or tender regulations with the privatisation project.

*(With amendments made with the Law of 24 October 1996 and the Law of 2 April 1998)*

#### **Article 41. Approval of municipal asset unit privatisation project**

1. The city council, district government or municipal government, with the participation of the privatisation subject and representatives of the asset unit in privatisation, as well as representative of the trade union of the above unit, or a representative authorised by the employees or employees, shall review the filed municipal asset unit privatisation projects no later than within a month time from the project filing closing date and shall make a decision either approving one privatisation project or announcing a new privatisation project submission term, or delegating the privatisation commission to elaborate a privatisation project for the asset unit of its own.

2. Within two weeks time from passing the decision on approval of the privatisation project, the municipality shall file with the Ministry of Economy the decision on approval of the privatisation project as well as counterparts (copies) of the privatisation project and the documents, which certify legality of activities of the municipality in respect to the asset unit privatisation and reflect the facts referred to in the privatisation project.

3. The privatisation project can be approved subject to certain conditions. If the conditions are not complied with in due term, the project approval becomes invalid.

4. The municipal institution shall publish the announcement on the approval of the municipal asset unit privatisation project in the newspaper of the region or town where the asset unit in privatisation is located, within two weeks after the respective decision is passed and shall undertake other activities prescribed by the law and the regulations of the Cabinet of Ministers on specific privatisation methods and approaches.

5. The city council, district government or municipal government decision on the approval of the privatisation project can be suspended by the Minister of Economy within a month time from the day the decision is received, should the privatisation project fail to comply with the requirements of the legislative documents.

6. Decisions by the city council, district government or municipal government, as well as orders of the Minister of Economy on privatisation issues can be appealed to the court.

*(In the wording of the Law of 15 June 1994 with amendments made with the Law of 24 October 1996 and the Law of 23 October 2003)*

### **Section III Selection of Purchaser for Municipal Asset Unit**

#### **Article 42. Exercise of pre-emption rights of privatisation subjects**

1. Privatisation subjects having pre-emption rights (Article 35) may decide to file or not to file the municipal asset unit privatisation project at their own discretion.

2. No later than one week after the privatisation project for the municipal asset unit has been approved, the municipality shall offer privatisation subjects who have pre-emption rights to sign purchase agreement for the asset unit in privatisation on the same terms as stated in the approved privatisation project for the municipal asset unit.

3. Privatisation subjects having pre-emption rights shall respond within two weeks. If privatisation subjects having pre-emption rights do not respond within the stated term, their pre-emption rights terminate.

*(With amendments made with the Law of 24 October 1996, effective from 27 November 1996)*

#### **Article 43. Announcement on completion of municipal asset unit privatisation**

1. No later than one month after the purchase agreement for a municipal asset unit comes into effect, municipality shall publish information on the new owner and the privatisation terms of the asset unit in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the privatised unit is located and deliver the said information to the Ministry of Economy.

2. Privatisation shall be deemed completed after the privatisation subject, who has acquired the asset unit in privatisation, has settled all liabilities which were due in compliance with the asset unit privatisation project and purchase agreement, and the city council, district government or municipal government has passed a decision on the completion of privatisation of the asset unit.

*(With amendments made with the Law of 24 October 1996, the Law of 23 October 2003 and the Law of 22 June 2005)*

### **PART V. Specific Procedures for State and Municipal Asset Unit Privatisation**

#### **Article 44. Privatisation of state and municipal equity holdings**

1. *(Excluded by the Law of 22 June 2005).*

2. *(Excluded by the Law of 22 June 2005).*

3. *(Excluded by the Law of 22 June 2005).*

4. Procedure for sale of equity holdings of a state and municipal capital company performed by the Latvian Privatisation Agency or municipality is prescribed by the regulations of the Cabinet of Ministers.

5. Upon the sale of the state equity holdings, the provisions of Article 47 herein shall not apply.

6. In the privatisation of the state or municipal shares during the initial public offering, the provisions referred to in Article 47 herein shall not apply.



*(With amendments made with the Law of 11 June 1997 and the Law of 22 June 2005)*

**Article 45. Privatisation of separate state immovable assets**

*(Excluded by the Law of 24 October 1996, effective from 27 November 1996)*

**Article 46. Privatisation of collectively owned state or municipal asset units**

Provisions of the Civil Law shall be complied with when privatising collectively owned state or municipal asset units.

**PART VI Guarantees in Privatisation Process, Assets of the Asset Unit and Liabilities**

**Section I Guarantees and Compliance with Terms of Sale**

**Article 47. Guarantees of privatisation subject solvency and legitimacy of activities**

1. Privatisation subject cannot privatise an asset unit, unless the following documents have been filed with the Latvian Privatisation Agency or municipality in compliance with this Law:

1) for a businessman or another legal entity:

a) - duplicate (copy) of registration certificate;

b) - verified duplicate (copy) of the charter (agreement);

c) - document issued by a competent institution certifying that the legal entity has paid all taxes and duties provided for by the law;

d) for a foreign legal entity - certificate from the bank servicing it;

2) for a person engaged in individual entrepreneurial activities - a document issued by the State Revenue Service certifying legitimacy of the acquired funds.

2. At any stage of privatisation process the Latvian Privatisation Agency or privatisation commission can require submission, and if necessary - repeatedly, of all documents referred to in Item 1 of this Article, as well as a certificate on solvency of the privatisation subject issued by a sworn auditor.

3. The Latvian Privatisation Agency or municipality can prescribe in the state asset unit privatisation regulations or in the municipal asset unit privatisation project the filing of documents not referred to in Item 1 of this Article.

4. Documents referred to in Item 1 of this Article may not be required, if separate movable assets are being sold.

5. State or municipal asset unit may not be privatised by the privatisation subject who has failed to comply with all commitments in respect to the asset unit in privatisation or in respect to other state or municipal asset units in privatisation by the said subject.

*(With amendments made with the Law of 24 October 1996, and the Law of 22 June 2005)*

**Article 48. Securing of guarantees**

Guarantees and terms referred to in this Section, save the guarantees stated in Article 47, shall be secured by concluding a guarantee agreement between the purchaser of the asset unit in privatisation and the Latvian Privatisation Agency or municipality.

**Article 49. Employment guarantees**

1. The new owner of the privatised asset unit shall be liable for compliance with employment guarantees undertaken by him in compliance with the agreement.

2. If the new owner of the privatised asset unit intentionally or due to negligence fails to comply with commitments which he has undertaken pursuant to Item 1 of this Article, he shall pay for each

dismissed employee to the Employment Fund a sum to the amount and in compliance with the payment procedure determined by the Cabinet of Ministers.

#### **Article 50. Investment guarantees**

The new owner of the privatised asset unit shall be liable for investment commitments undertaken by him in compliance with the agreement.

#### **Article 51. Repurchase and pre-emption rights of the seller**

1. The Latvian Privatisation Agency or municipality shall have repurchase rights to the privatised asset unit, if the buyer fails to utilise this asset unit in compliance with the purpose and procedure prescribed by the agreement.

2. The Latvian Privatisation Agency or municipality shall retain pre-emption rights to the privatised asset unit until the performance of commitments provided for in the agreement to the privatisation subject, if the privatisation subject is reselling the respective unit.

3. The Latvian Privatisation Agency or municipality shall exercise its repurchase and pre-emption rights in compliance with the procedure stipulated by the Civil Law.

*(With amendments made with the Law of 22 June 2005)*

#### **Article 52. Other guarantees during the privatisation process**

1. When approving privatisation regulations (privatisation project) of an asset unit, the Latvian Privatisation Agency or municipality can prescribe other terms for the new owner of the privatised asset unit to comply with.

2. The Latvian Privatisation Agency or municipality, in case the privatisation subject complies with the privatisation regulations (privatisation project) and has paid more than half of the purchase price of the asset unit stipulated in the purchase agreement, including more than half of the sum to be paid in lats. or has made all investments stipulated in the privatisation regulations (privatisation project), or has increased the number of employees in the capital company one and a half times as compared with the number indicated in the privatisation regulations (privatisation project), shall be entitled to determine that the balance of the amount of the purchase price due can be paid in privatisation vouchers or that the payment term stipulated in the privatisation regulations (privatisation project) shall be extended (if agreed upon by the privatisation subject).

3. The change of the proportion of payment means referred to in Item 2 of this Article shall not be applicable if:

1) privatisation subject has acquired the state or municipal asset unit by applying his pre-emption rights;

2) privatised state or municipal asset unit is a real estate.

*(With amendments made with the Law of 24 October 1996 and the Law of 22 June 2005)*

### **Section II Assets and Liabilities of Asset Unit in Privatisation**

#### **Article 53. Assets and liabilities of asset unit in privatisation**

1. Assets of the asset unit in privatisation shall be transferred to the new owner by a deed of transfer.

2. Transfer of archive funds owned by the asset unit in privatisation to the new owner shall be co-ordinated with the Latvian National Archive Fund state supervisory institutions in compliance with the procedure stipulated by the Law On Archives.

The Latvian Privatisation Agency or municipality shall bear expenses incurred by the Latvian National Archive Fund state supervisory institutions when taking over archive funds of the asset unit in privatisation and retaining documents temporarily.

3. Pursuant to the purchase agreement and deed of transfer, the new owner of the asset unit shall undertake all liabilities of the asset unit in privatisation to the amount prescribed by the Latvian Privatisation Agency or municipality, and he shall comply with them pursuant to the procedure prescribed by the Law and the agreement.

4. If the asset unit is privatised by splitting it up, separating individual parts of it or selling immovable assets, its assets, liabilities and other commitments shall be distributed among the purchasers of the asset unit and/or the state or municipality. It shall be recorded in the document of property split-up.

5. *(Excluded by the Law of 22 June 2005).*

6. The Latvian Privatisation Agency can transfer excluded social facilities of the asset unit to the municipality of the respective administrative territory in compliance with the procedure stipulated by the Cabinet of Ministers.

*(With amendments made with the Law of 24 October 1996 and the Law of 22 June 2005)*

#### **Article 54. Asset unit transfer deed**

All assets to be transferred and liabilities to be taken over by the purchaser shall be recorded in the deed of transfer of the asset unit as at the moment of signing this deed.

#### **Article 55. Transfer of asset units without compensation**

Assets unsold during the state asset unit restructuring or liquidation, which the Latvian Privatisation Agency admits as unfeasible to privatise, shall be transferred to the state or municipal institutions for state defence, cultural, educational or other purposes.

#### **Article 56. Administrator of state property after asset unit privatisation**

1. If, in the course of a state asset unit privatisation, separate immovable assets thereof are retained under state ownership, these shall be administered by the state institution determined by the Cabinet of Ministers, save the cases referred to in Article 55 herein.

2. If, after transformation of a state asset unit into a capital company, it has retained a state equity holding, the holder of this equity holding shall be the Latvian Privatisation Agency or other respective state institutions. The holder of those equity holdings which are subject to privatisation in compliance with the state asset unit privatisation regulations shall be the Latvian Privatisation Agency pursuant to the procedure stipulated by the Law On State and Municipal Equity Holdings and Capital Companies.

*(With amendments made with the Law of 24 October 1996 and the Law of 22 June 2005)*

#### **Article 57. Rights to use land plot and pre-emption rights**

1. *(Excluded by the Law of 11 June 1997).*

2. For the maintenance of the asset unit, the new owner of the privatised asset unit shall have the rights to lease the land plot where the privatised asset unit is located.

3. The owner of the land plot shall be obliged to conclude a lease agreement with the new owner of the privatised asset unit. Disputes related to the terms of the lease agreement shall be reviewed in court.

4. Lease payment for the land plot shall be determined by an agreement between the new owner of the privatised asset unit and the land owner, taking into account the maximum lease payment for land stipulated by the Cabinet of Ministers.

5. If a land plot owner, having concluded lease agreement with the owner of the privatised asset unit, sells the leased land plot, the owner of the privatised asset unit shall have pre-emption rights.

6. *(Excluded by the Law of 11 June 1997).*

7. *(Excluded by the Law of 11 June 1997).*

*(With amendments made with the Law of 24 October 1996 and the Law of 22 June 2005)*

## **PART VII. Land Plot Privatisation**

### **Section I General Provisions for Land Privatisation**

*(In the wording of the Law of 11 June 1997, effective from 1 July 1997)*

#### **Article 58. Basic conditions of land privatisation**

1. The procedure for urban land privatisation, pre-emption rights, procedure for determination of privatisation subjects and other related issues are prescribed by the Law On Urban Land Reform in the Republic of Latvia.

2. The subjects of transactions with rural land, procedure for the review of transactions in municipalities and other related issues are prescribed by the Law On Rural Land Privatisation.

3. Upon privatisation of urban land plots with rural territory, the provisions of the Law On Urban Land Reform in the Republic of Latvia shall apply to the land plots located in the territory of a town/city, whereas the provisions of the Law On Rural Land Privatisation shall apply to the land plots located in rural territory.

*(With amendments made with the Law of 22 June 2005)*

#### **Article 59. Institutions performing land plot privatisation**

1. All activities related to privatisation of state owned land plot or land plot the state is entitled to, shall be performed by the Latvian Privatisation Agency for the new owner of the asset unit, which is located on it, if this asset unit has been the property of the state, unless stated otherwise in other laws.

2. All activities related to privatisation of municipal land plot or land plot the municipality is entitled to, shall be performed by the municipality which is the owner of the respective land plot for the new owner of the asset unit, located on it, if this asset unit has been the property of the municipality.

3. All activities related to privatisation of a land plot along with the state or municipal asset unit in privatisation shall be performed by the institution performing privatisation.

4. Privatisation of a state owned vacant land or vacant land the state is entitled to in towns/cities and rural districts after the completion of land reform shall be performed by the Latvian Privatisation Agency, whereas privatisation of municipality owned vacant land or vacant land the municipality is entitled to in towns/cities and rural districts shall be performed by the respective municipality.

5. The Latvian Privatisation Agency shall perform privatisation of those state owned land plots or land plots the state is entitled to, which are not referred to in Items 1, 3 and 4 of this Article, unless stated otherwise in other laws.

## **Article 60. Types of land plot privatisation**

1. Land plot may be privatised:

1) as a land plot with buildings along with the state or municipal asset unit in privatisation located on this land plot (hereinafter - land plot along with the asset unit in privatisation);

2) as a land plot with buildings, if the asset unit located on this land plot has been acquired in compliance with the procedure stipulated by this law or other laws and legislative documents (hereinafter - a separate land plot with buildings);

3) as a vacant land plot.

2. If the land plot is privatised along with the asset unit in privatisation, they form an aggregation of property as a unified state or municipal asset unit.

3. If the land plot is privatised as a separate land plot with buildings for the owner of the state or municipal asset unit which has already been privatised, this land plot along with the privatised state or municipal asset unit forms an aggregation of property.

## **Article 61. Privatisation methods and approaches applied in land plot privatisation**

1. Privatisation methods and approaches referred to in Articles 2 and 3 herein shall be applied for the privatisation of a land plot along with the asset unit in privatisation.

2. Sales or investment method shall be applied for the privatisation of a land plot as a separate land plot with buildings or a vacant land plot.

3. Upon privatisation of various land plots with one asset unit, referred to in Item 2 of this Article, one or both of the privatisation methods referred to in Item 2 of this Article may be applied.

4. Separate land plot with buildings or vacant land plot, which is privatised with the sales method, may be privatised applying the following privatisation approaches:

1) sale by auction;

2) (*excluded by the Law of 22 June 2005*).

3) sale with immediate payment;

4) credit sale.

5. If one asset unit is located on several land plots, these land plots may be privatised jointly or separately.

## **Article 62. Privatisation subjects of land plots**

1. A separate urban land plot with buildings may be privatised by the subjects referred to in Article 20 of the Law On Urban Land Reform in the Republic of Latvia in compliance with the restrictions referred to in Article 21 of the same Law.

2. Land plot with an asset unit in privatisation or vacant urban land plot may be privatised by subjects who are stated in Article 20 of the Law On Urban Land Reform in the Republic of Latvia in compliance with the restrictions referred to in Article 21 of the same Law, if the above subjects comply with the provisions of Article 4 herein and have satisfied the requirements referred to in Article 47 herein.

3. A separate rural land plot with buildings may be privatised by the subjects who are referred to in Article 28 of the Law On Rural Land Privatisation in compliance with the restrictions referred to in Article 29 of the same Law.

4. Land plot with an asset unit in privatisation or vacant rural land plot may be privatised by the subjects referred to in Article 28 of the Law On Rural Land Privatisation in compliance with restrictions referred to in Article 29 of the same Law, if the said subjects comply with the provisions of Article 4 herein and have satisfied the requirements referred to in Article 47 herein.

### **Article 63. Means of payment**

1. Payments for land in privatisation shall be executed:

- 1) in lats;
- 2) in property compensation vouchers.

2. *(Excluded by the Law of 22 June 2005).*

3. Payments for privatised land plot in lats shall be transferred to the respective state or municipal property privatisation funds.

4. If land has been registered in the name of the state pursuant to Item 3 of Article 2 of the Law On State and Municipal Title to Land and its Registration with the Landbooks, the payments for the privatised land plot made in lats shall be transferred to the respective state or municipal property privatisation funds pursuant to the Law On State and Municipal Property Privatisation Funds as the payments for a municipal asset unit.

5. If land has been registered in the name of municipality pursuant to Item 3 of Article 3 of the Law On State and Municipal Title to Land and its Registration with the Landbooks, the payments for the privatised land plot made in lats shall be transferred to the respective state or municipal property privatisation funds pursuant to the Law On State and Municipal Property Privatisation Funds as the payments for a state asset unit.

6. Persons who have obtained property compensation vouchers as an indemnity, shall have the right, upon the payment for the privatised land, to use all the property compensation vouchers at their disposal, which have been allotted to them as the indemnity for irrecoverable property.

7. Upon privatising urban land, provisions regarding the selection of means of payment stipulated in Item 7 of Article 31 of the Law On Urban Land Reform in the Republic of Latvia shall also be complied with.

### **Article 64. Pre-emption rights**

1. A person shall have the pre-emption right to the land plot with buildings in privatisation whose asset unit is located thereon.

2. Persons entitled to the pre-emption rights shall exercise them pursuant to the procedure stipulated by Article 85 herein.

## **Section 2 Commencement of Land Plot Privatisation**

### **Article 65. Proposal for commencement of land plot privatisation**

1. Privatisation of the land plot with buildings, performed by the Latvian Privatisation Agency or municipality in compliance with Article 59 herein, may be proposed by the owner of this asset unit.

2. Privatisation of the state vacant land plot shall be proposed pursuant to the procedure stipulated by Article 12 herein, whereas privatisation of a municipal vacant land plot shall be proposed pursuant to the procedure stipulated by Article 31 herein.

3. Proposals for privatisation of the land plot, which is performed by the Latvian Privatisation Agency, shall be filed with the Latvian Privatisation Agency, whereas proposals for privatisation of the land plot, which is performed by municipality, shall be filed with the respective municipality.

4. If the Cabinet of Ministers draft order on designating a land plot for privatisation includes a land plot under administration of municipality, to which the state is entitled to, the institution performing privatisation shall inform the respective municipality about it upon filing the draft order with the State Chancellery.

5. If the municipality draft decision on designating a land plot for privatisation includes a land plot under administration of the state institution, to which the municipality is entitled to, the municipality shall inform the respective state institution no later than two weeks prior to passing of the respective decision.

*(With amendments made with the Law of 22 June 2005)*

#### **Article 66. Designation of land plot for privatisation**

1. To privatise the state land plot or land plot the state is entitled to, the Cabinet of Ministers shall issue an order thereon, save the cases stipulated by Items 3 and 4 of this Article. The Cabinet of Ministers order shall not be issued if the specific land plot has been registered with the Landbooks in the name of the state but it is the land plot the municipality is entitled to.

2. To privatise the municipal land plot or land plot the municipality is entitled to, the respective municipality shall pass a decision thereon. The municipal decision is not required if the particular land plot has been registered with the Landbooks in the name of the municipality but it is the land the state is entitled to.

3. The state land plot or land plot the state is entitled to, if it is located in a town/city, may be privatised without a special order of the Cabinet of Ministers or reference on designating the land plot for privatisation, if the state asset unit has been designated for privatisation after 17 January 1997.

4. The state land plot or the land plot the state is entitled to, if it is located in rural district, may be privatised without a special order of the Cabinet of Ministers or reference on designating the land plot for privatisation, if the state asset unit has been designated for privatisation after 1 July 1997.

5. When municipality has taken a decision to privatise a land plot the municipality is entitled to, but which is under the administration or jurisdiction of the state institution, this decision shall be mailed to this respective state institution.

*(With amendments made with the Law of 2 April 1998, effective from 30 April 1998)*

#### **Article 67. Take-over of land plot in privatisation**

1. No later than two weeks after the Cabinet of Ministers order on designating for privatisation the state land plot or land plot the state is entitled to, which is registered with the Landbooks, the state institution or municipality administering the land plot in privatisation shall transfer it and institution performing privatisation shall take it under its administration until the completion of the land plot privatisation. If the institution performing privatisation agrees, the term for land plot take-over may be extended.

2. No later than two weeks after the receipt of the decision, issued by a municipality about the privatisation of municipal land plot or land plot the municipality is entitled to, referred to in Item 5 of Article 66 herein, the state institution administering the land plot in privatisation registered with the Landbooks shall transfer it and the respective municipality shall take it under its administration until the completion of the land plot privatisation. If the municipality agrees, the term for land plot take-over may be extended.

3. Land plot take-over shall be performed in compliance with the deed of transfer, which shall comprise the following:

1) document issued by the Landbooks;

- 2) plan of land plot borders;
- 3) schematic plan of land plot (if any);
- 4) documents on the right to use the land plot and prescribed servitude (if any);
- 5) statement on land ownership as at 21 July 1940, issued by the Latvia State Archives of History (if any);
- 6) land lease agreements (if any);
- 7) pledge agreements for land plot, other encumbrances of land plot (if any);
- 8) certificate on the payment of land (property) tax;
- 9) certificate on the payment of rent by the lease holder until the land plot transfer;
- 10) other documents related to the land plot in privatisation.

4. If the land plot is designated for privatisation along with the asset unit in privatisation and with regard to the state asset unit and land plot one deed of transfer has been drawn up, the documents and information referred to in Item 3 of this Article shall be included in the deed in addition to the documents and information referred to in Article 13 herein.

5. If the land plot is not registered with the Landbooks, the institution holding all the documents of the respective land plot shall transfer them to the institution performing privatisation within the term stated in Items 1 and 2 of this Article.

#### **Article 68. Announcement on designating land plot for privatisation**

1. Two weeks after an order has been issued or decision has been passed on designating a land plot for privatisation, the institution performing privatisation shall publish the announcement on designating this land plot for privatisation in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the town or region where the land plot in privatisation is located. The announcement shall contain the following:

- 1) address of the land plot (if asset unit is located in several areas - all addresses) and the cadastre number;
- 2) term for filing claims related to the land plot in privatisation;
- 3) address for filing documents referred to in Item 1, which certify claims;
- 4) location where a person may review the land plot documents, including the land plot border plan.

2. If the land plot is designated for privatisation along with the asset unit in privatisation, the information referred to in the announcement stipulated in Item 1 of this Article shall be included in the announcement referred to in Item 1 of Article 16 and Item 1 of Article 34 herein.

3. If a vacant land plot which has not been registered with the Landbooks or a land plot along with the asset unit in privatisation has been designated for privatisation by the Cabinet of Ministers order or the municipal decision, the announcement referred to in Items 1 and 2 of this Article shall be published within two weeks after this land plot has been registered with the Landbooks.

4. The term referred to in Sub-item 2 of Item 1 of this Article shall be one month and this term shall begin from the date the announcement referred to in Item 1 of this Article is published in the official newspaper "Latvijas Vēstnesis".

*(In the wording of the Law of 22 June 2005)*



### **Article 69. Administration of land plot in privatisation**

1. From the day the order has been issued or the decision has been passed on designating the land plot for privatisation, the institution performing land plot privatisation has the sole right to conclude lease and other agreements, conduct any transactions with land plot in privatisation or encumber it in any way. If any such activities have been performed by other persons during this period, any such agreements and transactions (also encumbrances) shall be deemed invalid since the moment of their conclusion.

2. If the land plot along with asset unit in privatisation or a separate land plot with buildings has been designated for privatisation and the owner of the asset unit, located thereon, has failed to conclude a land lease agreement, the owner of this asset unit shall be obliged to conclude a land lease agreement with the institution performing privatisation with the moment this land plot has been transferred to the institution performing privatisation.

3. The Latvian Privatisation Agency bears no civil liability for encumbrances and other liabilities related to the land plot transferred under its administration, if liabilities have arisen prior to the designation of the land plot for privatisation.

*(With amendments made with the Law of 22 June 2005)*

### **Article 70. Registration of title to land plot with the Landbooks**

1. Land plot may be privatised only if the state or municipal title to this land plot has been registered with the Landbooks.

2. If title to the land plot has not been registered with the Landbooks prior to the designation for privatisation, the institution performing privatisation shall register it with the Landbooks in the name of the state or municipality prior to privatisation.

3. If, pursuant to the Law On Title to the State and Municipal Land and Its Registration with the Landbooks the state is entitled to this land plot, but it has been registered with the Landbooks in the name of municipality, the institution performing privatisation shall, prior to privatisation, register it with the Landbooks in the name of the state in the person of the institution performing privatisation.

4. If, pursuant to the Law On Title to the State and Municipal Land and its Registration with the Landbooks, the municipality is entitled to the land plot, but this land plot has been registered with the Landbooks in the name of the state, the municipality shall, prior to privatisation, register it with the Landbooks in the name of the municipality.

5. If the state land plot, prior to the designation for privatisation, has been registered with the Landbooks in the name of the state, but not in the person of the institution performing privatisation, the record on the registration of title to the land plot in the name of the state in the person of the institution performing privatisation shall not be performed. All activities related to the privatisation of such land plot shall be performed by the institution performing privatisation.

### **Article 71. Price of land plot**

1. Land plot located in the territory of a town/city shall be privatised for the price, which is not less than the cadastral value of land.

2. Price of a particular land plot for which it is privatised shall be stipulated by the institution performing privatisation.

3. Upon the sale of a state or municipal asset unit which includes also the value of the state or municipal land, the price of land and means of payment for the land (except the cases when the price for land is included in the price for the equity holding of the asset unit) shall be indicated separately in the sale price of the said asset unit.

4. After the expiry of the term referred to in Item 5 of Article 68 herein, the persons who have failed to file their claims cannot request amendments to the privatisation regulations for the land plot and total liabilities transferable to the new owner of the land plot.

#### **Article 72. Restrictions on land plot privatisation**

1. The following land plots cannot be privatised pursuant to the procedure stipulated by this Law:

1) land plot for which the application regarding the restitution of title has been filed within the stipulated terms pursuant to the Law On Urban Land Reform in the Republic of Latvia or the Law On Rural Land Privatisation, if the municipality where the land plot is located, has not passed a respective decision on the restitution of title; or a land plot which has been assigned to a citizen of the Republic of Latvia for permanent use;

2) land plot for which the application regarding the restitution of title has been filed pursuant to the cases referred to in Sub-item 1 of Item 1 of this Article, if the decision on refusal regarding the restitution of title, passed by municipality has been appealed to the court and the proceedings are still in the process;

3) land plot where the nationalised real estate is located, for which the application regarding the restitution of title has been filed within the terms stipulated by the Law On Restitution of Title to Enterprises and Other Asset Units, if the issue on denationalisation of this property have not been solved;

4) vacant land plots of the State Forest Fund, which were the land of the Forest Department of the Ministry of Agriculture according to the situation as on 21 July 1940.

2. Land plot may not be privatised by the persons who cannot be the privatisation subjects of a land plot pursuant to Article 62 herein.

#### **Article 73. Information on land plot in privatisation**

1. Pursuant to the procedure stipulated by the Latvian Privatisation Agency or the respective municipality, the owner of the asset unit shall have the right to acquaint with the information on the land plot where the asset unit, which he has acquired in ownership, is located.

2. Any privatisation subject shall have the right to acquaint with the information on vacant land plot in privatisation or land plot in privatisation along with the asset unit in privatisation pursuant to the procedure stipulated by the Latvian Privatisation Agency or the respective municipality.

### **Section 3 Privatisation Proposals for Vacant Land Plot, Regulations and Determination of Purchaser**

#### **Article 74. Privatisation proposals for vacant land plot**

*(Excluded by the Law of 22 June 2005).*

#### **Article 75. Co-ordinating the goal of utilisation of vacant land plot with municipality**

1. The Latvian Privatisation Agency shall file an application with the city council, district government or municipal government where the respective land plot is located, indicating the intended goal of utilisation of land plot and requesting to indicate for which purposes the land plot could be utilised henceforth.

2. The above application shall be reviewed in compliance with the procedure and within the terms stipulated by Article 22 of the Law On Urban Land Reform in the Republic of Latvia or Article 30 of the Law On Rural Land Privatisation.

3. Agreement shall be executed in the form of a certificate and signed by the chairman of the city council, district government or municipal government. The certificate shall also specify the goal or goals of utilisation of the land plot in privatisation.

*(With amendments made with the Law of 23 October 2003)*

#### **Article 76. Drafting of privatisation regulations for vacant land plot**

Considering the location of vacant land plot and possible future goals of utilisation thereof, the Latvian Privatisation Agency or municipality shall draft privatisation regulations for particular land plot.

*(In the wording of the Law of 22 June 2005).*

#### **Article 77. Privatisation regulations for vacant land plot**

1. Regulations for privatisation of vacant land plot shall contain the following information:

- 1) land plot address;
- 2) border plan of land plot and cadastre number;
- 3) total area of land plot;
- 4) goals of land plot utilisation;
- 5) land plot ownership until 21 July 1940;
- 6) registration of title to the land plot with the Landbooks;
- 7) information on persons who lease or use land plot or its part and terms of the lease agreements and other agreements;
- 8) claims filed with respect to the land plot in privatisation;
- 9) method and approach to be used in the land plot privatisation;
- 10) cadastre value of land plot;
- 11) price of a land plot;
- 12) means of payment and their proportions;
- 13) terms of payment;
- 14) payment procedure;
- 15) procedure for performance of privatisation measures after the approval of privatisation regulations;
- 16) documents which the privatisation subject has to file to be recognised as a bidder for the land plot privatisation;
- 17) procedure for purchase agreement cancellation;
- 18) transferable rights and liabilities;
- 19) terms regarding the land plot utilisation;
- 20) other provisions to be complied with by the purchaser;
- 21) acquisition and transfer of title;
- 22) pre-emption rights and repurchase rights of the Latvian Privatisation Agency or municipality.

2. The Latvian Privatisation Agency or municipality shall have the right to include in the privatisation regulations also other information.

3. Duplicates of documents certifying title to the land plot shall be enclosed with the privatisation regulations.

4. *(Excluded by the Law of 22 June 2005).*

#### **Article 78. Information on approved privatisation regulations for vacant land plot**

1. No later than two weeks after the approval of privatisation regulations for vacant land plot, the Latvian Privatisation Agency or municipality shall:

1) publish announcement on the approval of these regulations in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the land plot in privatisation is located;

2) *(Excluded by the Law of 22 June 2005).*

2. In the announcement on approval of the land plot privatisation regulations, the term for filing the statement of intent by the privatisation subject to privatise the land plot in compliance with the approved privatisation regulations shall be indicated.

3. Any privatisation subject shall have the right to acquaint with the approved land plot privatisation regulations and file the statement of intent to privatise the land plot in compliance with these regulations pursuant to the procedure stipulated by the Latvian Privatisation Agency or municipality.

*(With amendments made with the Law of 22 June 2005)*

#### **Article 79. Determination of purchaser for vacant land plot**

1. The Latvian Privatisation Agency or municipality shall examine documents filed by privatisation subjects and shall pass a decision on acknowledging or not acknowledging the person as the prospective bidder, if the restrictions referred to in Article 21 of the Law On Urban Land Reform in the Republic of Latvia and Article 29 of the Law On Rural Land Privatisation do not apply to these persons.

2. The Latvian Privatisation Agency or municipality shall perform one of the following activities depending on the number of prospective bidders and land plot privatisation method or privatisation approach stipulated by the privatisation regulations:

1) if several prospective bidders have applied for the land plot privatisation - auction shall be announced for the determination of the land plot purchaser;

2) if only one privatisation subject has applied or only one privatisation bidder has been acknowledged the prospective bidder - a purchase agreement shall be concluded on land plot privatisation pursuant to the approved privatisation regulations for vacant land plot.

3. The Latvian Privatisation Agency or municipality shall extend or renew the application term for prospective bidders or approve new privatisation regulations, if after the announcement of the privatisation regulations, no privatisation subject has applied to the land plot within the stipulated term or no privatisation subject has been acknowledged the prospective bidder.

*(With amendments made with the Law of 22 June 2005)*

#### **Article 80. Sale of vacant land plot at auction**

1. An open auction shall be organised for the determination of purchaser for vacant land plot.

2. *(Excluded by the Law of 22 June 2005).*

3. Auction can be oral, written or of a mixed nature, i. e., oral and written. Any type of auction shall be public.

4. The Latvian Privatisation Agency or municipality, upon approving the auction regulations or regulation shall stipulate the auction procedure.

*(With amendments made with the Law of 22 June 2005)*

#### **Article 81. Announcement on the completion of vacant land plot privatisation**

1. No later than one month after the enactment of the purchase agreement for a vacant land plot or the registration of investment made by the newly established capital company or the existing company with the Enterprise Register, the Latvian Privatisation Agency or municipality shall publish information on the new owner and on the conditions of privatisation of this land plot in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the privatised asset unit is located. Municipality shall mail the above information to the Ministry of Economy.

2. Privatisation shall be deemed completed after the subject who has acquired the vacant land plot in privatisation, has settled all the liabilities he had to settle in compliance with the land plot privatisation regulations and purchase agreement. The Executive Board of the Latvian Privatisation Agency or municipality shall pass a decision on the completion of land plot privatisation. The Latvian Privatisation Agency shall notify the administrator of the State Property Privatisation Fund and the respective municipality of its decision. Municipality shall notify the administrator of the State Property Privatisation Fund of its decision.

#### **Section 4 Privatisation Regulations for Separate Land Plot with Buildings and Determination of Purchaser**

##### **Article 82. Co-ordinating the goal of utilisation of separate land plot with buildings with municipality**

1. The Latvian Privatisation Agency shall file an application with the city council, district government or municipal government where the respective land plot is located, indicating the intended goal of utilisation of land plot and requesting to indicate for which purposes the land plot could be utilised henceforth, if the person entitled to the pre-emption rights is the subject referred to in Item 2 of Article 20 of the Law On Urban Land Reform in the Republic of Latvia and Item 2 of Article 28 of the Law On Rural Land Privatisation.

2. The above application shall be reviewed in compliance with the procedure and within the terms stipulated by Article 22 of the Law On Urban Land Reform in the Republic of Latvia or Article 30 of the Law On Rural Land Privatisation.

3. Agreement shall be executed in the form of a certificate and signed by the chairman of the city council, district government or municipal government. The certificate shall also specify the goal or goals of utilisation of the land plot in privatisation.

*(With amendments made with the Law of 23 October 2003)*

##### **Article 83. Drafting of privatisation regulations for separate land plot with buildings**

Considering the location of separate land plot with buildings, possible future goals of utilisation thereof and proposals in writing filed by the asset unit owner who is entitled to the pre-emption rights, the Latvian Privatisation Agency or municipality shall draft privatisation regulations for particular land plot.

##### **Article 84. Privatisation regulations for separate land plot with buildings**

1. Privatisation regulations for separate land plot with buildings shall contain the following information:

- 1) land plot address;
- 2) border plan of land plot and cadastre number;
- 3) total area of land plot;
- 4) goals of land plot utilisation;
- 5) ownership of a land plot until 21 July 1940;
- 6) registration of title to the land plot with the Landbooks;
- 7) information on persons who lease or use land plot or its part and terms of lease agreements and other agreements;
- 8) claims filed with respect to the land plot in privatisation;
- 9) information on the asset unit located on the land plot;
- 10) information on the owner of the asset unit;
- 11) information on the registration of buildings and structures of the asset unit with the Landbooks;
- 12) method and approach to be used in the land plot privatisation;
- 13) cadastral value of land plot;
- 14) price of a land plot;
- 15) means of payment and their proportions;
- 16) terms of payment;
- 17) payment procedure;
- 18) pre-emption rights to the land plot and procedure for exercising these rights;
- 19) procedure for performance of privatisation measures after the approval of privatisation regulations;
- 20) procedure for purchase agreement cancellation;
- 21) transferable rights and liabilities;
- 22) terms regarding the land plot utilisation;
- 23) other provisions to be complied with by the purchaser;
- 24) acquisition and transfer of title;
- 25) pre-emption rights and repurchase rights of the Latvian Privatisation Agency or municipality.

2. Duplicates of documents certifying title to the land plot shall be enclosed with the privatisation regulations.

### **Article 85. Exercise of pre-emption rights**

1. No later than two weeks after the approval of privatisation regulations for separate land plot with buildings, the Latvian Privatisation Agency or municipality shall propose the owner of the asset unit which is located on this land plot, to conclude a purchase agreement for the land plot in privatisation pursuant to the approved land plot privatisation regulations and mail these regulations to the above person in a registered letter or deliver these to this person or his authorised representative for signature.

2. Owner of the asset unit referred to in Item 1 of this Article shall respond within a month after the receipt of the land plot privatisation regulations by filing with the Latvian Privatisation Agency or municipality the documents and information stipulated in the land plot privatisation regulations.

3. If a person who has pre-emption rights, files the documents referred to in Item 2 of this Article within the term stipulated in Item 2 of this Article and the restrictions prescribed in Article 21 of the Law On Urban Land Reform in the Republic of Latvia and Article 29 of the Law On Rural Land Privatisation do not apply to this person, the Latvian Privatisation Agency or municipality shall conclude a purchase agreement for land plot in privatisation with this person.

4. If a person who has pre-emption rights referred to in Item 1 of this Article cannot exercise these rights or fails to exercise these rights, it shall have the land lease rights to the same land plot to which he has the pre-emption rights and the above land plot shall not be privatised or alienated to other persons.

5. If a person who has pre-emption rights referred to in Item 1 of this Article cannot exercise these rights or fails to exercise these rights, it shall conclude a land lease agreement with the institution performing privatisation in compliance with the stipulations of the laws and legislative documents.

#### **Article 86. Announcement on the completion of privatisation of separate land plot with buildings**

1. No later than one month after the enactment of the purchase agreement for a separate land plot with buildings or the registration of investment made by the newly established capital company or the existing company with the Enterprise Register, the Latvian Privatisation Agency or the municipality shall publish information on the new owner and on the conditions of privatisation of this land plot in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the region or town where the privatised asset unit is located.

2. Privatisation shall be deemed completed after the subject who has acquired the land plot in privatisation, has settled all the liabilities he had to settle in compliance with the land plot privatisation regulations and purchase agreement with respect to the privatised land plot and the state or municipal asset unit as an aggregation of property. The Executive Board of the Latvian Privatisation Agency or municipality shall pass a decision on the completion of land plot privatisation. The Latvian Privatisation Agency shall notify the administrator of the State Property Privatisation Fund and the respective municipality of its decision. Municipality shall notify the administrator of the State Property Privatisation Fund of its decision.

#### **Section 5 Commencement of Privatisation of Land Plot to be Privatised Along with Asset Unit in Privatisation, Privatisation Proposals, Regulations and Determination of Purchaser**

##### **Article 87. Decision on privatisation of land plot with buildings along with state or municipal asset unit in privatisation, located on this land plot**

1. Decision on privatisation of land plot with buildings along with the state asset unit in privatisation, located on this land plot, shall be passed by the institution performing privatisation.

2. Decision on privatisation of land plot with buildings along with the municipal asset unit in privatisation, located on this land plot, shall be passed by municipality, if the decision referred to in Article 66 herein has been passed.

##### **Article 88. Commencement of privatisation of land plot to be privatised along with asset unit and privatisation proposals**

1. Upon the publication of announcement on the commencement of state asset unit privatisation, prescribed by Article 21 herein, the information presented in Item 1 of Article 68 herein shall be provided in addition to the information referred to in Item 1 of Article 21.

2. The privatisation proposal shall include also the information referred to in Sub-item 4 of Item 2 of Article 74, Sub-Items 5 "c" and 6 "d" of Item 2 of Article 74 herein in addition to the information provided in Item 5 of Article 21 herein.

**Article 89. Privatisation regulations for land plot to be privatised along with asset unit in privatisation and privatisation project**

1. Privatisation regulations for land plot to be privatised along with the state asset unit in privatisation shall include information provided in Item 1 of Article 77 herein in addition to the information indicated in Item 1 of Article 23 herein.

2. Privatisation project for land plot to be privatised along with the municipal asset unit in privatisation shall include also information provided in Sub-items 1-15 of Item 1 of Article 77 herein in addition to the information indicated in Item 1 of Article 40 herein.

3. Municipal Property Privatisation Commission shall also prepare information indicated in Sub-items 4, 7-8 and 10-12 of Item 1 of Article 77 herein in addition to the information presented in Item 3 of Article 40 herein.

**Article 90. Exercise of pre-emption rights to the land plot to be privatised along with asset unit in privatisation and determination of purchaser**

1. Upon exercising the pre-emption rights to the land plot to be privatised along with the state asset unit in privatisation and upon determining its purchaser, the provisions stipulated in Items 2 and 4 of Article 62 herein shall be complied with in addition to the provisions provided in Articles 25-29 herein.

2. Upon exercising the pre-emption rights to the land plot to be privatised along with the municipal asset unit in privatisation and upon determining its purchaser, the provisions stipulated in Items 2 and 4 of Article 62 herein shall be complied with in addition to the provisions provided in Articles 35, 39-43 herein.

**Transition Regulations**

*(In the wording of the Law of 24 October 1996, effective from 27 November 1996)*

1. The state property privatisation commissions, established until 18 April 1996 in compliance with the Law On Privatisation of Dairy Processing Enterprises, the Law On Privatisation of Meat Processing Enterprises and the Law On Privatisation of State (Municipal) Bakeries, shall operate until they are liquidated by the order of the Ministry of Agriculture, and the state asset units in privatisation thereof shall be privatised or transferred to the Latvian Privatisation Agency. Activities of state property privatisation commissions shall be supervised and employment contracts with privatisation commission members shall be signed by the Latvian Privatisation Agency.

2. To declare the following Laws invalid as from 1 January 1997:

- 1) On Privatisation of Dairy Processing Enterprises;
- 2) On Privatisation of Meat Processing Enterprises;
- 3) On Privatisation of State (Municipal) Bakeries.

3. Upon the enactment of the present Law, the following Laws passed in compliance with Article 81 of Satversme (Constitution) shall become invalid:

1) Cabinet of Ministers Regulations No 7 Amendments to the Law On Privatisation of State and Municipal Asset Units (*Latvijas Republikas Saeimas Ministru Kabineta Ziņotājs* No 4, 1996.);

2) Cabinet of Ministers Regulations No 135 Amendments to the Law On Privatisation of State and Municipal Asset Units (*Latvijas Republikas Saeimas Ministru Kabineta Ziņotājs* No 11, 1996);



3) Cabinet of Ministers Regulations No 298 Amendments to the Law On Privatisation of State and Municipal Asset Units (*Latvijas Republikas Saeimas Ministru Kabineta Ziņotājs* No 19, 1996);

4. (*Excluded by the Law of 22 June 2005*).

5. (*Excluded by the Law of 22 June 2005*).

6. (*Excluded by the Law of 22 June 2005*).

7. (*Excluded by the Law of 22 June 2005*).

8. (*Excluded by the Law of 22 June 2005*).

9. Restriction stipulated in Item 3 of Article 52 herein (with respect to cases when the change of proportion of payment means is not applicable) shall not refer to a privatisation subject who, by 31 December 2005, has complied with the conditions for the change of payment means referred to in Item 2 of Article 52 herein and has filed an application on the change of proportion of payment means with the institution performing privatisation within the term for filing privatisation proposals stipulated in Item 1 of Article 5 of the Law On the Completion of Privatisation of State and Municipal Asset Units and the Use of Privatisation Vouchers.

(*In the wording of the Law of 22 June 2005*).

10. Provisions of Item 2 of Article 52 herein shall be applicable if the privatisation subject has complied with the conditions for the change of payment means and has filed an application on the change of proportion of payment means with the institution performing privatisation within the term for filing privatisation proposals stipulated in Item 1 of Article 5 of the Law On the Completion of Privatisation of State and Municipal Asset Units and the Use of Privatisation Vouchers.

(*In the wording of the Law of 22 June 2005*).

11. Functions of the Latvian Privatisation Agency stipulated herein, which regulate the administration of state asset units shall be applicable also with respect to those state enterprises and companies which have been designated for privatisation but which pursuant to the provisions of the Law On the Procedure of Enactment of the Commercial Law, have not been transformed into capital companies. The Latvian Privatisation Agency shall perform those functions with respect to the overtaken state asset unit which have been stipulated for ministries in the Law On State Enterprise, as well as the employers functions with respect to the director of state enterprise.

(*In the wording of the Law of 22 June 2005*).

The Law has been passed by the Saeima on 17 February 1994.

G.

Ulmanis

President of the State

Riga, 3 March 1994