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Mr. Andris Ruselis
Chairman of the Money and Payment Systems Working Group
of the National Euro Changeover Steering Committee of Latvia,
Deputy Governor of the Bank of Latvia
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National SEPA Working Group Progress Report No.2

Dear Mr. Ruselis,

The National SEPA Working Group (NSWG) Progress Report No.2 comprises the tasks accomplished during the period 28 January–30 April 2009 and provides information on further tasks envisaged for implementing SEPA in Latvia.

According to the plan for the period since the establishment of the NSWG, on 26 January–23 February 2009 bilateral meetings with all members of the working group were held where amendments to the draft Version 1.0 of Latvia's National SEPA Plan were discussed and submitted.

On 20 March, the second NSWG meeting was held where the draft Version 1.0 of Latvia's National SEPA Plan and proposals of high level SEPA implementation measures for incorporation into Annex 1 "Action Plan for Introduction of the Single European Currency in Latvia" to Latvia's National Euro Changeover Plan (hereinafter, proposals of the high level SEPA implementation measures) as well as tasks to be performed in 2009 were discussed.

On 24 March 2009, the Cabinet of Ministers took note of the report on the euro changeover of the Ministry of Finance of the Republic of Latvia, which also comprised the proposal incorporated in the NSWG Progress Report No.1 on Measure No. 11 "SEPA implementation" and the first task: development of Latvia's National SEPA Plan by the end of 2009.

The Second EU National SEPA Coordination Committees' forum, organised by the European Commission, was held on 30 March 2009 where Latvia was represented by Sanita Bajāre, Euro Project Manager, and Dace Kalsone, Payment Systems Senior Analyst. The purpose of the forum is exchange of information on the progress of the SEPA Project in EU countries. In the second forum, the key issues discussed were the migration progress of SEPA credit transfers, particularly the related activities of the public administration institutions; the validity of the existing direct debit mandates in the new legal framework and provision of information to the parties involved in the SEPA Project. The European Commission had published a services document on the SEPA implementation process deadline (SEPA end-date); it was further discussed during the second forum.

On 16 March, 16 April, 27 April and 14 May, working meetings were held with Ltd "Prog". Following the public procurement tender results, Ltd "Prog" was selected the successful tenderer for developing the national SEPA website. It is planned to launch the website <http://www.sepalatvija.lv> in early summer. The contents of the website will be discussed with each member of the working group.

In parallel with the above activities where all NSWG members were involved directly or indirectly, a number of undertakings, organised by several working group representatives in relation to the SEPA Project in Latvia, were held, e.g.:

- on 6 February and 2 April, Meetings No. 10 and 11 of the SEPA Working Group of the Association of Latvian Commercial Banks (ALCB) were held;
- on 27 February, a meeting of the Small and Medium-Sized Enterprises and Crafts Consultative Committee was held at the Ministry of the Economy of the Republic of Latvia where the Bank of Latvia experts were invited to provide information on the progress of the development of Latvia's National SEPA Plan and the role of small and medium-sized enterprises in the SEPA implementation process in Latvia;
- on 24 March, the Bank of Latvia prepared and published on the website of *Latvijas Vēstnesis* a comprehensive informational explanation on the SEPA Project in Latvia, inter alia the SEPA Project background, SEPA payments and major developments in Latvia;
- on 26 March, a meeting of the representatives of the Bank of Latvia and the Ministry of Finance and the Treasury of the Republic of Latvia was held to discuss the role of the Treasury in the SEPA Project in Latvia, given its activities as a player both on the demand and supply side of the payment market;
- on 9 April, the Employers' Confederation of Latvia (ECL) organised a meeting for the large corporations on the SEPA project, and on 16 April an informational meeting of ECL and ALCB was held on the SEPA implementation issues. It is planned to incorporate the ECL meeting resolutions in the draft Version 1.0 of Latvia's National SEPA Plan.
- from 16 April until 14 May, a public administration institutions' survey, organised by the European Commission, was conducted, inviting the Bank of Latvia, Ministry of Finance of the Republic of Latvia, Treasury, State Social Insurance Agency and State Revenue Service as respondents. It should be noted that at this stage the Ministry of Finance, State Social Insurance Agency and State Revenue Service have not set the start and end-dates of the migration period of SEPA credit transfers yet as payments of the above institutions are executed via the Settlement Unit of the Treasury, and the Treasury has not set the above dates either. In its reply, the Bank of Latvia pointed out the "Concept for Transforming the Electronic Clearing System (EKS) into a SEPA Compliant System", approved by the Bank of Latvia Executive Board on 19 February 2009. The Bank of Latvia's EKS will become SEPA-compliant on 12 November 2010; from then on the Bank of Latvia will be able to receive SEPA credit transfers.

According to the decisions of the second NSWG meeting, until autumn associations, corporations and institutions will continue to update the draft Version 1.0 of Latvia's National SEPA Plan and proposals for the high level SEPA implementation measures, inter alia to set the timelines and appoint the persons responsible for starting and finishing the tasks. It is planned to submit the results to the Bank of Latvia by 2 October 2009. The Bank of Latvia representatives plan to incorporate the submitted comments into the final draft Version 1.0 of Latvia's National SEPA Plan and finalise the proposals for the high level SEPA implementation measures.

The next, i.e. the third meeting of the NSWG is scheduled for 10 November 2009 to discuss the draft Version 1.0 of Latvia's National SEPA Plan as well as the proposals for the high level SEPA implementation measures. When the final comments have been agreed within the

working group in writing, on 4 December 2009 the Bank of Latvia on behalf of the NSWG plans to submit the draft Version 1.0 of Latvia's National SEPA Plan and the proposals for the high level SEPA implementation measures to the Money and Payment Systems Working Group for their further submission to the Cabinet of Ministers under the Euro Implementation Project.

Yours sincerely,

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