The *Saeima*1 has adopted

and the President has proclaimed the following law:

**On the Representation of Latvia on the Board of Governors and Board of Directors of the European Stability Mechanism**

**Section 1. Scope of Application of this Law**

The Law shall prescribe the procedures for appointing representatives of Latvia to the Board of Governors (hereinafter – the Board of Governors) and Board of Directors of the European Stability Mechanism, as well as the extent of powers of such representatives.

**Section 2. Representatives of Latvia on the Board of Governors and Board of Directors**

(1) The Cabinet shall, pursuant to Article 5(1) of the Treaty Establishing the European Stability Mechanism (hereinafter – the Treaty), appoint the Minister for Finance as the Latvian representative to the Board of Governors.

(2) The Cabinet shall, pursuant to Article 5(1) of the Treaty, upon a proposal of the Minister for Finance, appoint an alternate Latvian representative to the Board of Governors.

(3) The Minister for Finance shall, pursuant to Article 6(1) of the Treaty, appoint a Latvian representative and his/her alternate to the Board of Directors.

**Section 3. Participation of the *Saeima* in Decision-Making**

(1) The Latvian representative on the Board of Governors and Board of Directors shall receive a prior consent of the *Saeima* to vote in the Board of Governors and Board of Directors when a decision is made on:

1) changes in authorised capital stock of the European Stability Mechanism pursuant to Article 10(1) of the Treaty;

2) changes to the maximum lending volume pursuant to Article 10(1) of the Treaty;

3) changes to financial assistance instruments pursuant to Article 19 of the Treaty.

(2) The Cabinet shall submit information on voting provided for in paragraph one of this Section to the Budget and Finance (Tax) Commission of the *Saeima* not later than 15 working days before the planned relevant meeting of the Board of Directors.

(3) The Budget and Finance (Tax) Commission of the *Saeima* shall submit for examination a draft decision on consent of the *Saeima* in compliance with procedures laid down in the Rules of Order of the *Saeima*.

**Section 4. Participation of the Budget and Finance (Tax) Commission of the *Saeima* in Decision-Making**

(1) The Latvian representative on the Board of Governors and Board of Directors shall receive a prior consent of the Budget and Finance (Tax) Commission of the *Saeima* to vote in the Board of Governors and Board of Directors when a decision is taken on:

1) the capital call pursuant to Article 9(1) of the Treaty;

2) whether to take into account a possible update of the key for the subscription of the European Central Bank’s capital, in accordance with Article 11(3), when such action leads to an increase in the volume of subscribed authorized capital stock of Latvia.

(2) The Cabinet shall submit information on voting provided for in Paragraph one of this Section to the Budget and Finance (Tax) Commission of the *Saeima* not later than five working days before the planned relevant meeting of the Board of Governors or Board of Directors.

(3) Consent of the Budget and Finance (Tax) Commission of the *Saeima* shall be considered to be received when the Budget and Finance (Tax) Commission of the *Saeima* has examined information and has not raised objections thereon within five working days after receipt of the relevant information.

**Section 5. Participation of the Cabinet in Decision-Making**

(1) The Latvian representative on the Board of Governors and Board of Directors shall receive a prior consent of the Cabinet to vote on the Board of Governors and Board of Directors when a decision is taken on:

1) the provision of financial assistance to a member state of the European Stability Mechanism pursuant to Article 13(2) of the Treaty;

2) the provision of stability support by the European Stability Mechanism, including the economic policy conditionality as stated in the memorandum of understanding referred to in Article 13(3) of the Treaty, and on the choice of instruments and the financial terms and conditions pursuant to Articles 12, 13, 14, 15, 16, 17, and 18 of the Treaty;

3) the changes to be implemented in Annex I to the Treaty pursuant to Article 11(6) thereof;

4) the cancellation of the emergency reserve fund established pursuant to Article 4(4) of the Treaty;

5) the establishment of other funds pursuant to Article 24 of the Treaty.

(2) To vote in support of decisions on other subjects, the Latvian representative on the Board of Governors and Board of Directors shall receive a prior consent of the Cabinet, unless the Cabinet has taken a decision that the Latvian representative in the Board of Governors and Board of Directors is entitled to take a decision on certain subjects independently.

**Section 6. Decision on Accelerated Payment of Share of Paid-in Capital**

The Cabinet shall be entitled to take a decision on the accelerated payment of its share of paid-in capital pursuant to Article 41(3) of the Treaty, when the Budget and Finance (Tax) Commission of the *Saeima*, within five working days from receipt of a reasoned request from the Cabinet on the accelerated payment of the share in paid-in capital, has examined such request and has not raised objections thereon.

**Section 7. Report of the Cabinet on Operation of the European Stability Mechanism**

Each year the Cabinet shall, not later than three months after the European Stability Mechanism has published its annual account pursuant to Article 27(2) of the Treaty, submit a report to the *Saeima* on the operation of the European Stability Mechanism in the previous year.

This Law shall come into force on the next day after the proclamation thereof.

This Law has been adopted by the *Saeima* on 30 January 2014.

Acting for the President,

The Chairperson of the *Saeima*, S. Āboltiņa

Riga, 6 February 2014