EUROPEAN CENTRAL BANK

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OPINION OF THE EUROPEAN CENTRAL BANK

of 31 March 2026

on the composition of the Council of Latvijas Banka

(CON/2026/12)

Introduction and legal basis

On 11 March 2026, the European Central Bank (ECB) received a request from the Budget and Finance (Taxation) Committee of the Latvian Parliament for an opinion on a draft amendment (hereinafter the 'draft amendment') to the draft law amending the Law on Latvijas Banka[1] (hereinafter the 'draft law').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and Article 2(1), third indent, of Council Decision 98/415/EC[2], as the draft amendment relates to Latvijas Banka. In accordance with Article 17.5, first sentence, of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft amendment

1.1 The draft amendment proposes to reduce the number of members of the Council of Latvijas Banka (hereinafter the 'Council') from seven to six.

1.2 As noted in the consultation request accompanying the draft amendment, Latvijas Banka is already successfully operating with six Council members. For the purposes of improving efficiency and optimisation of the public sector, the number of Council members of institutions and State-owned enterprises, including Latvijas Banka, should be reviewed and reduced where possible. A Council composed of six members does not affect decision-making given that, as established by the Law on Latvijas Banka[3], in the event of a tie, the casting vote belongs to the chair of the meeting.

1.3 As noted in the consultation request, the ECB was previously consulted on the draft law and adopted an Opinion thereon on 8 January 2026[4]. As stated in the consultation request, the ECB should be reconsulted – according to the Guide to consultation of the European Central Bank by national authorities regarding draft legislative provisions – in relation to those amendments where, in exceptional cases, the draft legislation has undergone substantial changes of a non-technical nature as compared to the version on which the ECB was previously consulted[5]. The draft amendment is

1 Latvijas Bankas likums. Latvijas Vēstnesis, 193, 06.10.2021.

2 Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42, ELI: http://data.europa.eu/eli/dec/1998/415/oj).

3 See Article 15(8) of the Law on Latvijas Banka.

4 See Opinion CON/2026/1. All ECB opinions are published on EUR-Lex.

5 See Section 3.2.2 of the Guide to consultation of the European Central Bank by national authorities regarding draft legislative provisions (April 2025), available on the ECB's website at www.ecb.europa.eu.

indeed substantial in nature and, also considering it concerns Latvijas Banka, requires that the ECB be further consulted.

2. General observations

2.1 The ECB recalls that it has previously opined on the reduction of the number of Council members, from eight to six, in 2016[6].

2.2 The ECB notes that the Council is Latvijas Banka's sole decision-making body[7]. It thus takes decisions on behalf of Latvijas Banka which ensure the implementation of Latvijas Banka's tasks, including those related to the European System of Central Banks (ESCB) and the Single Supervisory Mechanism (SSM).

2.3 The draft amendment does not raise personal independence concerns regarding the tenure of office of the Council members in view of the fact that the post to be removed by the draft law is currently vacant[8].

2.4 The ECB understands that Latvijas Banka's stance is that that the current composition of the Council of six members, including the Governor and the two Deputy Governors, will be adequate and necessary for the successful performance of Latvijas Banka's functions. Those functions include ESCB and SSM-related tasks, as well as the new task attributed to it by the draft law designating Latvijas Banka as the resolution authority for insurance and reinsurance undertakings.

2.5 The ECB relies on Latvijas Banka's assessment that the proposed reduction in the number of Council members will have no impact on Latvijas Banka's ability to successfully perform all functions and tasks of Latvijas Banka, including ESCB and SSM-related tasks.

This opinion will be published on EUR-Lex.

Done at Frankfurt am Main, 31 March 2026.

[signed]

The President of the ECB

Christine LAGARDE

6 See paragraph 1.1 of Opinion CON/2016/47.

7 See Article 11 of the Law on Latvijas Banka.

8 See paragraph 2.1 of Opinion CON/2016/47.