

SAEIMA OF THE REPUBLIC OF LATVIA

On Securities

CHAPTER VII

ACQUISITION OF BLOCKS OF SHARES

Article 64

1. Any investor, who acquires ownership of securities put into public circulation in such an amount, that it provides him/ her with at least one-tenth, one-fifth or one-third of all votes of the general meeting of shareholders, shall notify the Commission and the joint stock company about the fact within seven days of the day of acquisition of the shares. If an investor wishes to acquire shares of an insurance joint stock companies in the amount provided for in this Part and Article 65 of this Law, he/ she shall at first meet the provisions of the Law on Insurance.
2. If the investor, within seven days of the day of the acquisition of shares, sells shares in the amount specified in Part (1) of this Article, he/ she does not have to notify the joint stock company of the purchase of shares.
3. If the investor sells shares in the amount specified in Part (1) of this Article after having notified the joint stock company of the purchase of shares, or if the investor sells such portion of these shares, which decreases his/ her number of votes at least by 5 per cent, the Commission and the joint stock company shall be notified of the fact within seven days of the day when the shares were sold.
4. If the investor fails to notify the joint stock company in the situations and within time limits stipulated in Parts (1) and (3) of this Article, he/ she may not use the voting rights ensured by a certain amount of shares, which are acquired in excess of voting right norms laid down in Part 1 of this Article.
5. Resolutions of the general meeting of shareholders, which are adopted by unlawfully using voting rights ensured by a certain amount of shares, shall not be valid.
6. If shareholder's voting rights in the general meeting of shareholder's exceed one-tenth, one-fifth or one-third of all voting rights of the general meeting of shareholders or they have accordingly decreased, the joint stock company within nine days of the day when an official announcement is received from the investor about changes in shareholders' voting rights, shall publish the aforementioned announcement in the newspaper "Latvijas Vēstnesis" and at least one local newspaper.

Article 65

1. Every investor who wishes to acquire shares of a public joint-stock company in such amount which would give him at least one-third, one-half, two-thirds or three-quarters and more votes at the general meeting of shareholders, shall notify the Commission of the fact.
2. If an investor wishes to acquire shares in such amount which would give him at least one-half, two-thirds or three-quarters and more votes at the general meeting of shareholders, he must submit a notification to the Commission containing the following information:
 1. the legal status of the investor;
 2. the source of income used for acquiring the shares;

3. the purpose for acquiring the shares;
 4. number of shares of the particular joint stock company already owned by the investor, as well as voting rights ensured by these shares;
 5. any existing contractual commitments with the joint-stock company whose shares the investor wishes to acquire.
1. If the Commission deems it necessary, it may require this information from the investor also when he wishes to acquire more than one-third of votes at the general meeting of shareholders.
 2. The Commission, within five working days, may prohibit the acquisition of shares, if such acquisition would result in violation of the Law "On Competition and Restriction of Monopoly Activity", the present Law, other laws, or it jeopardizes the national economy of the country. The Commission issues a written prohibition to acquire shares, stating the reason for such prohibition. If the investor can and does eliminate the shortcomings pointed out by the Commission, the investor may reapply to the Commission.
 3. If the Commission allows an investor to acquire shares in the amounts specified in this Article and if he acquires such amount of shares in his ownership, the investor shall, within seven days, notify the joint-stock company of the fact.
 4. If an investor sells shares in the amount specified in this Article, or a portion of shares that reduces his number of votes at the general meeting of shareholders by at least five per cent, the investor shall, within seven days, inform the Commission and the joint-stock company of that fact. The procedure under which the investor publicly offers to purchase shares from other share-holders of the joint-stock company, if the above mentioned investor has directly or indirectly acquired shares of the public joint-stock company at least in the amount specified in Part 2 of this Article, shall be established by the Commission. This provision does not apply to the strategic investors approved by the Privatization Agency within a period of eight years from the day this Law takes effect.
 5. If within the timeframe established in Part 5 of this Article an investor does not notify the joint stock company of the purchase of the specified amount of shares, or within the timeframe established in Part 6 of this Article does not notify of the sale of the specified amount of shares, he may not use voting rights, given by shares over the norms of voting rights established in this Article.
 6. If shareholder's voting rights in the general meeting of shareholder's exceed one half, two-thirds or three-fourths of all voting rights of the general meeting of shareholders or they have accordingly decreased, the joint stock company, within nine days of the day when an official announcement was received from the investor about changes in shareholders' voting rights, shall publish the aforementioned announcement in the newspaper Latvijas Vēstnesis and at least one local newspaper.

Article 65¹

1. Every shareholder shall notify the Commission and the joint stock company, under procedure laid down in Articles 64 and 65 of this Law, of any changes in voting rights, which:
 1. are acquired by third persons in their name but acting as investor's agents;
 2. are acquired by investor's subsidiaries;
 3. are acquired by third persons under an agreement, concluded with the investor concerning carrying out joint economic activity with regard to a certain Issuer, or which may only be exercised after receiving approval of other investors;
 4. are ensured by securities in investor's custody, if they are transferred to the custodian;

5. are acquired by way of inheritance;
6. are acquired in any other direct or indirect way.
1. An investor shall acquire voting rights in a joint stock company ensured by a certain amount of shares, which are purchased in excess of the voting right norms laid down in Articles 64 and 65 of this Law, after he has notified the Commission and the joint stock company under the procedure and within time limits established in Article 64 and 65 of this Law.

CHAPTER VIII
LIABILITY

Article 66

The Commission shall approve the procedure for the application of penalties set forth in this Law. The resolutions of the Commission may be appealed against in the Court.

Article 67

1. For starting activity in the securities market without the required special permit (license), the Commission shall impose on a brokerage company, a bank, a stock exchange or any other participant of the securities market which, under the existing legislative acts, has to obtain such special permit (license), a fine in the amount of 200 minimum monthly salaries, suspend any further activity in the securities market of such participant of the securities market until obtaining the special permit (license) and, if practicable, restore the situation which existed before the securities transactions concluded by this participant.
2. If an investor fails to notify the Commission of acquiring shares in the amount specified in Articles 64 and 65 of this Law, or fails to do it within the prescribed time limit, or fails to provide truthful required information, the Commission may impose a fine on a legal entity – in the amount of up to 200 minimum monthly salaries, on a natural person – a fine in accordance with the Latvian Code of Administrative Violations.
3. In the event of a repeated violation of Articles 64 and 65, the Commission may prohibit this person from engaging in transactions with securities in public circulation for a time period up to three years, or apply other sanctions provided for in legislative acts.