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6 July 2021 [shall come into force on 10 July 2021];

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

Republic of Latvia

Cabinet

Regulation No. 537

Adopted 5 September 2017

**Regulations Regarding Portfolio Guarantees for the Promotion of Crediting of Micro, Small, and Medium-sized Performers of Economic Activity which Are Legal Persons**

[*17 December 2020*]

*Issued pursuant to*

*Section 12, Paragraph four of the Law on Development Finance Institution and Section 19, Clause 14 of the Law on Management of European Union Funds for the 2021–2027 Programming Period*

[*5 September 2023*]

**I. General Provisions**

1. The Regulation prescribes the conditions for granting guarantee aid, the funding procedures, and the conditions for State aid for micro, small, medium-sized, small mid-cap and mid-cap performers of economic activity which are legal persons (hereinafter – the performers of economic activity) in the form of a capped portfolio guarantee and also the conditions for the portfolio guarantee of the crisis caused by COVID-19 and the conditions for portfolio guarantees of Activity 1.2.3.4 “Guarantees and Portfolio Guarantees for Full Cycle Entrepreneurship” of Specific Objective 1.2.3 “Promoting Sustainable Growth and Competitiveness of Small and Medium-sized Enterprises (SMEs) and Job Creation in SMEs, Including by Productive Investments” of the European Union’s Cohesion Policy Programme for 2021–2027 (hereinafter – Activity 1.2.3.4) in the form of direct financial instruments.

[*5 September 2023*]

1.1 [18 June 2024]

2. The objective of a portfolio guarantee is to promote the availability of the funding to the performers of economic activity.

[*17 December 2020*]

3. The availability of guarantees to the performers of economic activity shall be ensured by *akciju sabiedrība “Attīstības finanšu institūcija Altum”* [joint-stock company Development Finance Institution Altum] (hereinafter – the company Altum).

[*17 December 2020*]

4. Terms used in this Regulation:

4.1. loan portfolio – the aggregate of transactions of financial services of the funding provider which includes the financial services issued in accordance with this Regulation;

4.2. financial service – the loans issued by the funding provider for making investments and funding current assets, financial leasing;

4.3. guarantee – the liabilities of the company Altum to absorb the losses of the funding provider in the amount specified in this Regulation which have arisen if the performer of economic activity does not fulfil the liabilities for the financial service provided by the funding provider;

4.4. guarantee rate – a part of losses of the funding provider expressed in percentage which is covered by the guarantee for a guaranteed financial service;

4.5. guarantee portfolio – the aggregate of guarantees issued for the financial services included in the loan portfolio;

4.6. guarantee cap rate – a part of the guarantee portfolio expressed in percentage which is covered by the portfolio guarantee;

4.7. guarantee cap amount – the maximum amount of losses of the loan portfolio of the funding provider which is covered by the portfolio guarantee. The guarantee cap amount shall be calculated as the multiplication of the loan portfolio of the funding provider (the amount of maximum disbursed financial services), the guarantee rate, and the guarantee cap rate;

4.8. portfolio guarantee – a financial instrument which ensures loss-absorbency of the loan portfolio according to the guarantee rate, without exceeding the guarantee cap amount;

4.9. funding provider – a credit institution (including its branch), a subsidiary of the credit institution, or an alternative funding service provider which is registered in Latvia and is entitled to provide financial services in Latvia. An alternative funding service provider is a provider of financial services (including a provider of financial services based in financial technologies) which is not a credit institution and which:

4.9.1. is a subject of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, except for licensed crowdfunding service providers in the case when the requirements in the field of the prevention of money laundering and terrorism and proliferation financing are laid down in the civil contracts concluded by and between the company Altum and the funding provider;

4.9.2. provides financial services in the relevant field for at least three years, including within the scope of a group, if parent undertakings are operating in the same sector.

[*17 December 2020; 18 June 2024*]

5. The repaid funding in the amount of EUR 14 300 000 of the European Union Structural Funds and the Cohesion Fund in the 2007–2013 programming period, repayments of this funding, the funding repaid for the second time repeated use of which is planned in the amount of up to EUR 14 300 000 and also the payments referred to in Paragraph 12 of this Regulation shall be used for issuing guarantees and for absorbing the costs of the company Altum:

5.1. the public funding repaid within the scope of Sub-activity 2.2.1.4.1 “Support in the Form of Loans for Improving Competitiveness of Merchants” of the Operational Programme “Entrepreneurship and Innovations” – in the amount of EUR 10 000 000;

5.2. the public funding repaid within the scope of Activity 1.3.1.2 “Support for Commencing Self-Employment or Entrepreneurship” of the Operational Programme “Human Resources and Employment” – in the amount of EUR 4 300 000.

[*5 September 2023*]

5.1 For the mitigation of the consequences of the crisis caused by COVID-19, the company Altum shall implement a portfolio guarantee programme with the funding from the State budget which does not exceed EUR 500 000. The abovementioned programme shall be subject to the application of Paragraphs 1, 2, 3, 7, 8, 9, 10.1, 11.1, 12.1, 13, and 14, Chapters IV.1 and V.1, Paragraphs 26, 27, 27.1, 28, 29, 30, 31, 32, 32.1, and 34 of this Regulation, organisation of a separate application of funding providers, and conclusion of the contract referred to in Paragraph 7 of this Regulation.

[*18 June 2024*]

5.2 For the issuing of guarantees, the company Altum shall use the funding available for Activity 1.2.3.4 in accordance with the legal act prescribing the procedures for the implementation of financial instruments to be used within the scope of the European Union’s Cohesion Policy Programme for 2021–2027, the available funding, the aided activities, and the eligible costs.

[*5 September 2023*]

6. The management costs of the company Altum shall be determined according to the methodology for the calculation of the management costs of the company Altum and shall be covered by the management fee determined in conformity with the amount of the total threshold specified in Article 12 and Article 13(3) of Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund (hereinafter – Commission Regulation No 480/2014). The management costs referred to in this Paragraph may be attributable before coming into force of this Regulation but not earlier than from 1 January 2017.

[*15 March 2022*]

6.1 Within the scope of Activity 1.2.3.4, the management costs of the company Altum shall be determined in accordance with the legal act prescribing the procedures for the implementation of financial instruments to be used within the scope of the European Union’s Cohesion Policy Programme for 2021–2027, the available funding, the aided activities, and the eligible costs.

[*5 September 2023*]

7. The procedures for granting guarantees and exchange of information, the conditions for the portfolio guarantee, including the amount of the loan portfolio to be achieved, the procedures for the disbursement of compensations, the procedures for the payment of a guarantee premium, the procedures for the *de minimis* supervision, cooperation in aid cumulation matters, and also other conditions shall be determined according to the civil contracts concluded by and between the company Altum and the funding provider.

[*18 June 2024*]

8. The guarantee shall be provided as the *de minimis* aid in accordance with Commission Regulation (EU) No 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (hereinafter – Commission Regulation No 2023/2831).

[*18 June 2024*]

**II. Financial Services to be Supported, Performers of Economic Activity, and Guarantee Rate**

[*17 December 2020*]

9. Aid may be received if the guarantee is granted for the following financial services:

9.1. loans for making investments;

9.2. loans for funding current assets, including loans in the form of a credit line or credit limit;

9.2.1 [15 March 2022];

9.3. financial leasing;

9.4. bank guarantees (guarantees of a tender, advance payment, fulfilment of payment, or time), limits of bank guarantees, or a letter of credit.

[*14 April 2020; 17 December 2020; 15 March 2022; 18 June 2024*]

9.1 [17 December 2020]

10. The guarantee shall be granted if the following conditions are complied with:

10.1. the performer of economic activity corresponds to the definitions of micro, small, and medium-sized enterprises specified in Annex 1 to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter – Commission Regulation No 651/2014) or the definitions of a small mid-cap and mid-cap company specified in Article 2(6) and (7) of Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments;

10.2. the performer of economic activity is registered and performs economic activity in Latvia;

10.3. the guarantee is granted to a financial service issued anew;

10.4. the amount of financial services guaranteed for one performer of economic activity does not exceed EUR 500 000;

10.5. the time limit of the financial services referred to in Sub-paragraph 9.1 of this Regulation is from 12 months to 10 years;

10.6. the time limit of the financial services referred to in Sub-paragraph 9.2 of this Regulation is from 12 months to 5 years;

10.7. the time limit of the financial services referred to in Sub-paragraph 9.3 of this Regulation is from 12 months to 7 years;

10.8. the repayment schedule of the financial service is with regular payments of the principal amount or the repayment of the principal amount in one payment;

10.9. the credit quality of guarantee of small mid-cap and mid-cap performers of economic activity shall be considered equivalent to at least B– credit rating which is indicated for the credit quality class “Solvency is likely to be impaired by adverse conditions” referred to in Annex to this Regulation in accordance with Article 4(6)(a) of Commission Regulation No 2023/2831.

[*6 March 2018; 17 December 2020; 5 September 2023; 18 June 2024*]

10.1 The guarantee shall be granted in accordance with Paragraph 5.1 of this Regulation if the conditions referred to in Paragraph 9 and Sub-paragraphs 10.1 and 10.2 of this Regulation are complied with and also:

10.1 1. the amount of financial services guaranteed for one performer of economic activity does not exceed EUR 500 000;

10.1 2. the guarantee is provided for the new or existing financial services referred to in Sub-paragraph 9.2 of this Regulation if the funding provider defers payments of the principal amount for the performer of economic activity for at least three months or extends the term of operation of the financial services contract for at least three months;

10.1 3. the guarantee is provided for the existing financial services referred to in Sub-paragraphs 9.1 and 9.3 of this Regulation if the funding provider defers payments of the principal amount for the performer of economic activity for up to three years and, if necessary, extends the term of operation of the financial services contract;

10.1 4. the maturity of the guarantee does not exceed six years for the financial services referred to in Sub-paragraphs 9.1 and 9.3 of this Regulation and three years for the financial services referred to in Sub-paragraph 9.2 of this Regulation;

10.1 5. the performer of economic activity is economically viable and the guarantee is necessary to mitigate the negative effects of the consequences of the spread of COVID-19 on its economic activity or financial standing;

10.1 6. there are no late payments for the financial services referred to in Paragraph 9 of this Regulation as on 31 December 2019.

[*17 December 2020; 18 June 2024*]

11. The guarantee rate for the financial service shall be up to 80 %.

[*6 March 2018*]

11.1 The rate of the guarantee granted in accordance with Paragraph 5.1 of this Regulation for the financial service shall be up to 50 %.

[*24 March 2020*]

12. A single guarantee premium from the amount of financial services covered by the guarantee shall be applied for issuing the guarantee, including extending of the maturity of the guarantee issued previously:

12.1. for financial services with the term up to two years – up to 0.8 %;

12.2. for financial services with the term above two years – 1.42 %.

[*20 April 2021; 18 June 2024*]

12.1 The rate of the guarantee premium granted in accordance with Paragraph 5.1 of this Regulation shall be 0.3 % per year from the amount of financial services covered by the guarantee.

[*24 March 2020*]

**III. Sectors, Activities, and Performers of Economic Activity not to Be Supported**

[*17 December 2020*]

13. Guarantees shall not be granted:

13.1. for re-financing of the financial service;

13.2. if insolvency proceedings have been declared for the performer of economic activity by a court judgment, legal protection proceedings are being implemented, extrajudicial legal protection proceedings are being implemented by a court decision, bankruptcy procedure has been initiated, remediation activities or friendly settlement is being applied, its economic activity has been terminated, or it meets the criteria specified in the laws and regulations on the basis of which the creditor may request insolvency proceedings;

13.3. to the performers of economic activity which are operating in the sectors specified in Article 1(1)(a), (b), (c), and (d) or the activities specified in Article 1(1)(e) and (f) of Commission Regulation No 2023/2831;

13.4. for real estate activities;

13.5. for financial and insurance activities;

13.6. [18 June 2024];

13.7. trade in weapons and ammunition (Class 47.78 of NACE Rev. 2 “Other retail sale of new goods in specialised stores”);

13.8. manufacture and sale of tobacco products (Division 12 “Manufacture of tobacco products”, Class 46.35 “Wholesale of tobacco products” and Class 47.26 “Retail sale of tobacco products in specialised stores” of NACE Rev. 2);

13.9. sale of alcohol (Class 46.34 “Wholesale of beverages” and Class 47.25 “Retail sale of beverages in specialised stores” of NACE Rev. 2);

13.10. gambling and betting activities (Division 92 “Gambling and betting activities” of NACE Rev. 2).

[*17 December 2020; 5 September 2023; 18 June 2024*]

13.1 In addition to the conditions of Paragraph 13 of this Regulation, the guarantee within the scope of Activity 1.2.3.4 shall not be granted:

13.1 1. in the sector specified in Article 7(1) of Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund;

13.1 2. for the acquisition of land if the amount exceeds 10 % of the guaranteed amount of financial service or in relation to derelict sites and for those formerly in industrial use which comprise buildings up to 15 % of the guaranteed amount of financial service in accordance with Article 64(1)(b) of Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (hereinafter – Regulation No 2021/1060);

13.1 3. for co-funding the projects of the European Union funds, including for pre-financing in accordance with Article 58(7) of Regulation No 2021/1060;

13.1 4. for activities which are considered as actually completed or fully implemented before the application for the receipt of funding under the aid programme is submitted in conformity with Article 63(6) of Regulation No 2021/1060;

13.1 5. for extinguishing current or new liabilities, including debt interest, in accordance with Article 64(1)(a) of Regulation No 2021/1060.

[*5 September 2023*]

14. If a performer of economic activity is operating in the sectors not to be aided and referred to in Sub-paragraph 13.3 of this Regulation, the *de minimis* aid may only be granted if the aid applicant ensures the operation of sectors or the separation of accounting so that the sectors excluded from the activity in accordance with Article 1(2) of Commission Regulation No 2023/2831 do not benefit from the *de minimis* aid which is granted in accordance with Commission Regulation No 2023/2831. If the performer of economic activity is concurrently operating in one or several sectors which are referred to in Sub-paragraphs 13.4, 13.5, 13.7, 13.8, 13.9, 13.10, and 13.1 1 of this Regulation, the *de minimis* aid may only be granted if it ensures the operation of such sectors or the separation of accounting.

[*18 June 2024*]

**IV. Introduction of the Portfolio Guarantee Programme**

15. The company Altum shall separate the funding referred to in Paragraph 5 of this Regulation as a separate guarantee fund from which guarantee compensations and management costs of the company Altum are absorbed.

16. The portfolio guarantee shall ensure loss-absorbency for newly-established loan portfolio which, in accordance with the conditions of this Regulation, has been created by the funding provider, without exceeding the guarantee cap amount:

16.1. the guarantee cap rate shall be up to 17.5 %;

16.2. the guarantee cap rate shall be determined in the contract with the funding provider according to the risk assessment of the loan portfolio of the funding provider;

16.3. the portfolio guarantee shall cover the outstanding principal amount of financial services.

[*18 June 2024*]

17. The company Altum shall select the funding providers in an open, transparent, non-discriminatory, and impartial selection procedure in accordance with Chapter V of this Regulation.

[*18 June 2024*]

18. Prior to entering into a contract with the funding provider, the company Altum shall submit the methodology developed by the company Altum regarding transfer of all financial advantages to the performers of economic activity for agreement upon at the Ministry of Economics and the Ministry of Finance, but in relation to Activity 1.2.3.4 – to the Central Finance and Contracting Agency. The methodology shall be justified with the policy for the determination of prices of funding providers and security.

[*18 June 2024*]

19. The company Altum and the funding provider shall provide for at least the following conditions in the contract:

19.1. the funding provider shall provide the financial service from its own resources;

19.2. the funding provider shall implement a consistent policy for the provision of financial services, ensuring the portfolio management and diversification of the portfolio risk according to the standards and practice of the sector, and also conform to the conditions of the credit policy regarding contractual violations or default in respect to loan of the performers of economic activity in relation to other loans in the bodies of the funding provider or the bodies of other funding providers;

19.3. the funding provider shall include financial services in the portfolio for two years from concluding the contract with the company Altum. The company Altum and the funding provider may agree on extension of such term but not exceeding two years;

19.4. the funding provider shall undertake to transfer any financial benefit to the performer of economic activity in the form of reduction of the interest rate or security coefficient;

19.5. the funding provider shall ensure the company Altum and the bodies which have the right to perform audits and inspections in the company Altum with the possibility of performing inspections in the body of the funding provider regarding the financial services provided within the scope of portfolio guarantees, including regarding transfer of any aid and financial benefits received to the performers of economic activity as the reduction of the interest rate or security coefficient;

19.6. the funding provider shall undertake to submit reports to the company Altum on the course of implementation of the programme, the recipients of aid, and the financial indicators not less than once a month;

19.7. the risk of the funding provider in each transaction shall be at least 20 %. The losses which have arisen if the performer of economic activity does not fulfil the liabilities for the financial service provided by the funding provider are distributed in proportion to the risk distribution between the company Altum and the funding provider. The ratio of the risk distribution of the guarantee shall be preserved during the repayment period of financial services and shall apply to the outstanding amount of the financial service.

[*18 June 2024*]

**IV.1 Introduction of the Portfolio Guarantee Programme of the Crisis Caused by COVID-19**

[*24 March 2020*]

19.1 The company Altum shall separate the funding referred to in Paragraph 5.1 of this Regulation as a separate guarantee fund from which guarantee compensations and management costs of the company Altum are covered.

[*24 March 2020*]

19.2 The portfolio guarantee of the crisis caused by COVID-19 shall cover the outstanding principal amount of financial services for a loan portfolio created by the funding provider, without exceeding the guarantee cap rate of 20 %.

[*18 June 2024*]

19.3 The company Altum shall organise application of funding providers for the funding referred to in Paragraph 5.1 of this Regulation in accordance with Chapter V.1 of this Regulation. Application shall be open, transparent, non-discriminatory, and impartial.

[*18 June 2024*]

19.4 The company Altum and the funding provider shall provide for at least the following conditions in the contract:

19.4 1. the funding provider shall provide the financial service from its own resources;

19.4 2. the funding provider shall implement a consistent policy for the provision of financial services, ensuring conformity of the financial management system with sound financial management standards and good practice of the sector;

19.4 3. the funding provider shall undertake to transfer any financial benefit to the performer of economic activity in the form of reduction of the rate of the financial service in the amount of at least 0.3 %;

19.4 4. the funding provider shall submit reports to the company Altum in accordance with the contract referred to in Paragraph 7 of this Regulation;

19.4 5. the losses which have arisen if the performer of economic activity does not fulfil the liabilities for the financial service provided by the funding provider are distributed in proportion to the risk distribution between the company Altum and the funding provider. The ratio of the risk distribution of the guarantee shall be preserved during the repayment period of financial services and shall apply to the outstanding amount of the financial service.

[*18 June 2024*]

**V. Selection of Funding Providers for the Introduction of Portfolio Guarantees**

[*18 June 2024*]

20. The company Altum shall inform the funding providers of selection, provide the information on the selection conditions, and determine the time limit for the submission of applications at least 20 working days from the day of publishing the information on the website of the company Altum.

[*18 June 2024*]

21. The selection conditions, including the application conditions and procedures, and the selection or rejection criteria shall be approved by the company Altum and published on its website. It shall be indicated in the selection conditions that the funding is available for at least four corresponding funding providers.

[*18 June 2024*]

22. The following shall be included in the application conditions:

22.1. the commitment of the funding provider to reduce the interest rate or security coefficient of the financial service, and a justification for the transfer of all financial benefit of the programme to the performers of economic activity shall be provided. These conditions shall remain unchanged during the period of issuing financial services;

22.2. the justification of the funding provider for the guarantee cap rate, taking into account the planned outstanding loss recovery rate which does not exceed 20 %, and also the planned amount and sectoral diversification of the loan portfolio.

[*17 December 2020; 18 June 2024*]

23. The funding available within the scope of selection shall be divided among the funding providers which have qualified in the selection according to the selection conditions.

[*18 June 2024*]

24. If less than four funding providers have qualified in selection or, during the term of operation of the contract, the company Altum or funding provider agree upon reduction of the contractual amount of the funding provider, the remaining available funding shall be divided among the other funding providers selected.

[*18 June 2024*]

25. The company Altum shall evaluate the funding providers on the basis of quantity and quality indicators, including indicators of financial stability, and also the information available to the public on the supervision measures taken by the supervisory authorities. A higher evaluation shall be determined for the funding providers which, according to the conditions published on the website of the company Altum, achieve at least the following indicators:

25.1. reduction in the interest rate of the financial service or reduction in the security coefficient in comparison with the current rate of the financial service or the security coefficient;

25.2. the funding provider pays the guarantee premium from its own resources instead of requesting that it is paid by the performer of economic activity;

25.3. the amount of the financial services guaranteed by the company Altum for the performers of economic activity during the previous three years.

[*18 June 2024*]

**V.1 Application of Funding Providers for the Introduction of Portfolio Guarantees of the Crisis Caused by COVID-19**

[*18 June 2024*]

25.1 The company Altum shall inform the funding providers of the possibility to apply for the funding, provide the information on the application conditions, and publish such information on the website of the company Altum. The funding provider shall submit the application within three working days after coming into force of this Regulation.

[*18 June 2024*]

25.2 The amount of the funding, the commitment of the funding provider to reduce the interest rate of the financial service in the amount of at least 0.3 %, the justification for the transfer of the financial benefit to the performers of economic activity, and also other conditions shall be indicated in the application conditions. The abovementioned conditions shall remain unchanged during the period of issuing financial services.

[*18 June 2024*]

**VI. Calculation of a Grant Equivalent and Matters of the State Aid**

26. When applying for aid, the performer of economic activity shall fill in a form in the *de minimis* aid system in accordance with the laws and regulations regarding the procedures for recording and granting the *de minimis* aid and the sample recording forms.

[*24 March 2020; 17 December 2020*]

27. When granting the *de minimis* aid, it shall be verified whether the planned *de minimis* aid together with the *de minimis* aid granted during the previous three years, counting from the day of granting the aid, at the level of a single undertaking does not exceed the maximum amount of the *de minimis* aid specified in Article 3(2) of Commission Regulation No 2023/2831. A single undertaking is an enterprise which conforms to the conditions of Article 2(2) of Commission Regulation No 2023/2831.

[*18 June 2024*]

27.1 The date of the concluded financial services contract or the date of making amendments thereto shall be considered as the date of granting the *de minimis* aid. In case of extending the term of the financial service and increasing the amount of the financial service, the funding provider shall re-assess and verify the conditions of the *de minimis* aid.

[*18 June 2024*]

28. In order to ensure that the condition referred to in Paragraph 27 of this Regulation is complied with in the case of merger, acquisition, or division of the performer of economic activity, the following conditions shall be taken into account in keeping records of aid:

28.1. if the performer of economic activity has been merged, all the *de minimis* aid granted previously to each performer of economic activity involved in the merger shall be taken into account;

28.2. if the performer of economic activity has been divided, the received *de minimis* aid shall be applied to the performer of economic activity which benefited from the received *de minimis* aid and which took over activities for which the *de minimis* aid initially was used, or, if the abovementioned applicability is not possible, the received *de minimis* aid shall be applied in proportion on the basis of the division of the equity balance sheet values of the performer of economic activity as at the actual date.

[*17 December 2020*]

29. The funding provider shall calculate the grant equivalent of the performer of economic activity in conformity with Article 4(6)(b) of Commission Regulation No 2023/2831.

[*18 June 2024*]

30. The company Altum shall ensure the storage of documents for 10 years from the day when the last aid in accordance with this Regulation was granted, in turn the funding provider and the performer of economic activity shall ensure the storage of documents for 10 years from the day when the aid was granted.

[*18 June 2024*]

31. Within the scope of this Regulation, aid may be cumulated with other *de minimis* aid for the same eligible costs if, after cumulation of aid, the relevant maximum aid intensity for the item of costs does not exceed 100 % of the value of the item of costs.

32. In conformity with the conditions referred to in Article 5 of Commission Regulation No 2023/2831, the *de minimis* aid granted within the scope of this Regulation may be cumulated with other *de minimis* aid up to the relevant threshold value specified in Article 3(2) of Commission Regulation No 2023/2831, and also may be cumulated with other State aid in relation to the same eligible costs or other State aid to the same risk funding activity if such cumulation does not result in exceeding the relevant maximum aid intensity or amount of aid which is specified in the State aid programme, aid project, or a decision of the European Commission. In such case, the performer of economic activity shall submit all information to the company Altum on the State aid planned and granted for the same eligible costs, indicating the date of granting the aid, the name of the provider of aid, the aid measure, and the planned or granted amount of the aid, and aid intensity.

[*18 June 2024*]

32.1 If the conditions of Commission Regulation No 2023/2831 are violated, the recipient of aid has the obligation to repay the unlawful *de minimis* aid received within the scope of the project to the company *Altum*, together with the interest using funds free of aid for commercial activity, in accordance with the conditions of Chapter IV or V of the Law on Control of Aid for Commercial Activity.

[*18 June 2024*]

32.2 Aid which has been granted in accordance with Paragraph 5.1 of this Regulation may not be cumulated with other aid provided according to the decisions of the European Commission on State aid measures which have been taken in accordance with sections 3.2 and 3.3 of Communication from the Commission of 19 March 2020, Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (C(2020)1863), and with aid granted within the scope of the aid programme to the enterprises affected by the COVID-19 crisis for ensuring the flow of current assets.

[*17 December 2020*]

33. Aid in accordance with this Regulation shall be provided until the end of the term of application specified in Article 7(3) and Article 8 of Commission Regulation No 2023/2831.

[*18 June 2024*]

34. Aid in accordance with Paragraph 5.1 of this Regulation shall be provided until 31 December 2021.

[*17 December 2020*]

35. The company Altum shall re-use the funding referred to in Paragraph 5 of this Regulation for the implementation of the programme.

[*20 April 2021*]

Acting for the Prime Minister – Minister for Finance Dana Reizniece-Ozola

Deputy Prime Minister, Minister for Economics Arvils Ašeradens

**Annex**

Cabinet Regulation No. 537

5 September 2017

[*5 September 2023*]

**Annual Rates of the Safe-harbour Premium**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Credit quality class | Standard and Poor’s rating | Fitch rating | Moody’s rating | Annual rate of the safe-harbour premium |
| Level of security1 |
| high | normal | low |
| 1. | Highest credit quality | AAA | AAA | Aaa | 0.4 % | 0.4 % | 0.4 % |
| 2. | Very strong solvency | AA +AAAA – | AA +AAAA – | Aa 1Aa 2Aa 3 | 0.4 % | 0.4 % | 0.4 % |
| 3. | Strong solvency | A +AA – | A +AA – | A 1A 2A 3 | 0.55 % | 0.55 % | 0.55 % |
| 4. | Adequate solvency | BBB +BBBBBB – | BBB +BBBBBB – | Baa 1Baa 2Baa 3 | 0.8 % | 0.8 % | 0.8 % |
| 5. | Solvency is vulnerable to adverse conditions | BB +BB | BB +BB | Ba 1Ba 2 | 2 % | 2 % | 2 % |
| 6. Solvency is likely to be impaired by adverse conditions | BB –B + | BB –B + | Ba 3B 1 | 3.8 % | 3.8 % | 3.8 % |
| BB – | BB – | B 2B 3 | 6.3 % | 6.3 % | 6.3 % |
| 7. | Solvency is dependent upon sustained favourable conditions | CCC +CCCCCC –CC | CCC +CCCCCC –CCC | Caa 1Caa 2Caa 3 | – | – | – |
| 8. | In or near default | SDD | DDDDDD | CaC | – | – | – |

Note. 1 High level of security – losses in case of default are 30 % or less. Normal level of security – losses in case of default are from 31 % to 59 %. Low level of security – losses in case of default are more than 60 %. The annual rate of the safe-harbour premium for newly-established performers of economic activity is 3.8 % but not less than the rate of the safe-harbour premium applied to the parent undertaking.