

# Crypto asset services in Latvia - what to know?

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Despite the existence of crypto asset services for a considerable period, they have not been subject to consistent regulation at the Latvian or European Union (EU) level until recently. In May 2023, the EU Council adopted a Regulation on crypto asset markets, thereby establishing a unified EU-level legal framework for this sector. On 30 June 2024, the Latvian Crypto asset Services Law came into force. The objective of the legislation is to facilitate the advancement of crypto assets and to establish a legal framework for the operation of the crypto assets market in Latvia.

## Who will be targeted by the new law?

The recently enacted legislation will apply to any individual or entity engaged in the issuance, public offering, or trading of crypto assets, or in the provision of services related to such assets, within the jurisdiction of Latvia.

The Bank of Latvia, as the competent supervisory authority, is empowered to determine the requirements that regulate the activities of subjects of the law and the procedure for their compliance. The Bank of Latvia will establish criteria according to which crypto asset service providers offering advice on crypto assets must ensure that natural persons providing information on crypto assets or crypto asset services, including advice on crypto assets, on their behalf possess the requisite knowledge and competence in the relevant field.

## Obligations and rights of the subjects of the law

All subjects of the law are obliged to inform the Bank of Latvia of any significant changes that may have an adverse impact on the future activities of the subject of the law or changes in the information previously submitted to the Bank of Latvia in order to obtain permission to issue, publicly offer or admit to trading a crypto asset or to provide crypto asset services.

Any individual intending to provide crypto asset services is required to submit an application for authorisation to the Bank of Latvia. The requisite fee for processing such an application is EUR 2,500. The aforementioned stipulations also

apply to individuals who intend to offer or admit to public trading a token linked to an asset.

## Responsibilities

In the event of non-compliance with the aforementioned legislation or adopted regulation, the Bank of Latvia may impose a range of sanctions and administrative measures. Such penalties may include warnings, financial penalties for both natural and legal persons, and the revocation of the permit in question. Furthermore, the Bank of Latvia may prohibit an individual from occupying a position on the management or supervisory board of another crypto asset service provider.

## The main benefits

The newly adopted regulation will serve to reduce any existing doubts and speculation regarding the legitimacy of the sector. The principal advantage is the establishment of a structured market characterised by transparent rules and regulations, thereby facilitating the operation of firms within an open and competitive financial market. The proactive adaptation of the regulation presents an opportunity to position Latvia as a favourable location for fintech and Web3 companies.