



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

President

No. 145/P
Vientiane Capital, 21 January 2019

Decree of the President
of the
Lao people's Democratic Republic

on the Promulgation regarding to the Law on commercial bank (Amended version)

- Pursuant to the Constitution of the Lao People's Democratic Republic (2015 Amendment) Chapter VI, article 67, paragraph 1;
- Pursuant to Resolution of the National Assembly No. 110/NA, dated 07 December 2018 adopting the Law on commercial bank (Amended version);
- Following the Request of the Standing Committee of the National Assembly No. 02/SC dated 07 January 2019,

The President of the Lao People's Democratic Republic Decrees that:

Article 1: The Law on Commercial Bank (Amended Version) is hereby promulgated.

Article 2: This Decree is effective from its date of signature

President of the Lao PDR

Bounnhang Vorachith



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

National Assembly

No. 064/NA
Vientiane Capital, 07/11/17

Resolution of the National Assembly
of the
Lao People's Democratic Republic on the Approval
the Law on commercial bank (Amended version)

- Pursuant to the Constitution of the Lao People's Democratic Republic (2015 Amendment) Article 53 Point 1 and the Law on the National Assembly (2015 Amendment) Article 11 Point 1.

After extensive and in-depth discussion and consideration regarding the contents of the Law on Payment System during the 6th Ordinary Session of the Eighth Legislature on 7 December 2018 ,

The National Assembly's Session has resolved:

Article 1: To adopt the Law on commercial bank (Amended version) by majority votes.

Article 2: This Resolution is effective from its date of signature

President of the National Assembly

Pany Yathotou



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

National Assembly

No. / NA

Vientiane Capital, Date:

Law on Commercial Bank (amended version)

Part I

General Provisions

Article 1. Objective

This Law defines principles, regulations and measures on the establishment, operation supervision and inspection on commercial bank for it can operate in effective, stable and transparency aiming at ensuring commercial banks is able to grow and sound, modernize, safe and international integration, contributing to maintaining national financial-monetary stability and socio-economic development.

Article 2. Commercial Bank

Commercial bank is a financial institution which granted license to carry out banking business such as taking deposit, provide the loan, payment service, buy-sell foreign currency and other service under this Law.

Article 3. Definitions

The terms use in this Law shall have the following meanings:

1. **Significant shareholder** refers to a person that owns more than ten percent or more of the share which has voting rights in the bank;

2. **Manager** refers to member of Board of Director, member of the Committee of Director, Director General, Chief of division and head of the branch;
3. **Related Person** refers to a persons or legal entities which has any relationship with the commercial banks as:
 - (1) Significant shareholder, director include his/her spouse, son/daughter, parents, grandparents, brother /sister in law;
 - (2) Affiliate of the bank;
 - (3) Other legal entities which person in (1) of this article is a Director or significant shareholder.
4. **Supervisor of the Bank of the Lao PDR** refers to officer of the Bank of the Lao PDR, person or legal entity from the other which nominated or get legal attorney from the Bank of the Lao PDR to carry out the audit to commercial bank;
5. **Independent director** refer to member of the board director who are not officer of the bank and no relationship by family, employment or business interest with the shareholder and/or manager of that commercial bank.
6. **Branch** refers to a par of domestic or foreign commercial bank which no legal entity status from its head office who carry out banking business as assigned and compliance with this law;
7. **Affiliate** refers to a company that the commercial bank holds shares with voting rights over ten percent;
8. **Systematically important commercial bank** refers to commercial bank whose asset are huge, take part in large market share, has good relation with commercial bank and financial institution, **complicate** products which there is rare institution to replace it and other component as define by the Bank of the Lao PDR
9. **Controlling right** refers to the right in holding voting share or significant right that can influent in bank's management, policy defining on the legal entity **or any** operation of the bank.
10. **Concentrate risk** refers to risk in any concentrate investment of the bank including landing to a large customer, group customer or concentrate to any sector.
11. **Loan** refers to commercial bank provides the loan in the forms such as: general loan, Over Draft, advanced and other type of loan as decided by the Bank of the Lao PDR. ;

12. **Financial commitment** refers to a contract of commercial bank to its client in credit line, letter of credit, bank guarantee, payment certificate and other credit form as decided by the Bank of the Lao PDR.

Article 4. State Policy on Commercial Bank

The State promotes in establishment of commercial bank or participate doing banking business by providing information, data and other facility to support banking sector development to grow steadily, modern and ensure regional and international integration.

The state promotes the commercial banks to invest in providing loan on production, business in which the creation job for being able to generate income of people, to initial industrialization and modernization, and social economic development.

Article 5. (New) Principles for the Operations and supervision on Commercial Banks

The operations and supervision on commercial banks shall comply with the following principles:

1. Comply with policy, strategy, law and social economic plan;
2. Centralize and uniformly supervision;
3. Safe and sound of the commercial bank and National finance-monetary system;
4. Perform business as licensed from Bank of the Lao PDR;
5. Independent in doing business and legally equality;
6. Provide services with ethics, transparency and fairness to ensure legitimate rights and benefits of consumers.

Article 6. (Amended) Scope of Application

This Law applies to commercial banks, affiliates branches of foreign commercial banks, and representative offices of domestic or foreign commercial bank, bank supervision authority which include person, legal entity and organization concerned.

Article 7 (amended) international cooperation

The State promotes cooperation with foreign country, regional and international in regarding to banking business activities in many forms such as the exchange of experience, information, technology, capacity building for human resource in order to strengthen banking system of Lao PDR

to grow strongly and ensure regional and international integration as compliance with the international treaties and agreements to which the Lao PDR is bound.

Part II

Licensing of Commercial bank and Structure

Chapter 1.

Licensing of Commercial Bank

Article 8 (amended) Licensing of commercial Bank Business

Person and legal entity who has purpose to establish a commercial bank shall submit a correct and complete application to the one stop service office in central as defined in the Law on investment promotion upon sending it to the Bank of the Lao PDR.

The application file includes:

1. Constituent request letter follow with BoL's format;
2. Business plan with BoL's format;
3. Appointing committee letter in case given other person to process licensing applicant and shall have attorney letter;
4. Joint venture contract or Bank establishing contract;
5. Certificate of financial origin of Paid up Capital or Investment funds;
6. authorization of the applicant permitting the Bank of the Lao PDR to carry out financial, criminal and professional background checks on the applicant, its directors and chief executive officer and affiliated persons
7. charter/internal regulation (follow with BoL's format)
8. the resolution of shareholder's meeting to acceptant criteria No 2,3,4 and 7 of this article and the appointment Board of Director and Director;
9. the resolution of shareholder's meeting, Board of Director or a person has right to apply for Bank Branch or Bank affiliate of the commercial bank;
10. list of shareholder and percentage of shareholding;
11. operating manual on accounting, risk management, internal audit, personnel management,

- product management, anti-money laundering and counter terrorist financing and so on;
12. financial statement of the shareholder which audited by external audit last three consecutive years;
 13. an authorization from the bank regulator of the country to allow it to establish a bank in Lao PDR referring to that country's law (for foreign legal entity)
 14. CV, the qualification and experience of the Directors and internal auditor as follow with BoL's format;

Application for bank license shall pay the license fee according to the regulation the Bank of the Lao PDR

Article 9 (Amended) approval/consideration of the applicant

Upon the receipt of application for license if all the licensing requirements mention in the article 8 under this Law are met, The Bank of the Lao PDR shall notify to the applicant in writing of its decision whether to issue or refuse a license through one stop service office in central within sixty days from date of the receipt of a complete application.

The bank of the Lao PDR shall reply the application for license if all the licensing requirements under this Law are met, the requirements are:

1. Fair study, business plan with complete, reasonable and can follow;
2. Adequacy paid up capital, clear and legitimate;
3. Clear and true of shareholding ratio of shareholder;
4. Director never be sentence in bankruptcy person or never been sentenced in bankruptcy company and never been removed from being Director in any legal entity;
5. Executive Officer and shareholder have good background, never been sentenced in conviction of for theft, fraud, embezzlement, forgery, corruption and money-laundering, financing terrorism, human trafficking, conviction of drug or other concerning to finance and monetary.
6. Executive officer and major shareholder have good Qualified and experienced in finance and banking business performance;
7. Detail information of related party of the shareholder and all manager with correct and real;

8. charter of the bank is Clear, compliable and in accordance with law and regulation of BoL;
9. Operation, audit and internal control manual which compliant with law.

In case the applicant cannot provides sufficient and correct information on time, the Bank of the Lao PDR shall notify the applicant in writing to refuse a license.

Article 10 (amended) Granting Banking Business License

Upon receiving the approval letter from the bank of the Lao PDR and letter from investment promotion committee in central level, the applicant shall comply additional condition within 180 days such as:

1. Pay paid up capital or investment fund at the Bank of the Lao PDR;
2. Compose sufficient qualified staffs;
3. Fill office with equipment to ensure the proper operation;
4. Operating system to support for banking operation.

In case the application for commercial may not comply any additional condition with reason, the bank the Lao PDR may extend the period of time up to 90 days but not exit 2 times.

The Bank of the Lao PDR may grant commercial business license when the applicant strictly and completely complies with additional condition as defined in above paragraph.

After granted commercial bank business license, the bank of the Lao PDR shall notify to concerned authority to register the enterprise and the new commercial bank shall operate its business within 90 days since the date of business registered.

Article 11(amended) scope of using commercial Banking business license

Commercial bank shall operate its business within the permitted activities and display the license conspicuously in each of its places of business particularly for customer can easily see it.

A license shall be granted for as long as its business operation which cannot be assigned, transferred or given to other person to use it.

Article 12 minimum Paid up Capital or Investment Capital

A commercial bank establish under this law shall have the minimum paid up Capital five billion kips. A foreign commercial bank branch set up in Lao shall have minimum investment capital three billion kips for branch.

Paid up Capital investment funds can be composed with cash and asset/material, for asset can be a component but not exit than 10 of total Paid up Capital or Investment Funds. The material capital shall be evaluated from the asset Evaluation Company in which choosing such company is approved from the Bank of the Lao PDR.

Material capital composed with immoveable and/or moveable to use in banking business operation in which immovable asset shall be only locate in the Lao PDR.

The minimum Paid up Capital or Investment Funds in each period can be changed as approved by Government but shall not less than the amount stipulated in this article.

~~For capital injection of the registered and investment capital of the commercial bank who is establish before this law shall increase its registered or investment capital within five years since this law is come to force.~~

Article 13 (amended) investing and shareholding in commercial bank

The investment in commercial bank include:

1. Joint venture with domestic and foreign investor;
2. Joint venture with State enterprise and private company;
3. Joint venture between Public and Private;
4. Private own Investment.

Commercial bank can be established in the form of limited or public company. In case of sole limited can be allowed in the form of affiliate of the foreign bank only.

Person and entity can be shareholder in the commercial bank as shareholding ratio regulation set up by the Bank of the Lao PDR.

Shareholding in any commercial bank shall not cause market monopoly sense or cause unfair market competition in the banking sector, except to hold the share for strengthen to the weak or nearly to crises commercial bank as allowed by the bank of the Lao PDR.

Article 14 charter

Charter of commercial bank shall be approved from meeting of shareholder which composed:

1. Its corporate name and address;
2. Its purpose;
3. The amount of Paid up capital;

4. Type of share, amount of share and voting right
5. Name, address and nationality of shareholder;
6. Its management/governance structure
7. Meeting and voting method;
8. Dividend distribution;
9. Dispute settlement method;
10. Liquidation method;
11. Other content as set up by the bank of the Lao PDR.

Article 15 (amended) keep and disclose information of business application license

The bank of the Lao PDR shall store all information on application for banking business and shall disclose to the public within ten days since granting banking business license, as following:

1. Its name, head quarter and branch;
2. Paid up Capital, Investment Fund;
3. Serial Number and date of commercial banking license;
4. Its permitted activity;
5. Shareholder, manager;
6. Other information as deemed by the bank of the Lao PDR.

In case any change in the information of the bank, the Bank of the Lao PDR shall immediately disclose.

Article 16 (new) application Banking business license of foreign bank branch

Application Banking business license of foreign bank branch may follow the step as application of commercial banking business as stipulate in this law.

Document on application banking business license of foreign bank branch may have the same as stipulate in article 8 of this law, except no 4, 8 and 10.

In addition, the document mentioned in the above paragraph, there shall have the resolution of the Board member, shareholder's meeting or who has authority of the applicant to approve the information as mentioned in article 8 no 1, 2, 3 and 8, first branch managing team nominating letter and shall have the promised letter of the head office in financial duty compliant on behalf of its branch in Lao PDR.

Article 17 (new) establishment representative office of foreign bank

The establishment of representative office of foreign bank may follow with the law on promotion of investment.

Chapter 2

The organization structure of the commercial bank

Article 18 (amended) Organisational structure of commercial bank

The organizational structure of a bank includes:

1. Shareholders' meeting;
2. Board of directors;
3. Committee of the Board of Directors;
4. Directors.

Article 19 (amended) shareholders' meeting

The shareholders' meeting is the highest organization of the commercial bank. There are two kind of shareholders' meeting – ordinary and extraordinary meeting.

The ordinary meeting is held at least once a year, in which the meeting shall be held within four month after the end of accounting year. The extraordinary meeting may be held at any time as deemed necessary and proposed by shareholders which hold the share one third of all share or as stipulated by the charter of the bank.

The notification of the meeting, presidium agenda, voting system, resolution, the protection right and interest of minor shareholder and abolish of resolution of the meeting shall follow with the law on enterprise law.

In the case the commercial bank is in a weak financial situation, cannot solve the situation as recommendation of the supervisor from the bank of the Lao PDR or the shareholder does not use the right and duty, the bank of the Lao PDR may held shareholders' meeting and such meeting and the meeting may elect the chair to proceed the meeting.

For the sole limited Bank may take resolution of the shareholders' meeting or Board of director of the shareholding of foreign bank as resolution of shareholders' meeting.

Commented [LL1]: This is not common practice. Ordinary meetings should be held at least 12 times per year.

Article 20 (amended) right and duty of shareholders' meeting

The shareholders' meeting has rights and duties as:

1. To accept the charter of the bank, including its modification on the proposal of the Board of Director;
2. To elect or remove the chairperson, vice chair and member of Board of Director;
3. To approve allowance for the meeting for the Board of director, salary, bonus and other policy for the manager;
4. To approve the annual report, business plan and annual audit report as proposed by the Board of Director;
5. To approve the increase or reduce the asset, merge, acquire - sale significant asset or dissolution of the bank as proposed by Board of Directors;
6. To approve the distribution of dividend, establishment of funds as proposed by the Board of Director.
7. To exercise other rights and duties as provided under the law.

Article 21 (Amended) Board of Directors

The Board of Directors of the Bank shall have more than five members as consent from the Bank of the Lao PDR in which should have one Independent Director.

Board of Director includes chairperson, deputy chair and certain members all of them are elected or removed by shareholder's meeting. Member of The Board of Director is not more than three years term and can be reelected not more than three consecutive term.

The Board of Director shall have meeting at least every three months. The conducting of the Board of Director shall follow the charter of the bank, Laws and other regulation concerned.

Article 22 (Amended) requirement for the member of Board of director

The Member of the Board of director shall meet the requirement such as:

1. Shall be reach the maturity and have the legal capacity;
2. Have knowledge and experience in management, finance - banking or legal;
3. Not having been subject to criminal charge for theft, fraud, embezzlement, forgery, corruption and money-laundering
4. Shall not be removed from the manager of the any legal entity, sentenced as bankrupted person and never been as manager of any bankrupted legal entity;

5. If the person used to be bank supervisor of the Bank of the Lao PDR, he shall be ceased from office at least one year before taking position as a member of the Board of Directors.

Article 23 (amended) Right and Duty of the Board of Director

The Board of Director has following rights and duties:

1. To expand and implement the resolution of shareholder's meeting;
2. Define and draft strategy, policy, management, risk management, auditing and other policy in business performance;
3. Adopt the regulation and manual as proposal from committee of the Board of Director;
4. Responsible for bank's performance as stipulate in Law and regulation concerned;
5. Receive official information which fit to credit situation, significant risk, debt and asset classification, provisioning and devaluation of asset and risk occur from asset which would cause to the bank in each period;
6. Explain, answer the question and report the performance of the bank to the shareholder's meeting;
7. Propose the division of profit into funds and dividend to the shareholder's meeting;
8. Propose business performance plan to shareholder's meeting to approve it;
9. Appoint the committee of the Board of Director;
10. Appoint or remove the Director;
11. Approve the appointment of vice directors as propose by Director;
12. To report the performance of the bank to the shareholder's meeting;
13. Perform other right and duty under this law.

Article 24 (New) Obligation of member of Board of Director

Member of Board of Director

1. Determine the issue of the bank independence and ethically;
2. Dept understand the assigned work, the risk related to the work as well as law and regulation concerned and international good practice;
3. Upgrade the skill in domestice and abroad which relation ot its task at least twice a year;

4. Participate in the Board director's meeting and work intentionally;
5. Give the actively recommend in the Board of director's meeting and the member of Board of director;
6. Report to the Board of Director immediately in case self-conflict interest in the bank;
7. Answer the queries from the Bank of the Lao PDR by on its working in the bank;
8. To meet follow the invitation, to cooperate and compliant with the regulation of the Bank of the Lao PDR;
9. Compliant with other obligation as stipulate in the charter of the Bank.

Article 25 (amended) Board of Directors' committee

Board of directors' committee composes with:

1. Management committee;
2. Risk management committee;
3. Audit committee
4. Other committee as consensus from Board of Director.

Each committee has three member of the Board of Directors who has suitable qualification and experience in which committee chairperson and committee. One Board member may hold a membership in several committee, but shall be a chairperson of only in one committee. Chairperson of the audit committee shall be independent ~~Board member~~. Board of Director may appoint independent person which is not Board member to the each committee.

The committee of the Board Director performs its task through meeting system which held at least every two months as call by the chair of committee or chair of the Board of director in case necessary.

The committee of Board of Director may have its assisting corps and shall have its manual which shall be updated at least once a year.

Article 26 (Ameded) right and duty of the management committee

The management committee has right and duty as:

1. Prepare to draft and amend policy in personnel management, code of conduct, rule and method to select the manager, pension for manager and report to Board of Director to aprove it;

2. Direct to draft and amend the manual before report to Board of Director for approval as well as to monitor and audit before report to Board of Director in implementing the manual;
3. Define the requirement for management officer;
4. Select target person, request to nominate or remove the Director, internal auditor to Board of Director to consider on accordance with the criteria and requirement;
5. Ascertain the vice director nomination, head of section, head of branch as request from the Director to report to Board of Director's approval;
6. Prepare and set up annual performance plan for Board of Director before report to Board of Director to approve as well as to follow the implementation of the plan;
7. Set the condition and plan to evaluate the performance of Board of Director and manager;
8. Propose to the Board of Director to measure on manager who violate its task;
9. Propose to the Board of Director to remove the manager who fail the requirement or being not suitable to hold such position;
10. Summarise and report on the its annual performance;
11. Report its implementation to the Board of Director;
12. Compliant other right and duties as stipulate in the law and regulation.

Article 27 (amended) right and duty of Risk management committee

The rights and duties of the risk management committee as :

1. Prepare to draft and amend policy on risk management of the bank for propose to the Board of Director's approval;
2. Direct to draft and amend the manual than report to Board of Director to approve as well as to follow the implementation of the manual;
3. Set up the requirement for risk management officers;
4. Give recommendation as suggestion of the Board of Director or have to be solved;
5. Summarise and report on the its annual performance;
6. Report its implementation to the Board of Director;
7. Compliant other right and duties as stipulate in the law and regulation.

Article 28 (amended) right and duty of audit committee

Right and duties of audit committee as follow:

1. Prepare to draft and amend the policy on financial and audit report, internal control, accounting, information which include auditing to the bank before reporting to the Board of director to approve;
2. Direct to draft and amend the manual than report to Board of Director to approve as well as to follow, check and report to the Board of Director on the implementation of the manual;
3. Audit and inspect the performance of the bank including implementing of the business plan , resolution of the Board of Director's meeting to appropriat with the manual and charter of the bank and the law;
4. Set up the requirement for audit officers;
5. Determine on hiring or dishirring contract on audit as well as to define the target of audit as approve from the Board of Director;
6. Evaluate, assess the quality of audit company, independance and cooperation of audit company by assessing audit company and bank in general;
7. Request quaterly and annual report which audited, internal and external audit report with manager concerned, internal auditer and audit company, to check and consult on the related issues;
8. Give guideline on law on audit;
9. Check and evaluate the progress of the unsolved issue as indicate in the audited report;
10. Consult with lawyer, accountance and other as consensed by the Board of Director;
11. Give the opinion to the Board of Director or manager on the request;
12. Summerise and report on the its annual performance;
13. Report its implementation to the Board of Director;
14. Compliant other rights and duties as stipulate in the law and regulation.

Article 29 (amended) committee of Director

Committee of Director may compose with director and vice director.

Director is responsible for managing daily work in its mandate as stipulate in this law, charter and as assigned by the Board of director.

The director is appointed and removed by the Board of Director for not more than three years office term and can be reappointed consecutive but not more than three terms.

Director may be member of Board of Director but shall be not chairperson or vice chairperson or chairperson in any committee of the Board of Director.

Vice director is responsible for assisting in dialing with the daily work of the bank as assigned by the Director including be **acting** director in case Director is busy or cannot be in office.

Article 30 (amended) right and duty of Director

Director has following rights and duties:

1. Be representative of the bank to sign contract and official document;
2. Administrate daily work of the bank;
3. Define or amend annual business plan and report to Board of director before report to the shareholder's meeting for approval;
4. Appoint or remove vice Director on the approval of the Board of Director;
5. Appoint or remove head of section or head of branch;
6. Allocate officer of the bank under its mandate or under sugestion of the committee of Board of Director;
7. Provide information and statement/explanation to the issue/problem which Board of Directr interested in/need to know;
8. Draft or amende regulation on management and report to Board of Director to approve;
9. Be responsible for the all performance of the bank before Board of director;
10. Proposal to expane the Branch, affiliate or invest in other business/company to Board of Director to approve;
11. Agree on the salary of the staff , reward or measure to staff who abuse charter of the bank;
12. Cooperate, provide information and explan to the audit company and to the Bank of the Lao PDR;
13. Give the statement and provide neccessary information as request by Board of Director and committees of the Board of Director;
14. Report on the performance of the bank to Board of Director and the committees of the Board of Director;

15. comply the other rights and duties as stipulate in Law.

Article 31 (New) approval of appointment or removal of Manager

The appointment or removal the manager of the bank shall be approved from the Bank of the Lao PDR.

Article 32 organisation of the foreign bank branch

The organisation of the foreign bank branch may compose with head of Branch, vice head, head of section , internal auditor and some staffs.

The appointment or remove of the head of branch, vice head of the foreign bank branch shall be approved from the Bank of the Lao PDR.

Part III

Banking business and business extention

Section 1.

Banking business

Article 33 (Amended) banking business

Baning business includes:

1. deposit taking
2. providing credits
3. payment service
4. buying and selling foreign exchange.

Furthermore, the bank could be representativie to the financial service, provide consultant for finance and investment, custody for pricious material and other service as approved by the Bank of the Lao PDR.

Article 34(New) deposit taking

Deposit taking is to open deposit account in the bank of the person, entity and organisation which consist of current account, savining, term account and other that interest or without interest.

In addition, Bank can borrow from or issue the share in domestic and abroad under this law to collect fund to the performance of the bank.

Article 35 (New) Providing Credit

Providing the credit is provide the loan, other financial commitment or other similar product as approved by the Bank of the Lao PDR which bank allows prson, entity and organisation to borrow from for their purpose that client shall pay back the capital, interest and fee to the bank as agree in the contract.

Article 36 (New) provide Payment service

Provide payment service is a payment service for goods, service and other debt as order of the customer through system and any payment instrument as situpulate in the laq on payment.

Article 37 (New) Buying-selling foreign exchange

Buying-selling foreign exchange is the exchange from one currency to other one as situpulate in the foreign exchange management law.

Commercial bank may operate foreign exchange business by themselves or assign other person, entity or any foreign exchange business unit to perform as approved by the Bank of the Lao PDR. The bank shall have the responsibility to the agent who operates foreign exchange business activity.

The Bank of the Lao PDR determines the regulation on supervising the foreign exchange unit as assign to be agent.

Article 38 (New) financial representative

Financial representative is a broker in transaction between customer and financial market including representative in finding fund.

Article 39(New) finacial and investment consultancy

Financial and investment consultancy is to provide the consultant of the bank on financial analysis and provide suggestion in investment.

Article 40 (New) provide custody/safeguarding valued material

Provide the custody is to provide the safety store service to safeguard valuable document and valuable material in the safety zone of the bank as stipulate in concerned law.

Article 41 (amended) time of service

The bank shall notify the service time to their customers and the bank shall not stop operation within time. If the bank wish to take a stop/holiday, shall inform to their customers in advance at least three official days.

The bank wishes to stop the service which not in the public holiday or other public holiday as assign by the government, shall request to the Bank of the Lao PDR in written to approve at least 5 days before taking such stop.

In case the stop for service is the same day of due in contract which bank and its customer shall have to follow, such due may apply in the following service day of the bank.

Article 42 (New) official Language/Language use officially

All performance documents of the bank shall be in Lao Language. For the document set up in the head office or foreign shareholder in foreign language shall be translated into Lao language.

Chapter 2

Business expansion

Article 43 (Amended) Business extension

Commercial bank may extend its business by expanding branch, service unit, representative office, invest in financial institution or other legal entity which is not financial institution as approved from the Bank of the Lao PDR. For setting up service unit shall report to the Bank of the Lao PDR.

Requirement for business extension

1. sufficiency extension fund
2. business management scheme and effective internal account auditing;
3. effective information sharing system for supervision purpose;
4. good compliant with prudential regulation as issued by the Bank of the Lao PDR.

The bank of the Lao PDR sets up regulation on establishment of branch, service unit and representative office of the commercial bank.

Article 44 (New) Investment in financial business

Any bank may invest in setting up or taking share in any cooperate who deals financial business which is not banking business such as:

1. security;
2. insurrance;
3. leasing;
4. other business as approved by the bank of the Lao PDR.

Article 45 (amended) investment in legal entity that is not financial institution

The sound financial position bank may hold the share, not more than 10 percent of the paid up capital and not more than 20 percent of all vote share in that entity, in the legal entity that is not financial institution in both domestic and abroad in which their position and performance is effective.

Total shareholding in the legal entity that is not financial institution shall not be more than fifty percent of the paid up capital of the bank as stipulate in the regulation of the bank of the Lao PDR.

Part IV

Prudential, Major transfere, consolidate and sale-aquicision significant assets of the bank

Chapter 1

Prudential requirement

Article 46 (New) General prudential requirements

Bank and foreign bank branch shall compliant with general prudential requirement as:

1. operation business follow with good management and accounting system as requirement stipulate in this law and regulation of the Bank of the Lao PDR;
2. keeping fund sufficiency, guarrantee of liquidity and asset management on continual manner and share the risk;
3. having good regulation, machanism and manual/step for each type of risk managment.

The bank of the Lao PDR sets up the prudential requirement of the bank and foreign bank branch.

Furthermore, bank may compliant with good practice on prudential requirement as consense from the bank of the Lao PDR.

Article 47 (Amended) Internal control system

The bank shall have system and rule to internal control/intenal management. The main of such rule shall cover the structure of the organisation and management mechanism including roles, rights and duties, control, assessment and reporting of manager, unit and staff of the bank.

The bank shall submit to the bank of the Lao PDR a dully of certified copy of charter, a list of its official who are currently authorised to sign document of the bank together with their speciment signature to the Bank of the Lao PDR. When the amendment are made to these documents, the amend document shall be submit the Bank of the Lao PDR within 5 official days.

The commercial Bank shall allocate sufficient internal control officer who has appropriate qualified and experianced as well as train these officer regularly.

Article 48 (New) Capital Adequacy Management

Commercial bank shall maintain Capital Adequacy as defined in the regulation of the Bank of the Lao PDR.

The Bank of th Lao PDR defines Capital Adequacy Ratio, its component and Capital Adequacy Calculation regulation for commercial bank to compliant. The Bank of the Lao PDR may define additional Capital Adequacy Ratio to any commercial bank when found that bank is systematic important or at the hight risk which would lead to unsound situation/circomstance.

Article 49 (New) Risk management

The commercial bank shall have regulaion, mechanism and detail risk management process which include effectiveness surveillance system of the manager for purpose achievement as:

1. define, measure, evaluate, follow/pursue, report and control or reduce all significant risk on time such as: credit risk, market risk, operational;
2. evaluate the capital adequacy and liquidity of the commercial bank.

Process of the risk management includes to plan the draft and review to ensure the crisis management by considering the real situation of the bank. This process shall be appropriate with the risk condition and level of the role/significant of the bank in banking system.

The Bank of the Lao PDR who defines regulation on the type of risk management of the commercial bank.

Article 50 (New) asset management

The commercial bank shall have appropriate regulation, mechanism and step on asset management and sufficient provisioning.

~~The Bank of the Lao PDR who defines regulation on asset management which include asset classification and provisioning to ensure the asset lost of the commercial bank.~~

Article 51 (Amended) combating the abuse of banking service

The commercial bank shall have appropriate regulation, mechanism and step on combating the abuse of using bank channel to commit crime which include compliant with regulation and Law on anti-money laundering and counter terrorism.

Article 52 (New) outsourcing manager

Outsourcing of manager to provide the service to clients or or to manage the internal control to the commercial bank shall be approved from the Bank of the Lao PDR.

The commercial bank shall have regulation, mechanism and step on evaluation of management and assess the outsource manager such as check his/her CV, determine type of contract and each responsibility.

Article 53 (Amended) transaction with related party or Bank employees

To deal transaction with related parties or Bank employees may practice as with general customer who is not related party by avoiding to provide priority or may have appropriate collateral which suitable with the regulation of the Bank of the Lao PDR.

The commercial bank shall report its transaction with related parties or bank officers to the Bank of the Lao PDR.

Article 54 (New) disaster response plan

Systemically Important Commercial Banks shall develop disaster response plan as regulation of the Bank of the Lao PDR and shall review such plan annually or suppose that any circumstance as: financial, economic, natural disaster and the failure of internal control or other condition which be the cause to general significant consequent to the commercial bank system.

Article 55 (Amended) responsibility of managers and employees of the Bank

The manager and employee of the bank shall have high responsibility duty and ethic to the bank that they serve but prioritising to interest of customer and to the bank than their own interest.

Commercial bank shall assess and use appropriate measure on manager or employee that cause damage to the bank or to its customer.

Article 56 (Amended) disclosure of interest

Manager of the bank shall disclose to the Board of Director on his activities or activities of his related persons to the bank on detail.

A manager who has a material interest or material relation with the matter that will be taken into consideration he shall leave such meeting.

When a manager fails to disclose a material conflict of interest in accordance with this article, the bank or a bank shareholder has the right to bring the case to the court to cancel the contract. In addition the Bank of the Lao PDR may suspend the manager from the office and remove that manager from the office after the court delivered the decision.

Article 57 (Amended) consumer protection

Commercial bank shall have regulation, clear step to serve its customer and shall have good mechanism in receive, consider and handle the petition or request from its customers by accordance with the related law and regulation.

Commercial bank shall protect the right and interest of its customers by:

1. be member depositary protection fund;
2. set up the facilitate for deposit, transfer and withdraw of customers accurate and timely;
3. keep secrecy on transaction of its customer accept according to the Law;
4. disclose financial status of the bank to public as regulation of the Bank of the Lao PDR;

5. disclose detail information on its products such as: interest, fee, exchange rate, condition and service method in forms including products and service advertisement shall be true;
6. follow the other duties on consumer protection as related law and regulation.

Article 58 (Amended) confidential

The managers, employees and authorized representatives who are currently on duties or have already resigned from the commercial banks shall keep confidentiality in connection with information of the bank. Do not disclose or use such information for personal gain or gain by other than the bank. The confidential information may be disclosed only to the bank of the Lao PDR, auditor or to authority concerned as the law and regulation shall provide. The person who receives bank information shall keep confidential, except shall be disclosed in front of Law.

Chapter 3

Share transfer, merge business and major acquisition of the commercial bank

Article 59 (Amended) Share transferring

Transferring of common share of the commercial bank which lead to any share holder become significant/major shareholder, transferring share more than 10 per cent or transferring the share which lead to the any shareholder become controller in that commercial bank shall require an authorisation from the Bank of the Lao PDR.

The Bank of the Lao PDR who defines regulation on transferring the share of the commercial bank.

Transferring the share shall be taxed as stipulate in law concerned.

Article 60 (Amended) Merge

Commercial bank may merge its business with other commercial bank according to the resolution of the shareholders' meeting and approved from the Bank of the Lao PDR.

Article 61 (Amended) Major Acquisition and sale of asset

Significant asset of commercial bank is significant asset in performing business of that Bank as provide in regulation of the Bank of the Lao PDR

Major acquisition and sale of asset of the commercial bank shall be approved from the shareholder's meeting and get agreement from the Bank of the Lao PDR.

Part V

Accounting, information disclosure of the Bank and audit by external audit company

Chapter 1

Accounting and information disclosure of the Bank

Article 62 (Amended) Accounting

Commercial bank shall use the account as stipulate in the law on accounting and regulation concerned.

Commercial bank shall record accounting chart as defined by the Bank of the Lao PDR. Set up, use accounting program and/or adding any account number in the chart shall be approved from the Bank of the Lao PDR.

Accounting year of the commercial bank is started from 1st january and ended on 31st December of each year.

Article 63 (Amended) revenue and expense

Revenue and expense of a commercial bank as follow:

1. revenue/income:
 - interest;
 - fee and other service fee
 - recover from the depreciation of asset and other asset depreciation;
 - other revenue as defined by law
2. expenses:
 - interest;

- fee and other service fees;
- bank service fee and professional fee;
- interest from deposit protection;
- Depreciation and amortization;
- Impairment;
- Provisioning for Risk
- Other expenses as defined by laws

Board of Director who approves income and expense plan of commercial bank as propose from Director.

Article 64 (Amended) Prefit and lost

Income of the commercial bank is the different in surplus between net income and net expenses of the year according to Articles 63 of this law. Net profit is profit after minus the tax to the State.

The loss of the commercial bank is the different in minus between income and expense of the year. Accumulate the loss is the accumulate loss from precedent years.

The shareholder's meeting who approve the dividend of net profit as:

1. Regulatory funds
2. Business Expanse funds and other funds
3. Divide to the shareholders

Transfer dividend of the commercial bank or transfer the profit of the foreign commercial bank branch to the head office shall suitable with the law and regulation concerned.

In case accumulate loss the commercial bank might use regulatory funds to clear such loss, if such funds are not sufficiency, the shareholder shall increase the asset for the purpose the clear the accumulate loss.

Case the commercial bank or foreign bank branch stil have accumulat loss but have the profit of that year, in such case bank will not be allowed to distrubute divedend, for foreign bank branch shall not be allowed to transfer to the head office.

Article 65 (New)Financial Statement

Commercial bank shall prepare financial statement on a monthly, quarterly and annual basis. Financial statement is composed with financial statute, performance report, liquidity sheet, the change in capital and annex/appendix.

Article 66 (Amended) disclosure

Commercial bank shall disclosure its information to the public as:

1. Quaterly report as the bank of the Lao PDR's regulation;
2. Annual report and recommendation from the audit company to the report as the bank of the Lao PDR's regulation;
3. Other information that public may know the soundness of the commercial bank.

In the case commercial bank has affiliate company, the disclosure shall include information of such affiliate for the public may know the general information, business performance plan and management which include financial statement of such company.

Article 67 (New) disclosure chanel

Commercial bank shall disclose information as define in the article 66 of this law through its website or other chanel which public can access and shall have appropriat mechanism to anounce its clients whenever there are disclosure new information as well as report the chanel to the Bank of the Lao PDR.

Article 68 (Amended) store the document and tansaction information

Commercial bank shall store document and transaction information at the head office as:

1. Regulation, agreement and manuals as defined in this Law;
2. The list of registered shareholder;
3. Record and resolution of shareholder's meeting;
4. Record and resolution of Board of Director's meeting and the committee of Board of Director;
5. Record the accounting on the business performance, transaction and financial condition;
6. Record on transaction, credit information and the list of each clients;
7. Report on Internal and External audit;
8. Other document as deem neccessary as defined by the Bank of the Lao PDR.

For foreign bank branch shall store/keep the document and transaction information at bank branch locate in Lao PDR.

Document, information including data base shall be store/keep at least 10 years.

Chapter 2

Audit by the audit company

Article 69 (Amended) auditing by Audit company

In each year, commercial bank shall be audited by audit company for:

1. Certify the accuracy and the completeness of holding account as accounting system that defined by the Bank of the Lao PDR;
2. Certify the accuracy and completeness of annual financial statement;
3. Certify the accuracy and completeness of internal control as well as guideline of settlement measure;
4. Certify the solution of commercial bank on abuse that the Bank of the Lao PDR found and notice to the audit company ;
5. Report to the Bank of the Lao PDR on abuse to the law and regulation of the bank of the Lao PDR or other any act that might cause the soundness of commercial bank.

Article 70 (New) contract with audit company

Commercial bank contracts with audit company as approved from the Bank of the Lao PDR.

The Bank of the Lao PDR who designs list of auditing company by define condition of auditing company who might be composed in such list to ensure the quality, code of conduct and independent of the auditing company. Commercial bank may select and contract to auditing company as in the list to audit its bank.

In the auditing process, if the bank finds the auditing company abuses the related laws and regulations, the bank of the Lao PDR has the right to commercial bank to suspend or cancel the contract to that audit company.

Article 71 (New) duty of auditing company

Auditing company has duty to cooperate and provide information to the Bank of the Lao PDR as defined by the laws and regulation or as request from the Bank of the Lao PDR.

Part VI**Early intervention measure and resolution with commercial bank in the crisis****Chapter 1****Early intervention measure****Article 72 (New) situation of bank that will be used early intervention measure**

Commercial might be used early intervention measure if it is under any circumstance:

1. engaged in unsafe and unsound practices or activities that endanger the interests of the depositors;
2. abuse or might have abused financial prudential regulation;
3. deficiency management, internal control and accounting which might cause commercial bank or its affiliate in the high risk;
4. *subject to severe strains on its/shortage of liquidity* which settled by using funds from repeated recourse from Central Bank;
5. low level of profitability or potential decrease of profit that endangers the commercial bank's medium-to-long term viability;
6. subject to risks of getting impact from head office, subsidy or affiliate;
7. threat to consolidate supervision
8. other condition as defined by the bank of the Lao PDR.

Article 73 (New) early Intervention Measure

The Bank of the Lao PDR may apply any early intervention measure to commercial bank when it determines that such commercial bank is at the circumstance as defined in the article 72 of this law such as:

1. consult with shareholder and manager to define the solution;
 2. let commercial bank set the solution and implementation plan;
 3. let commercial bank or manager of the commercial bank to set the debt restructure plan with debtor which suitable with its resolution plan;
 4. require commercial bank to solve the liquidity and asset management to appropriate with capital condition;
 5. require to shareholder of the bank to increase the capital within the time limited
 6. require to commercial bank to provision to secure the rise of risk;
 7. require to commercial bank reduces the expense in operation including its management expense;
 8. require the commercial bank to reduce its risk which occur from the operation, product and management;
 9. require commercial bank regularly reports its financial statement which include capital adequacy and liquidity;
 10. let commercial bank use its net profit to increase the capital by limiting distribute dividend and other expense;
 11. let commercial bank restructures the shareholding or enterprise form, business performance strategy, organisation structure and risk management system;
 12. let commercial bank shall restructure the loan, limit the new loan and investment;
 13. order the commercial bank to limit the capital reduction, sale and buy asset and/or take deposit from public;
 14. limit the right of major shareholder;
 15. limit of the right or order to remove manager who abuse the power;
 16. limit the type and zone of performing business in case the commercial bank is in the situation as defined in the article 72 no 6 and 7 of this law;
 17. the Bank of the Lao PDR uses other measure as deem necessary
- the Bank of the Lao PDR who defines regulation on using early intervention measure.

Article 74 (New) Duty/ obligation of commercial bank be used early intervention measure

Commercial bank who will be used the early intervention measure, shareholder or manager shall cooperate with and provide accurate, complete and timely information as required by the Bank of the Lao PDR.

Commercial bank Manager and employee shall cooperate and facilitate with supervisor of the Bank of the Lao PDR.

Article 75 (New) report on the implementation of early intervention measure

Commercial bank shall report the outcome of the implementation of the early intervention measure to the Bank of the Lao PDR as defined by the Bank of the Lao PDR.

In the case the bank of the Lao PDR defines to have audit from the audit company in the middle of implementing early intervention measure, after finished such audit, audit company who audited the bank shall report the result of its audit to the Bank of the Lao PDR as defined time to the Bank of the Lao PDR

Chapter 2

Resolution of commercial bank in crisis/stress

Article 76 (New) commercial bank in the crisis situation

Commercial bank in the crisis situation is commercial bank who has weak financial status and lack of stability which in the any circumstance such as:

1. cannot comply with the duty to its depositor or debtor;
2. abuse the regulation on prudential regulation as defined by the Bank of the Lao PDR as Capital Adequacy Ratio is lower than half, severely lack of liquidity which cannot be solved
3. comply with early intervention measure cannot be succeed which let the commercial bank in the situation as defined in No 1 and 2 of this article;
4. there are fraud, fraud or distransparency in management and business performance which cause the negative in capacity of paying off the debt and impact to the depositors.

Article 77 (New) resolution/resolve commercial bank in the crisis

As commercial bank is in the any cases as defined in the article 76 of this law, the Bank of the Lao PDR shall intervene and directly control the business performance of commercial bank which will not get consensus from debtor or shareholder of the bank.

Resolution of the commercial bank in the crisis is for the purpose of:

1. To ensure the continuaty of significance business performance of the bank;
2. To avoid negative impact to the financial market, particulary to control the spread out such impact and to protect market ethic/code of conduct.
3. To protect asset of depositors' and debtors'.

The bank of the Lao PDR shall use appropriat measure to resolve the commercial bank in the crisis by having minimum expense, avoiding to create lost to assets, except in case necessary for the outcome as defined in the second paragraph of this article.

Resolved the commercial bank in the crisis shall avoid to use resource of the State into the resolution of the crisised commercial bank.

The resolution the crisised commercial bank may be proceed in two cases as: when the Bank of the Lao PDR certifies that such commercial bank may be rehabilitated then lead to rehabilitate as defined in this Law or in case determines that may not be rehabilitated then lead to the insolvency proceeding.

Article 78 (amended) controlling committee

To resolve the commercial bank in crisis, Bank of the Lao PDR may appoint controlling committee to resolve such commercial bank by referring each circumstance. Controlling committee has the right to use the measure as stipulate in the article 79 of this law and as assigned by the Bank of the Lao PDR.

Controlling committee is six term and may be extend up to two terms which each term has tree months

The expense on resolution operation of the commercial bank in crisis including payment for controlling committee will be duty of such commercial bank in the crisis.

Article 79 (amended) resolution measure on commercial bank in the crisis

Resolution for the commercial bank in the crisis composes with controlling and rehabitating measure as:

Use controlling measure as:

1. Order to close/shut down, cancel or continue to follow financial commitment or derivative contract;
2. Suspend, pending on payment the debt of commercial bank if found there was misconduct;
3. Collect the asset of commercial bank in crisis with individual, entity, organization or other commercial bank;
4. Order to individual, entity or organization to provide information
5. Use other measure as defined in the regulation of the bank of the Lao PDR.

Use rehabilitation measure as:

1. Direct to Board of Director, manager of the commercial bank to draft and implement the rehabilitation plan;
2. Order to manager to remove employee who abuses law and regulation or disimplemt the rehabilitation plan;
3. Order to stop the performances of the bank which not appropriat with and the performance that cause damage to the bank;
4. Adjust and relocate the Board of Director and manager for getting to rehabilitation plan;
5. Order to increase the Capital or **merge/amalgate** with other commercial bank;
6. Improve the form of business of the commercial bank
7. Use other measure as difined in the regulation of the Bank of the Lao PDR.

In case necessary, the Bank of the Lao PDR may use measures a defined in this article with Affiliate Company of that commercial bank in the crisis by cooperation with supervisory authority of such company.

Part VII

Insolvency, Bankruptcy and settlement

Chapter 1

Insolvency and Bankruptcy

Article 80 (Amended) termination

The Bank of the Lao PDR will consider the termination of commercial bank in any cases as:

1. Have request bank termination as resolution of shareholder's meeting;
2. Get bank business license on false information
3. Do not start banking business within 90 days since getting business license;
4. Have grave abuse with prudential regulation on bank supervision.

Article 81 (New) termination foreign bank branch

The Bank of the Lao PDR will consider the termination of the foreign bank branch in case of:

1. Request from head office to terminate its branch;
2. Get bank business license on false information;
3. Do not start banking business within 90 days since getting business license;
4. Cannot resolve crisis situation;
5. Head office of foreign bank branch had terminated or insolvent;

After termination, the Bank of the Lao PDR will revoke banking license of such foreign branch.

In case terminator as provided in No: 2, 4 and 5 of this article, the Bank of the Lao PDR will appoint liquidation committee to liquidate.

In the case the termination is cause as provided in the No 4 of this article, the Bank of the Lao PDR will notify to Deposit Protection Office to reimburse/refund as deposit Protected.

Head office of foreign bank branch shall responsible for full payment the debt of its terminated branch.

Article 82 (amended) insolvency/Bankruptcy

The bank of the Lao PDR has the right to sue against to the Court to sentence commercial bank in crisis to be insolvency in case such commercial bank cannot be rehabilitated or had already rehabilitation process but the bank cannot continue which its liability is more than asset.

After suing against to the Court to sentence commercial bank in crisis to be insolvency, the Bank of the Lao PDR shall notify to the Deposit Protection office to process the reimbursement to protected depositors as provided in specific regulation.

Article 83 (New) the result of termination or insolvency

After termination or insolvency, commercial bank will be revoked the license and into liquidation process.

Terminated commercial bank shall responsible for fully repayment its debt.

The Bank of the Lao PDR shall erase the name of such terminated or insolvency commercial bank from the list of the commercial bank list and announce/notify to the public.

Chapter 2

Liquidation

Article 84 (amended) Liquidation

After termination or Court order to be insolvency, the Bank of the Lao PDR will appoint liquidation committee as provided in the regulation of the Bank of the Lao PDR.

In case the liquidation of commercial bank that terminate voluntarily and found that such commercial bank may repay its debt to depositor and other debtor fully, the bank of the Lao PDR may give voluntary terminated bank to perform the liquidation process by itself but will be followed up.

Article 85 (amended) right and duty of committee or liquidator

Committee or liquidator has following rights and duties:

1. Performs the duties on behalf of the Board of Director and shareholder of commercial bank in liquidation;
2. Controls the office, accounting book, other recording book and asset of the bank or affiliate company;
3. Invalidates the contract that unfair drafted of the bank;
4. Protects the asset of the bank not cause damage or lost;
5. Collects the asset of the bank;

6. Registers the debtor, debtee and asset, to redraft financial statement of the bank and send a copy to the Bank of the Lao PDR as well as announce to the Public;
7. Determines the amount of money to pay as priority;
8. Determines the plan, method and form of liquidation of asset, debt to inform the bank of the Lao PDR for consideration;
9. Reports to the Bank of the Lao PDR on the progress of liquidation process;
10. Uses other right and duty as prescribe in Law and regulation.

Article 86 (Amended) Priority on liquidation

Liquidation shall follow Priority as:

1. Payment related to insolvency process;
2. Compensation to deposit protection office;
3. Reimburse to deposit without protection and the remaining part pay to deposit with protection;
4. Payment to salary and wage of the employee of commercial bank except manager;
5. Pay to secured debt;
6. Financial Obligation to the State;
7. Pay to unsecured debt;
8. Divide to shareholder of the bank or transfer to head office.

Article 87 (Amended) effect of the Liquidation

The effect of the liquidation of insolvent bank as:

1. Right of the bank derives from labor contract that have terminated or will terminate shall be extended for six months after the date of committee or liquidator starts its task at the bank;
2. The seizure of or credit collateral of the bank during the liquidation will be cancelled, except the seizure or guarantee occurred in six month before the Bank of the Lao PDR take an action of termination or the date that the Bank of the Lao PDR brings an action of insolvency to the competent court;
3. The right of the shareholders will be cancelled except to receive the dividend of asset after liquidation.

Article 88 (Amended) Cost of liquidation

Terminated or insolvent bank who is responsible for the cost of the liquidation as consider of the liquidation committee base on the approval of the Bank of the Lao PDR.

Article 89 (amended) Final report of liquidation committee

After finished the liquidation process, committee or liquidator shall report the Bank of the Lao PDR, for the insolvency shall still send the report to the office of judgement enforcement for terminate the case.

After the Bank of the Lao PDR approved the report, the duty of committee or liquidator will finish the responsibility and the liquidation process is terminated.

Part VIII**Prohibition****Article 90 (New) general prohibition**

Person, entity and organisation are prohibited from:

1. Use the word “Bank” or the meaning of the bank in its business, product or service with ou the proper license on banking business;
2. Operate banking business withou license fron the Bank of the Lao PDR;
3. Pretend to or advertise, distort the data to cause damage to the bank system, consumer and to society;
4. Use the bank service into the illegal activity;
5. Deny or uncooperate with auditor from the Bank of the Lao PDR and concerned officer from State;
6. Use fault information, fake document to use banking service;
7. Other act which violate the law.

Article 91 (amended) prohibition for commercial bank

commercial bank or foreign bank branch including manager and employee are prohibited from:

1. Operate or any cooperate agreemen that would provide them or other have position of dominance the market;

2. Engage in manipulative device or practices in their transaction that result in an unfair advantage for themselves and for the third parties;
3. Require or determine illegal condition on a person or organisation as a condition to receive the service of the bank or its affiliate.
4. Purchase asset from its affiliate, securities in its affiliate that it underwrite;
5. Provide credit enhancement to extend or facilitate the purchase of its securities or its affiliate to underwrite for distributing;
6. Provide credit by include its share or its affiliate as securer;
7. Distribute the dividend when there is lost
8. disclose client's information without permission;
9. Other act which violate the law.

Article 92 (New) prohibition for supervisory authority, controlling and liquidator committee

Prohibition for supervisory authority, controlling and liquidation committee to have follow:

1. Disclose confidential information on bank supervision without permission;
2. abuse duties, position for personal and/or group's interest;
3. demand, ask for, receive bribe or other return;
4. Other behaviours violate the laws.

Part IX

Supervision and audit on commercial bank

Chapter 1

Commercial Bank supervision

Article 93 (amended) supervision authority

The Government centrally and uniformly supervises commercial bank in countrywide by assigning the Bank of the Lao PDR to direct responsible for and be the host on cooperating other relevant Sector.

Article 94 (amended) right and duty of the Bank of the Lao PDR

The Bank of the Lao PDR has rights and duties on Bank supervision as follow:

1. to draft policy, law, strategy and plan on bank supervision to report upper level approve;
2. draft, amend regulation, guideline and plan to supervise the commercial bank;
3. promulgate, publish, direct and promote on law implementation and regulation on bank supervision in nationwide;
4. issue and revoke banking business license;
5. inspect the implementation of prudential regulation of commercial bank including implementation the law and regulation concerned;
6. set up a plan on enhancing crisis of the systematic important bank;
7. use early intervention measure or resolve the bank in the crisis;
8. apply measure against commercial bank who violet the law and regulation on bank supervision;
9. develop and train personnel in banking sector;
10. defines and collect annual supervision fee on bank;
11. cooperate with related sector both domestic and foreign country in bank supervision;
12. cooperate with foreign country, regional and global on bank supervision matter;
13. report its performance to the Government in regularly basis;
14. To exercise other rights and obligations as provided in the laws

Chapter 2

Inspecting commercial bank

Article 95 (New) Inspection Authorities

Inspection authority on bank is same authority as bank supervisor as defined in the article 93 of this law.

Article 96 (New) form of inspection

Inspecting commercial bank, there is three form as:

1. Regular inspection which is conducted on regular schedule with fixed timeframe;
2. Inspection advance-notice which is unplanned inspection in case of necessary, that shall notice to the bank that will be inspected in advance;

3. Urgent inspection which is conducted in case of urgency without any advance notice.

The inspection may be proceed both off-site and on-site that inspector shall follow strictly with the law and regulation.

Article 97 (New) off-site inspection

The bank of the Lao PDR shall perform off-site inspection regular by collect and analyze the report, document and other information on the operation of the comer bank as well as to check the accuracy of the information and evaluate the situation, the risk character and internal control of the bank.

Article 98 (New) on-site inspection

The bank of the Lao PDR shall perform on-site inspection to the bank on the performance, internal real situation and maintenance of soundness of the commercial bank which inspection should have following content:

1. General performance,
2. Implementation on sound regulation
3. Audit and risk assessment, risk management and internal control;
4. Monitor and resolve of bank on recommendation as provided by previous inspection.

After finished on-site examination, the Bank of the Lao PDR shall send on-site examination report to the Board of director of the bank.

In the case the bank of the Lao PDR has order to bank to conduct on-site examination any section/issue from outside auditor, such bank shall responsible for the all expense related to that audit.

Article 99 (amended) right and duty of auditor from the Bank of the Lao PDR

The rights and duties of inspector of the Bank of the Lao PDR:

1. Inspect the prudential regulation implementation;
2. Access and examine accounting, information, data on electronic and records of the bank or it affiliate;
3. Request to manager, employee and representative of the bank or affiliate to send related data to management and performance;

4. Invite manager, employee and representative of bank or affiliate for explain the issue to auditor of the bank of the Lao PDR;
5. Audit the bank suspected that violate the law, regulation and collect data concerned;
6. Held meeting with Board of director and manager of the bank to evaluate the performance of the bank, compliance the law, other law and related regulation after each on-site examination finished;
7. Early intervention measure as assigned by the Bank of the Lao PDR;
8. To exercise other rights and obligations as assigned by the bank of the Lao PDR.

Article 100 (New) inspection on branches, representative offices and affiliates of bank

The bank of the Lao PDR has authority to carry out off-site and on-site inspection on branches, representative offices and affiliates of the bank located in the Lao PDR and abroad through cooperation mechanism and coordination with related supervision authority.

Article 101 (New) cooperation with auditor

Shareholder, manager and employee of auditing target shall cooperate with and facilitate to the Bank of the Lao PDR and auditor from the Bank of the Lao PDR.

In case the Bank of the Lao PDR and auditor from the Bank of the Lao PDR had invited shareholder, manager or employee, they shall meet the auditor by themselves.

The commercial bank shall provide related accurate and complete data and information on business under its control or with the asset manager to auditor of the Bank of the Lao PDR on time as define by auditor.

Commercial bank shall assign it employee who responsible for proper cooperation in providing information with auditor.

Article 102 (New) reporting

The bank shall report it performance report as the form and regulation of the Bank of the Lao PDR.

The main information shall be report to the Bank of the Lao PDR which include policy and business plan, management, financial statement and/or financial information of its affiliate, data on deposit and credit/lending.

Furthermore the Bank of the Lao PDR may request additional information with the bank such as network of the bank, technical service providers and any service for such bank.

Part X

Reward Policy and Measures against Violator

Article 103 (amended) Incentives for Good Performers

Individual, entity and organization having outstanding performance in implementing this Law will be commended or receive other incentives according to regulations.

Article 104 (amended) Measures against Violators

Commercial bank and foreign bank branch including manager, major shareholder and employee who violet this law will be subjected to re-education, warning, disciplinary sanction, fine, civil compensation or criminal charge depending on the severity of the violation as defined in the law.

The bank of the Lao PDR who defines the measure on commercial bank and foreign bank branch including shareholder and manager.

Part XI

Final Provision

Article 105 Implementation

The Government of the Lao People's Democratic Republic implements this Law.

Article 106 (amended) Effectiveness

This law have an effective from the date of promulgating decree issued by the President of the Lao PDR and after fifteen days of publication in the Official Gazette.

Commercial bank that set up before this law shall improve its condition appropriate with this law within 2 years since this law enter into enforcement, exclude the increase of the Paid up Capital or minimum investment fund which shall be finish within 5 years.

This Law replaces the Law on commercial bank No. 03/NA, on 26 December 2006.

Any regulations and provisions conflict with this law shall be cancelled

President of the National Assembly