Republic of Latvia

Cabinet

Regulation No. 729

Adopted 12 December 2023

**Regulations Regarding Granting Funding to Qualified Authority for Bringing Class Actions**

*Issued pursuant to*

*Section 26.32 of the Consumer Rights Protection Law*

**I. General Provision**

1. The Regulation prescribes the conditions for granting funding to the qualified authorities referred to in Section 23.1 of the Consumer Rights Protection Law (hereinafter – the qualified authority) in relation to the preparation of consumer class actions, their progress in pre-trial proceedings, filing with the court and court proceedings, distribution of the amounts ordered, and also the procedures for monitoring the use of this funding.

**II. Conditions for Receiving Funding**

2. To receive funding for bringing a consumer class action, the qualified authority shall submit the application for granting funding to the Consumer Rights Protection Centre. The application shall specify the following:

2.1. information on the planned achievable objective and the list of potential measures to reach this objective;

2.2. a possible term for implementing the planned achievable objective;

2.3. required funding and possible expenditure items with costs.

3. The Consumer Rights Protection Centre shall evaluate the submitted applications for granting funding and take the decision to grant funding or refuse to grant funding considering the following criteria:

3.1. conformity of the qualified authority with the criteria referred to in Section 23.1, Paragraph one of the Consumer Rights Protection Law;

3.2. required funding;

3.3. justification, usefulness of, and public benefit from the planned class action;

3.4. resources of the qualified authority;

3.5. the amount of funds provided for this objective in the budget of the Consumer Rights Protection Centre.

4. If the Consumer Rights Protection Centre disagrees with the costs specified in any expenditure item when evaluating the application, it may ask the qualified authority to submit the justification for the specific expenditure item. If the qualified authority fails to submit the justification or the justification is insufficient, the Consumer Rights Protection Centre may ask the qualified authority to reduce this expenditure item.

5. If several applications are received or the required funding indicated in the application exceeds the funds provided for in the budget of the Consumer Rights Protection Centre, the Consumer Rights Protection Centre may, when taking the decision to grant funding, review the expenditure items for the planned measures together with the qualified authority.

6. The Consumer Rights Protection Centre shall notify the applicant of the decision to grant funding or refuse to grant funding in accordance with the procedures laid down in the Law on Notification.

7. The Consumer Rights Protection Centre shall, within 30 days after taking the decision to granting funding, conclude a contract with the qualified authority.

8. The Consumer Rights Protection Centre shall publish the contract on its website.

9. If the measures planned for bringing a class action or their costs have changed, the qualified authority has the right to submit an application for granting additional funding by justifying the relevant costs.

10. If the Consumer Rights Protection Centre establishes that the application is objectively justified when evaluating the application for granting additional funding, it may take the decision to grant additional funding.

11. After taking the decision to grant additional funding, the Consumer Rights Protection Centre and the qualified authority shall agree upon amendments to the contract if required.

**III. Supervision of Use of Funding**

12. The Consumer Rights Protection Centre shall be responsible for the supervision and control of the use of the granted funding.

13. At least once every six months as well as after completion of the specific stage for which the funding has been granted, the qualified authority shall submit a report to the Consumer Rights Protection Centre on the use of funding and performance of the contract referred to in Paragraph 7 of this Regulation.

14. The funding may be granted to the qualified authority in advance for the following stages – pre-trial stage or proceedings stage. The advance equal to 50 % of the total amount of the funding provided for the relevant stage shall be disbursed.

15. To receive the second part of the funding after the use of the advance, the qualified authority shall submit the report to the Consumer Rights Protection Centre on the use of the advance – the report referred to in Paragraph 13 of this Regulation or a separate report, if required.

16. The Consumer Rights Protection Centre shall evaluate the reports submitted by the qualified authority, the implemented measures, and the achieved outcomes. The Consumer Rights Protection Centre is entitled to request additional information or clarifications as well as to carry out inspections without prior notice.

17. If violations have been established, the Consumer Rights Protection Centre may request that the established violations are eliminated or take the decision on:

17.1. refunding the advance funding in full or in part;

17.2. reduction in the total funding in proportion to the extent of non-implemented measures.

18. If the Consumer Rights Protection Centre takes the decision referred to in Sub-paragraph 17.1 or 17.2 of this Regulation, it is entitled to terminate the contract referred to in Paragraph 7 of this Regulation before expiry of the contract.

19. If the objective indicated in the application referred to in Paragraph 2 of this Regulation is achieved without implementing all the measures specified in the application or if less funding than specified in the application is used for any measure, the Consumer Rights Protection Centre may, upon receipt of the report specified in Paragraph 13 of this Regulation, take the decision on:

19.1. refunding the advance funding in full or in part;

19.2. reduction in the total funding in proportion to the extent of non-implemented measures.

20. When deciding on the amount of the funding to be refunded or reduced, the Consumer Rights Protection Centre shall comply with the following principles:

20.1. if the qualified authority has failed to implement the measures, the Consumer Rights Protection Centre shall request the refunding of the advance funding;

20.2. if the qualified authority has partially implemented the measures, the Consumer Rights Protection Centre shall request the refunding of the advance funding in proportion to the non-implemented measures.

21. The qualified authority shall, after performance of the contract referred to in Paragraph 7 of this Regulation and within the period specified in the contract, submit to the Consumer Rights Protection Centre the summary of the implemented measures. The summary shall include:

21.1. information on the implemented measures and their implementer;

21.2. the amount of the planned and actually used funding;

21.3. other information considered relevant by the qualified authority.

Prime Minister E. Siliņa

Minister for Economics V. Valainis