[LV] Revealing Media Ownership May be Required

IRIS 2011-5:1/31

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The Latvian legislator is considering an amendment to the *Likums Par presi un citiem masu informācijas līdzekļiem* (Act on Press and Other Mass Media), which would require the revealing of the true media owners.

Currently, the Act does not impose any special requirements on printed or electronic media regarding the revealing of their owners. The legal owners of media, similar to owners of other companies, may be discovered at the Companies Register of the Republic of Latvia. However, the Companies Register contains information on the direct shareholders only. Thus, if the direct owner of a media company is a legal entity, another search must be made to find out who are the owners of this legal entity. If this legal entity is registered outside Latvia, this may be difficult or even impossible, as in the case of off-shore companies. Moreover, if the media company is registered in a form of a closed public limited liability company (*akciju sabiedrība*), Latvian law does not require the revealing of its shareholders to the public. This situation has been criticised by Latvian non-governmental organisations (e.g., the Latvian Union of Journalists) and media specialists as several Latvian media, both printed and electronic, are owned by legal entities registered outside Latvia, whose true beneficial owners are unknown. It has been claimed that it is in the public interest to know the true owners of media in order to assess their possible impact on the content and to ensure editorial independence.

These concerns have now been responded to by a legislative initiative to amend the law. On 17 March 2011 the Saeima (Parliament) adopted in the first reading an amendment to the Act on Press and Other Mass Media, which provides that, if the founder of a media company is a legal entity, this entity is obliged to inform the Companies Register about its founders (shareholders) and owners (true beneficiaries) up to the natural entities. The media company also has to inform about any changes concerning these true beneficiaries. The requirement would apply also to the already registered mass media by requiring them to report on this information by 1 July 2011. As explained in the annotation to the draft amendment, the aim is to make the media environment more transparent.

As the amendments have as yet been adopted only in the first reading, it is not clear whether they will be finally approved and in what reading. Already in the Saeima hearing that reviewed the amendment, several speakers indicated

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problems with the draft. It was pointed out that the draft amendment does not solve all the problems, as it is possible that a media company is a listed public limited liability company and in this case the revealing of all shareholders would be impossible. Also, the law will not be enforceable against media companies registered outside the Latvian jurisdiction whose broadcasts are transmitted to Latvia. It is possible that some of these issues might be addressed in the suggestions regarding the draft amendment during the preparation of it for the second reading.

Suggestions for the second reading of the draft must be submitted by 2 May 2011.

Grozījumi likumā "Par presi un citiem masu informācijas līdzekļiem"

http://titania.saeima.lv/LIVS10/SaeimaLIVS10.nsf/webAll?SearchView&Query=([Title]=*presi*)&SearchMax=0&SearchOrder=4

Proposal for an amendment to the Act on Press and Other Mass Media

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