



ADMISSION CRITERIA FOR MEMBERS AND ASSOCIATE MEMBERS

GENERAL TERMS

This document sets out the criteria for admission of members and associate members and the procedures to be followed in order to ensure that the Association is open to all companies in the financial sector that share common goals and values with the Association. The document is applicable to all new members and associate members wishing to join the Association.

The decision to admit an applicant as a member or associate member of the Association shall be taken by the Council of the Association upon the recommendation of the Board.

CRITERIA

Financial stability and transparency

Sufficient capital base and liquidity: the applicant must be able to demonstrate capital adequacy and stability of the financial situation for at least the next three years. Companies that are not subject to capital requirements set by the regulator need to demonstrate that they have positive and sufficient equity and will be able to meet their obligations for at least the next three years.

Transparency of financial statements: the annual reports containing an opinion of an independent auditor, if such an opinion has to be provided in accordance with the requirements of the law or the regulator, shall be prepared by the company in a timely manner and published in accordance with the requirements of the law. The opinion of the independent auditor shall be unqualified.

Effective internal control system: the company has established an effective internal control system, in particular for the prevention of money laundering and terrorist financing and compliance with the financial sanctions regime.

Good governance, good reputation and compliance with ethical standards

Good reputation: the applicant complies with the requirements of the supervisory authorities, has no tax debts, does not engage in and does not encourage illegal and unethical activities.

Operating in accordance with the highest standards of compliance: a code of ethics has been developed for the applicant and a mechanism is in place to allow whistleblowers to report non-compliances. The company builds fair and transparent relations with its customers, provides a good and safe working environment for its employees, and actively manages the risk of conflict of interest and corruption.

Responsible marketing and public communication: provision of truthful and objective information; fulfilment of promises made in advertising; compliance with general ethical principles; the implementation of fair commercial practices.

Reputation of officials and owners: persons have a good reputation, i.e., there is no material negative information about them, they have not been punished for financial crimes or other serious crimes, and no person is currently accused of committing a crime. A person's activity in the past is not attributable to the abuse of the business environment.

Involvement in industry initiatives: active participation in the development of the sector, e.g., in working groups, committees is considered a positive signal.

The specifics of the business model and risk profile

A clear and understandable business model: there shall be a clearly defined strategy of the company that does not contradict the goals and values of the Association.

Risk management capacity: the ability to identify, assess and manage the risks associated with the financial products and services offered, especially if they are innovative or operate in an area associated with increased risks to the consumer, and the business is responsible towards consumers.

Due diligence capacity: ability to conduct in-depth research (due diligence) on cooperation partners, clients and investment objects.

Compliance with the objectives and regulatory framework of the Association

Compliance with the articles of association and guidelines: the applicant must demonstrate readiness to comply with the articles of association and good practice guidelines of the Association, as well as to actively participate in the activities of the Association.

Cooperation potential: the ability to cooperate with other members, share good practices and contribute to the development of the industry.

APPLICATION AND EVALUATION PROCEDURE

Applicants wishing to become members or associate members shall submit an application stating information about their organisation, the applicant's motivation for joining the Association, indicating in particular what specific potential for cooperation will be provided to the Association, and the contact person, as well as confirmation of compliance with the Association's articles of association and criteria referred to in this document. Applicants fill out a self-assessment questionnaire in which they assess their compliance with the criteria. Applications are evaluated on the basis of the criteria set out in this document.

FINAL PROVISIONS

- This document shall enter into force on the date of its approval.
- Members and associate members of the Association shall adhere to these criteria in their daily work.
- In accordance with the Association's articles of association, the Council of the Association is entitled to decide on the exclusion of a member or associate member from the Association if it does not meet the criteria.

About Finance Latvia Association

Finance Latvia Association brings together 33 financial industry companies in Latvia with the aim of ensuring broad and unified representation of the financial, technology and related industries at national and international level.

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