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Text consolidated by Tulkošanas un terminoloģijas centrs (Translation and Terminology Centre) with amending laws of:

31 October 2002;
20 November 2003;
18 March 2004;
5 May 2005;
28 September 2006;
26 April 2007.

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima* has adopted
and the President has proclaimed the following Law:

Law On State Funded Pensions

Chapter I General Provisions

Section 1. Purpose of this Law

This Law prescribes the general principles for the establishment and operation of State funded pension schemes (hereinafter – funded pension schemes), the general provisions for the contribution, administration, management, investment and payment of funds, as well as State supervision of such activities.

Section 2. Funded Pension Scheme

(1) The State funded pension is part of the State old age pension consisting of accrued funded pension capital.

(2) A funded pension scheme is a State organised set of measures for making contributions, administration of funds contributed and payments of pensions which without increasing of total amount of contributions for old age pensions provides an opportunity to acquire additional pension capital by investing part of the contributions for old age pensions in financial instruments, and other assets in accordance with the procedures specified in Section 12 of this Law.

[20 November 2003; 5 May 2005]

¹ The Parliament of the Republic of Latvia

Chapter II

Participation in the Funded Pension Scheme

Section 3. Persons Participating in the Funded Pension Scheme

(1) All persons who are subject to the State pension insurance in accordance with the Law On State Social Insurance and who have not reached the age of 30 years on the day of coming into force of this Law shall be registered as participants of a funded pension scheme.

(2) Persons subject to the State pension insurance who are 30 to 49 years (including) of age on the day of coming into force of this Law may commence participation in a funded pension scheme voluntarily by submitting an appropriate submission to the State Social Insurance Agency (hereinafter – Agency).

(3) The registration of persons socially insured in a funded pension scheme shall be performed in accordance with the procedures determined by the Cabinet.

(4) Participation in a funded pension scheme shall be suspended in the cases referred to in Sections 7 and 8 of this Law.

[31 October 2002; 26 April 2007]

Section 4. Contributions in the Funded Pension Scheme

(1) Contributions in a funded pension scheme shall be part of the contributions for State pension insurance.

(2) The contribution rate in the funded pension scheme shall be 10 per cent of the contribution object specified in the Law On State Social Insurance.

Section 5. Account of a Participant of the Funded Pension Scheme

(1) The Agency shall ensure that the accrued funded pension capital to each participant of the funded pension scheme – funds accrued during a specific time period in accordance with this Law in favour of a participant of the funded pension scheme – are calculated and registered in an account of the participant of the funded pension scheme.

(2) The Cabinet shall determine the procedures for accounting of accounts of the funded pension scheme participants and for the calculation of the funded pension capital, as well as the maximum amount of administration (administrative) expenses of the funded pension scheme.

Section 6. Participation in the Funded Pension Scheme in Case of Disability [26 April 2007]

Section 7. Payment of Funded Pension Capital

A participant of the funded pension scheme, upon reaching the age that gives rights to receive the old age pension or later, has the right to select whether:

1) to add the accrued funded pension capital to the non-funded pension capital and to calculate (recalculate) the old age pension in accordance with the Law on State Pensions, or

2) to acquire a life assurance (lifetime pension) policy utilising the accrued funded pension capital. The Cabinet shall issue such standard regulations regarding lifetime assurance.
[31 October 2002]

Section 8. Payment of Funded Pension Capital in Case of Death of a Participant

If a participant of the funded pension scheme has died prior to requesting an old age pension, the whole funded pension capital registered by the day of the death of the participant of the funded pension scheme shall be included in the special budget of State pensions and taken into account when calculating the survivor's pension to family members who were supported by the dead participant of the funded pension scheme in accordance with the Law on State Pensions.

Chapter III Supervision, Monitoring, Administration of Operation and Management of Funds of the Funded Pension Scheme

Section 9. Supervision of Operation of the Funded Pension Scheme

- (1) The Ministry of Welfare shall perform the supervision of the funded pension scheme.
(2) In accordance with this Law the Ministry of Welfare has the right:
- 1) to request and receive an annual account from the Agency regarding the operation of the funded pension scheme and reports submitted by the fund manager regarding operation of the funded pension scheme; and
 - 2) to request and receive quarterly from insurers reports on life assurance (lifetime pension) services (provided in accordance with this Law), dynamics in the number of participants and the amounts of lifetime pensions.
- [26 April 2007]*

Section 10. Competence of Agency

- (1) In accordance with this Law the Agency shall:
- 1) ensure the establishment and updating of accounts of participants to the funded pension scheme by registering contributions made and the funded pension capital accrued;
 - 2) inform periodically the participants of the funded pension scheme regarding the state of their accounts, as well as regarding other significant changes in operation of the funded pension scheme;
 - 3) conclude contracts with fund managers regarding the management of funds of the funded pension scheme and conditions thereof;
 - 4) ensure fulfilment of submissions of the funded pension scheme participants regarding selection and change of managers of the funded pension scheme funds and investment plans. The Agency is not entitled on its own initiative to decide regarding the change of a manager of the funded pension scheme funds and the investment plan, except for cases provided for in Section 13, Clauses six and seven of this Law;
 - 5) ensure compliance with Section 7 of this Law in accordance with procedures determined by the Cabinet;

6) each year in accordance with procedures determined by the Cabinet, prepare a report regarding the operation of the funded pension scheme which provides a true and clear representation regarding the management of the funded pension scheme, contributions made and fund transfers, as well as regarding the compliance of the accounting of accounts of the funded pension scheme participants with the requirements of regulatory enactments. The report of the operation of the funded pension scheme in accordance with international auditing standards shall be verified by a sworn auditor and approved by the Minister for Welfare; and

7) ensure the publication of information regarding the funded pension scheme and the results of the operations thereof.

(2) The expenses of the Agency for the administration of the funded pension scheme shall be covered in accordance with the procedures determined by the Cabinet.

(3) The documents providing for the establishment and updating of accounts of the funded pension scheme participants shall be kept with the Agency as long as the relevant person participates in the funded pension scheme and for another 30 years following termination of the participation.

[31 October 2002; 26 April 2007]

Section 11. Manager of the Funded Pension Scheme Funds and Custodian

(1) The management of contributions made in the funded pension scheme, further fruits (interest) and other assets (hereinafter – funds) may be performed by an investment management company to which a special permit (licence) for the management of funds of the funded pension scheme has been issued by the Finance and Capital Market Commission (hereinafter – Commission). The Commission shall determine the procedures for issuance and cancellation of a licence for management of funds of the funded pension scheme (hereinafter – licence).

(2) The manager of funds of the funded pension scheme shall make transactions with funds of the funded pension scheme through intermediation of a custodian. A custodian is a legal person licensed by the Commission for operation of a credit institution and with whom the manager of the funds of the funded pension scheme has entered into a Custodian bank contract. The selection of a custodian, the duties and liability thereof, as well as the procedures for the entering into and fulfilment of a Custodian bank contract of shall be prescribed by this Law and the Law on Investment Management Companies.

(3) The provisions for the management of funds of the funded pension scheme, consequences and liability for non-compliance therewith shall be provided in a contract entered into by the Agency with a manager of funds of the funded pension scheme. A decision regarding the entering into of the contract with a manager of funds of the funded pension scheme, regarding any further amendments in such contract, as well as regarding early termination of such contract shall be made by the director of the Agency. The Cabinet shall determine the contents, type and procedures for the entering into of a contract.

(4) The manager of the funds of the funded pension scheme shall develop one or several plans for the investment of funds of the funded pension scheme – a systematic set of such provisions according to which the management of funds of the funded pension scheme shall be performed and which are presented in a prospectus of the relevant investment plan. The prospectus (prospectuses) of an investment plan is an integral part of the contract entered into between the Agency and the manager of funds of the funded pension scheme. The manager of funds of the funded pension scheme is entitled to perform the management of funds of the funded pension

scheme in conformity with an investment plan only following the registration of the prospectus of the relevant investment plan with the Commission. If the prospectus of an investment plan does not conform to the requirements specified in regulatory enactments, the Commission shall reject the registration thereof.

(4¹) If the amendments to the prospectus of the investment plan provide for changing the investment provisions of the investment plan or to increase the maximum amount of remuneration payments from the investment plan to the manager of funds, holder of funds or another person, the amendments to the prospectus of the investment plan shall come into effect not earlier than 1 January of the following year.

(5) A manager of funds of the funded pension scheme shall ensure compliance with provisions in relation to the investments of funds of the funded pension scheme, provide orders to make payments with funds contributed in the funded pension scheme, as well as receive and transfer financial instruments and perform other transactions with the funds of the funded pension scheme in conformity with the requirements prescribed by the law and the terms and conditions of the contract concluded with the Agency. The manager of funds of the funded pension scheme shall register the funds of the funded pension scheme in management thereof and manage them separately from any other manager of funds of the funded pension scheme and property in management thereof. The manager of funds of the funded pension scheme shall manage part of the funds of the funded pension scheme, which are managed in accordance with a specific investment plan (funds of investment plan) separately from other assets thereof and the funds of other investment plans.

(6) Each participant of the funded pension scheme has the right, in accordance with the procedures determined by the Cabinet, to select and change the manager of funds of his or her funded pension capital accrued or an investment plan if one manager of funds has two or more investment plans. It is permitted to change the manager of funds of the funded pension scheme not more frequently than once a year, but an investment plan of one and the same manager of funds of the funded pension scheme – not more frequently than twice a year, as well as additionally when:

1) the Commission cancels a licence issued to a manager of funds of the funded pension scheme for the provision of management services or a special permit (licence) for the management of funds of the scheme;

2) a manager of funds of the funded pension scheme refuses the management of funds of the scheme;

3) reorganisation of the manager of funds of the funded pension scheme selected by the participant of the funded pension scheme has occurred;

4) the manager of funds of the funded pension scheme unifies an investment plan selected by the participant of the funded pension scheme with another investment plan (plans) and has registered with the Commission a prospectus of a new investment plan (new version of the investment plan prospectus); or

5) the manager of funds of the funded pension scheme utilises the rights referred to in Paragraph nine of this Section.

(7) The manager of funds of the funded pension scheme shall implement and observe capital adequacy requirements and other requirements specified in the Investment Management Company Law for such investment management companies, which individually manage the financial instruments of clients.

(8) [18 March 2004]

(9) The manager of funds of a funded pension scheme is entitled to transfer the investment plan managed by him or her to another manager of funds of a funded pension scheme if he or she has managed the funds of the State funded pension scheme for not less than one year. The manager of funds shall enter into a contract regarding the transfer of the investment fund assets and shall make the relevant amendments in the contracts entered into with the Agency regarding the management of the funds of the State funded pension scheme. If the manager of funds within a period of one year after the taking over of the transferred investment plan makes amendments to the investment policies of the investment plan or increases the payments for transactions, which are associated with investment plan funds and investment management, or increases remuneration, such amendments shall come into effect not earlier than six months after the entering into of the relevant amended contract.

[31 October 2002; 20 November 2003; 18 March 2004; 28 September 2006; 26 April 2007]

Section 11.¹ Advertisements for the Management of Funded Pension Scheme Funds

(1) Any public advertising (advertisement) of the management of funded pension scheme funds and the services associated thereof in any way may occur only in conformity the prospectus of the investment plan registered with the Finance and Capital Market Commission.

(2) In placing an advertisement or publicly notifying the regulations of the investment plan, the investment plan advertisement shall indicate:

- 1) the name of the investment plan;
- 2) the name of the management company, legal address and the location of the executive institutions;
- 3) the name of the custodian;
- 4) the place of submission of the prospectus of the investment plan; and
- 5) a notice that the current yield does not guarantee a similar yield in the future (if in the advertisement is mentioned the yield of the investment plan).

(3) In placing an advertisement or publicly notifying the regulations of the investment plan, the investment plan advertisement shall in no way guarantee a profit or a specific level of yield.

[5 May 2005]

Section 11.² Delegation of Funded Pension Scheme Managed Fund Services

(1) If in the prospectus of the investment plan is provided information regarding separate services associated with the management of the funds of a State funded pension scheme, which the manager of funds of the funded pension scheme plans to transfer (delegate) to another person, the manager of funds of the funded pension scheme shall observe the procedures for the transfer (delegation) of investment management services specified in the Investment Management Companies Law.

(2) In applying Paragraph one of this Section, the investment plan shall be comparable to investment funds within the meaning of the Investment Management Companies Law.

[26 April 2007]

Section 12. Provisions for Investment of Funded Pension Scheme Funds

(1) Funds of the funded pension scheme may be invested in the following financial instruments:

1) securities or money market instruments issued and guaranteed by the State and international financial authorities if such securities or money market instruments have been issued and guaranteed by:

a) [18 March 2004]

b) Latvia, other Member States of the European Union or states of the European Economic Area,

c) a Member State of the Organisation for Economic Co-operation and Development the long-term credit rating of which in foreign currency according to the evaluation of international rating agencies conforms to the investment category (hereinafter – a Member State of the Organisation for Economic Co-operation and Development), or

d) an international financial authority the member of which is one or several Member States of the European Union or states of the European Economic Area;

1¹⁾ securities or financial market instruments issued or guaranteed by the State and international financial institutions, which do not conform to the requirements of Paragraph one, Clause 1 of this Section, but are included in the registered regulated markets of Latvia, other Member States of the European Union or states of the European Economic Area;

2) securities or money market instruments issued and guaranteed by local governments, if:

a) such securities or money market instruments have been issued or guaranteed by Latvia, other Member States of the European Union or states of the European Economic Area, or a local government of a Member State of the Organisation for Economic Co-operation and Development, and

b) such securities or money market instruments conform to the requirements specified in Paragraph one, Clause 3 of this Section;

3) the shares of commercial companies and other capital securities (hereinafter – capital securities) or debt securities of commercial companies if such securities:

a) are included in the registered regulated markets of Latvia, other Member States of the European Union or states of the European Economic Area;

b) are included in the official or comparable thereto listing of a stock exchange (regulated market) registered in a Member State of the Organisation for Economic Co-operation and Development and the referred to stock exchange is a full member of the International Stock Exchange Federation, and

c) are not included in the regulated markets referred to in Sub-clauses “a” and “b”, but in the issuance of securities regulations it is provided that the securities therein shall be included within a year from the day when the subscription for the receipt of such securities has commenced. If the referred to securities within a year from the day when the subscription for the receipt of such securities has commenced are not included in the regulated markets referred to in Sub-clauses “a” and “b”, the manager of funds of the funded pension scheme shall act in conformity with Paragraph five of this Section;

4) investment in a credit institution which has received a licence to operate the credit institution and to which it is permitted to provide financial services in Latvia, other Member States of the European Union or states of the European Economic Area;

5) investment funds if an investment fund has been registered in Latvia, other Member States of the European Union or states of the European Economic Area;

6) derivative financial instruments, if

a) such derived financial instruments are included in the registered regulated markets of Latvia, other Member States of the European Union or states of the European Economic Area, or also included in the official or comparable thereto listing of a stock exchange (regulated market) registered in a Member State of the Organisation for Economic Co-operation and Development and the referred to stock exchange is a full member of the International Stock Exchange Federation, and

b) a credit institution which has received a licence to operate the credit institution and to which it is permitted to provide financial services in Latvia, other Member States of the European Union or states of the European Economic Area has assumed obligations included in such a derivative financial instrument; and

7) risk capital market – a market, which offers the financing of capital commercial companies at the development stage thereof.

(2) Funds of the funded pension scheme shall be invested in compliance with the following investment restrictions:

1) the total amount of investments in securities or money market instruments issued or guaranteed by one state or an international financial institution may not exceed 35 per cent of the funds of the scheme that are managed and invested in accordance with a systematised set of provisions developed by the manager of funds of the funded pension scheme which is set out in a prospectus of the investment plan (hereinafter – assets of investment plan). The referred to restriction may be exceeded if the assets of an investment plan have securities or money market instruments from six or more issues of one issuer and the value of securities or money market instruments of each individual issue does not exceed 20 per cent of the assets of the investment plan, as well as six months following the first contribution made in the relevant investment plan, if the value of the assets of the investment plan is less than 100 000 lats;

2) the total amount of investments in securities or money market instruments issued or guaranteed by one local government may not exceed 5 per cent of the assets of the investment plan;

3) the investments in securities of one issuer may not exceed 5 per cent of the assets of the investment plan and concurrently 5 per cent of the equity capital and number of voting stocks of the relevant issuer;

4) investment in securities of one issuer may not exceed 10 per cent of the assets of the investment plan and concurrently 10 per cent of the debt securities of one issuer. This restriction shall not apply to securities referred to in Paragraph two, Clause 1 of this Section;

5) total amount of investments in securities referred to in Paragraph one, Clause 3, Sub-clause “c” of this Section may not exceed 20 per cent of the assets of the investment plan;

5¹) total amount of investments in securities referred to in Paragraph one, Clause 1¹ of this Section may not exceed 10 per cent of the assets of the investment plan;

6) deposits in one credit institution may not exceed 10 per cent of the assets of the investment plan. This restriction shall not apply to claims on the basis of claims against a Custodian bank;

7) the investments in one investment fund may not exceed 5 per cent of the assets of the investment plan and 10 per cent of net assets of such investment fund;

8) the investments in financial instruments issued by commercial companies that are a part of one group by managers of funds of the funded pension scheme may be made only through intermediation of a stock exchange (regulated market), and investments in such securities may not exceed 2 per cent of the assets of the investment plan;

8¹) the investments in investment funds managed by a commercial company included in one group by the manager of funds of the funded pension scheme may not exceed 15 per cent of the assets of the investment plan;

8²) investment in own funded pension scheme of existing investment funds managed by the manager of funds may not exceed 10 per cent of the assets of the investment plan;

9) the total amount of investments in securities or money market instruments issued by one commercial company or one group of commercial companies may not exceed 10 per cent of the assets of the investment plan;

10) deposits in one credit institution and investments in financial instruments issued by the same credit institution may not exceed 15 per cent of the total assets of the investment plan. This restriction shall not apply to claims on the basis of claims against a Custodian bank;

11) investments in capital securities and investment funds that may make investments in capital securities or other financial instruments of equivalent risk may not exceed 50 per cent of the total assets of the investment plan;

12) investments in derived financial instruments may be performed only because in order to ensure against the risk of fluctuations in the value of the specified investment plan assets, which may be caused by changes in the price of assets or exchange rate, and only then if the manager of funds has submitted to the Commission regulations in which is described in detail the management policy and the derived financial instrument valuation methods;

13) investments in the risk capital market may not exceed 5 per cent of the assets of the investment plan; and

14) total investments in investment funds, in which the managing company does not have a duty to repurchase investment fund shares or comparable securities thereto on the basis of a request from an investor may not exceed 10 per cent of the assets of the investment plan.

(2¹) Commercial companies included in one group within the meaning of this Section are commercial companies the annual accounts of which are consolidated in accordance with international accounting standards.

(3) Funds of the funded pension scheme may be invested in such currency by which payments of the funded pension capital are made in compliance with the following additional conditions:

1) the funds of the scheme may be invested in currencies unmatched to the obligations if total amount of such investments does not exceed 30 per cent of the assets of the investment plan;

2) the investments of funds of the scheme in one currency unmatched to the obligations may not exceed 10 per cent of the assets of the investment plan; and

3) investments in euros shall be not be considered as investments in unmatched currencies within the meaning of Clauses 1 and 2 of this Paragraph.

(4) The manager of funds of the funded pension scheme is prohibited from performing the following operations with the funds of the funded pension scheme:

1) investing them in immovable property, except investments in investment funds, which may make investments in immovable property;

2) granting them as loans; and

3) investing in financial instruments issued by the manager of funds of the funded pension scheme itself, except in existing investment funds in the management thereof regarding the buying or selling of which certificates the manager of funds does not receive a commission payment from investment plan funds.

(5) The manager of funds of the funded pension scheme shall immediately, but not later than on the following working day notify the Commission regarding violations of investment restrictions, as well as regarding measures for the prevention of such violations.

[31 October 2002; 30 November 2003; 18 March 2004; 5 May 2005; 26 April 2007]

Section 13. Monitoring of Operation of Managers of Funds of the Funded Pension Scheme

(1) The Commission shall monitor the operation of investment companies when they manage the funds of the funded pension scheme.

(2) The Commission has an obligation:

1) to monitor that investment companies, when managing funds of the funded pension scheme, comply with requirements of the regulatory enactments;

2) to register a prospectus of an investment plan conforming to the requirements prescribed by law; and

3) to issue regulations regarding the licensing of investment companies for the management of funds of the funded pension scheme.

(3) The Commission shall notify the Agency on all decisions regarding the licensing matters of fund managers.

(4) The Commission and sworn auditors approved thereof have the right to perform inspections of the operation of managers of funds of the funded pension scheme and the holders of funds, and to request documents and information regarding the operation thereof and the management of funds of the funded pension scheme. Managers of funds and holders of funds have an obligation to provide all necessary information and to present all the documents during such inspections.

(5) The Commission on the basis of the reports submitted and inspections performed shall evaluate the stability of the financial standing and solvency of the manager of funds and the custodian and, if necessary, provide instructions regarding the improvement of the standing of the assets of the funded pension scheme, as well as determine a time period for the implementation of the instructions.

(5¹) If the manager of funds or the holder of funds violate this Law, according to the regulatory enactments issued in accordance with this Law or the provisions of the prospectus of the investment plan of the funded pension scheme, the Commission has the right to impose on the investment management company and the Custodian bank a fine up to 400 minimum monthly salaries.

(6) If the Commission makes a decision regarding the cancellation of the licence issued to the manager of funds of the funded pension scheme, it shall immediately, but not later than on the following working day, notify the Agency thereof. The Agency shall transfer the funded pension scheme funds managed by the relevant manager in accordance with the procedures determined by the Cabinet to other managers of the funded pension scheme funds for management, as well as perform other activities of substantiated necessity to prevent the reduction of value of the

funded pension scheme funds managed by the relevant manager of the funded pension scheme funds.

(7) If the manager of the funded pension scheme funds has refused to manage the funded pension scheme funds in a case provided for in Section 11, Paragraph six, Clause 2 of this Law and participants of the funded pension scheme whose pension capitals are managed by the relevant manager of the funded pension scheme funds, within a time period of two months of the day when the Agency has notified them on the refusal of such manager of the funded pensions scheme funds, have not submitted to the Agency a written submission regarding the selection of a new manager of the funded pension scheme funds, in accordance with the procedures prescribed by the Cabinet the Agency shall transfer such funded pension capitals of the participants to the scheme for management to other managers of the funded pension scheme funds.

[31 October 2002; 26 April 2007]

Section 14. Reports On Management of Funded Pension Scheme Funds and Audit Thereof

(1) The manager of funds of the funded pension scheme shall, in accordance with procedures determined by the Commission prepare a report which provides a true and clear representation regarding the management of funds of the funded pension scheme, accounting of contributions made and investments. A sworn auditor approved by the board of an investment management company shall examine the report in accordance with international auditing standards.

(2) A sworn auditor has an obligation to notify in writing the manager of funds regarding deficiencies determined in the examination and to send the copies of his or her notice to the Commission and the Agency. If the financial situation of the manager demands rapid action, the sworn auditor has an obligation to notify the Commission and Agency immediately thereof.

[31 October 2002; 18 March 2004; 28 September 2006]

Chapter IV Final Provisions

Section 15. Procedures for Examination of Disputes

Administrative acts issued and actual acts by Agency officials may be disputed within a period of one month from the day of the coming into effect of the administrative act by submitting a relevant submission to the director of the Agency. The decisions of the director of the Agency may be appealed to a court within a period of one month from the day of the coming into effect thereof.

[26 April 2007]

Section 16. Termination of the Operations of the Treasury in the Management of Funded Pension Scheme Funds

(1) From 1 august 2007, participants of funded pension schemes who choose or change managers of funded pension capital funds shall not be given the possibility of choosing the Treasury as a manager.

(2) In order to terminate the operations of the Treasury in the management of funded pension scheme funds and to transfer the funded pension capital registered in the funded pension scheme funds participants accounts under Treasury management to other fund managers, a competition shall be announced. The regulations of the competition, procedures for the transfer of funds and time periods, as well as the managers of funded pension scheme funds shall compensate the Agency for the expenditures associated with the transfer of the capital shall be determined by the Cabinet. The competition shall be announced not earlier than 1 August 2007.
[28 September 2006]

Transitional Provisions

1. *[28 September 2006]*
[31 October 2002; 28 September 2006]

2. The rate determined in Section 4, Paragraph two of this Law shall come into force on 1 January 2010.

3. By coming into force of the rate determined in Section 4, Paragraph two of this Law the rate is:

- 1) as of 1 July 2001 not less than 2 per cent of the contribution object determined in law;
- 2) as of 1 January 2007 not less than 4 per cent of the contribution object determined in law;
- 3) as of 1 January 2008 not less than 8 per cent of the contribution object determined in law;
- 4) as of 1 January 2009 not less than 9 per cent of the contribution object determined in law;

4. By the establishment of the Finance and Capital Market Commission:

- a) the Cabinet shall issue the regulations referred to in Section 12 of this Law regarding the investment of funds of the funded pension scheme; and
- b) the Securities Market Commission shall perform the functions of the Commission referred to in sections 11, 13 and 14 of this Law.

5. *[28 September 2006]*
[31 October 2002; 20 November 2003; 28 September 2006]

6. *[28 September 2006]*
[31 October 2002; 28 September 2006]

7. Investment companies, which up to 30 April 2004 have commenced the management of the funds of State funded pension schemes, shall, by 31 December 2004 perform the necessary measures in order that they conform to the requirements specified in this Law.
[18 March 2004]

8. [26 April 2007]
[18 March 2004; 26 April 2007]

9. The Cabinet shall by 1 February 2007:

1) make the necessary amendments to Cabinet Regulation No. 272 of 27 May 2003, Regulations regarding the Operation of State Funded Pension Schemes; and

2) issue the regulations referred to in Section 16, Paragraph two of this Law.
[28 September 2006]

10. Amendments to Sections 11 and 14 and the deletion of Paragraphs 1, 5 and 6 of these Transition Provisions of this Law shall come into force on 1 November 2007.
[28 September 2006]

This Law shall come into force on 1 July 2001.

This Law has been adopted by the *Saeima* on 17 February 2000.

President

V.Vīķe-Freiberga

Rīga, 8 March 2000