



2020-2021

Lao PDR Third Round Mutual Evaluation

Technical Compliance

CONFIDENTIAL

LAO PDR LEGAL FRAMEWORK

Lao PDR legal system is a Civil Law system to which the laws and legislations consists of two types: Legislation of General Application and Legislation of Specific Application.

Legislation of General Application laid out with the purpose for the government and socio-economic supervision, which enter into force nationwide or in some particular aspect that unintentionally focusing on organization or particular natural person. The Legislation of General Application consists of Constitution; Laws; the Resolution of the National Assembly; the Resolutions of the Standing Committee of the National Assembly; the Presidential Ordinance; the Decree of the Government; Resolution of the Government; Order, Decision of Prime Minister; Order, Decision, Instruction of Minister; Head of Organization under the Government; Order, Decision, Provincial Minister Instruction; Mayor Instruction; Order, Decision, Head of District Instruction, Head of Municipal; Rule of Village. International Treaty is a legislation that undertakes to comply with specific resolution.

Legislation of Specific Application laid out with the purpose for administrative supervision that explicitly aims on particular natural person or organization. Legislation of Specific Application consists of the Presidential Decree for Law to be promulgated, the Presidential Decree, the Decree or the agreement on admiration or appointment of a person to a position or concerning a particular task, and notice.

Legislation Establishment and Amendment the President, Standing Committee of National Assembly, Government, Supreme People's Court Office, Supreme People's Prosecutor Office, Lao Front for National Development, Mass Organization at central level have rights and mandate to propose for the establishment or amendment of Law by creating their own plans that contains reason, necessity, objective, expectation and scope of such Law, demand, condition needs and then propose to Standing Committees for consideration.

General Principles of Legislation Establishment shall be consistent with policies, Constitution, Law, actual Socio-economic circumstances, Treaty and International Convention that Lao PDR is party to, the scope of right of the organization that authorize to issue legislation, plan and procedure, transparency, disclosure, consultancy among relevant agencies, increase liberty and obtain a wide range of comment, ensure national uniqueness, scientific and publicity.

Currently, the Lao PDR has issued in total of 147 laws and 647 legislation under the laws, of which there are 38 legislations related to the AML/CFT and as well as some guidelines to serve analysis and inspection tasks.

ABBREVIATION

AML/CFT	Anti-Money Laundering/Counter-Financing of Terrorism
AMLC	Anti-Money Laundering Council
AMLCO	Anti-Money Laundering Compliance Officer
AMLIO	Anti-Money Laundering Intelligence Office
AMLIU	Anti-Money Laundering Intelligence Unit
APG	Asia Pacific Group on Money Laundering
API	Airline Passenger Information
BAMLO	Branch Anti-Money Laundering Officer
BCM	Business Continuity Management
BCP	Business Continuity Plan
BNIs	Bearer Negotiable Instruments
BOL	Bank of the Lao PDR
CBR	Cross Border Report
CBSD	Commercial Banks Supervision Department
CDD	Customers Due Diligence
CO	Cabinet Office
CSOs	Civil Society Organizations
CTR	Cash Transaction Report
CWC	Chemical Weapons Convention
DERM	Department of Enterprise Registration and Management
DNFBPs	Designated Non-Financial Business and Professions
EDD	Enhanced Due Diligence
FATF	Financial Action Task Force
FIR	Financial Intelligence Report
FIs	Financial Institutions
FISD/DFIM	Financial Institution Supervision Department
FIU	Financial Intelligence Unit
Gov/GoL	Government of Lao PDR
IOSCO	International Organization of Securities Commission
KYC	Know Your Customers
Lao PDR	Lao People's Democratic Republic
LEAs	Law Enforcement Agencies
LSCO	Lao Securities Commission Officer

MAF	Ministry of Agriculture and Forestry
ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML	Money Laundering
ML/TF	Money Laundering/Terrorist Financing
MLA	Mutual Legal Assistance
MLAT	Mutual Legal Assistance Treaty
MOD	Ministry of National Defence
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MOHA	Ministry of Home Affairs
MOIC	Ministry of Industry and Commerce
MOJ	Ministry of Justice
MOPS	Ministry of Public Security
MOU	Memorandum of Understanding
MPI	Ministry of Planning and Investment
MVTS	Money Value Transfer Service
NA	National Assembly
NCC	National Coordination Committees
NRA	National Money Laundering and Financing of Terrorism Risk Assessment
PEPs	Politically Exposed Persons
PF	Proliferation Financing
PM	Prime Minister
RBA	Risk-Based Approach
Rec.	Recommendation
REs	Reporting Entities
SIAA	State Inspection and Anti-Corruption Authority
SOP	Standard Operating Procedure
SPCO	Supreme People's Court Office
SPPO	Supreme People's Prosecutor Office
STR	Suspicious Transaction Report
TA	Technical Assistance
TF	Terrorist Financing
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolution

VASPs	Virtual Asset Service Providers
WCO	World Customs Organization
WTR	Wire Transfer Report

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RECOMMENDATION 1

Recommendations	Implementation	Reference
A. AML/CFT POLICIES AND COORDINATION Recommendation 1. Assessing risks and applying a risk-based approach *		
<p>1.1 Countries should identify and assess the ML/TF risks for the country</p>	<ul style="list-style-type: none"> - Lao PDR completed its first National Risk Assessment (NRA) on ML/TF in 2018 to identify the current deficiencies related to ML/TF by focusing on the three main areas such as: threat, vulnerability and sectoral risks within the country. Upon completion, the Lao PDR has come up with its action plan that consistent with the standard of recommendation set by FATF in order to ensure effectiveness in addressing the above-mentioned deficiencies. - Under technical assistance provided by World Bank in terms of methodology and tools used in NRA process by collecting a statistic on actual implementation, mechanism, associated legislations and information on service products provided by reporting entities (REs), Supervision bodies, Law Enforcement Agencies and to be input and analyses those variables into World Bank Excel Template, which will demonstrate the level of risk and reason involved based on information provided. - The NCC designated a high level official and other officers from line-ministries and associated agencies over 100 members to which divided into 8 working modules that has their own responsibilities focusing on difference areas by conducting information collection in both provincial and central level from LEAs, supervisory bodies of REs (including internal rules and guideline used by REs), which the information obtained from the previous 3 to 5 years, of which each of the working modules considered the information collection procedure that shows the effectiveness of information then carefully analyzed by referring to statistics and actual circumstances before inserting to World Bank's tools in order to find out the most likely potential ML/TF risks within the country. 	<ul style="list-style-type: none"> - National Money Laundering and Terrorist Financing Risk Assessment Report of the Lao PDR; - Summary of National Money Laundering and Terrorist Financing Risk Assessment of the Lao PDR.

	<ul style="list-style-type: none"> - Throughout the Lao PDR's NRA result has identified 7 priority of threats out of the total 29 predicate offences as stipulated in the AML/CFT Law in area of production and trafficking of narcotics, cheque counterfeiting, use of illegal cheque and bond, environmental crime, thief, forgery or use of counterfeit currency, document forgery or use of forge document infringement of intellectual property right and fraud. Furthermore, 8 out of 18 sectors that operating within the Lao PDR had been identified as exploited to ML/TF such as Casino, Banking sector, trading of precious metals, security, insurance, currency exchange unit, money value transfer and real estate. However, an action plan to address those deficiencies had been putting in place. 	
1.2 Countries should designate an authority or mechanism to co-ordinate actions to assess risks.	<p>The government of Lao PDR had empowered the NCC to appoint an ad-hoc committees so-called working group and focal point that came from diverse line-ministries and associated agencies to conduct the NRA led by vice-minister of Ministry of Public Security and another 6 ministerial levels (Ministry of Finance, Bank of the Lao PDR, Office of People's Supreme Prosecutor, Ministry of Industry and Commerce, State-Audit Organization and Ministry of Planning and Investment) as well as appointed a working Group consist of department level and technical staff from 13 relevant ministries such as Ministry of Finance, Bank of the Lao PDR, Supreme People's Prosecutor Office, Ministry of Industry and Commerce, Ministry of Justice, State Inspection and Anti-Corruption Authorities, Ministry of Home Affairs, Ministry of National Defence, Ministry of Foreign Affairs, Ministry of Planning and Investment and Supreme People's Court Office with a total number of more than 131 members.</p>	<ul style="list-style-type: none"> - Government Notice on NRA Implementation No.477/PO, dated 24 March 2017; - Decision on Appointment of NRA Committees for AML/CFT No. 07/NCC, dated 07 April 2017; - Decision on Appointment of NRA Secretariat and Coordination Officers dated 01 August 2017; - Decision on Appointment of contact point officer responsible for data collection for NRA dated 01 August 2017; - Decision on the appointment of additional contact point officer responsible for data collection for NRA dated 24 October 2017.

1.3 Countries should keep the risk assessments up-to-date.	As of now, the Lao PDR is undertaking and mitigating its risk based on the NRA outcome, in parallel the AMLIO has also produced a strategic analysis, which enables the country to identify a potential trend that would lead to another area of threat, gap and risk associated with those operating sector, as well as periodically put in place an action plan to deal with it.	<ul style="list-style-type: none"> - National Money Laundering and Terrorist Financing Risk Assessment Report of the Lao PDR; - Strategic Analysis Report 2017 - Strategic Analysis Report 2018.
1.4 Countries should have mechanisms to provide information on the results of the risk assessment(s) to all relevant competent authorities and self-regulatory bodies (SRBs), financial institutions and DNFBPs.	<ul style="list-style-type: none"> - Upon completion of the NRA, soon after the AMLIO conducted numbers of its outcome dissemination through AMLIO's website and distributed to the entire of relevant authorities; - The summary of NRA for Lao PDR has shown the identification of threats, risk sectors along with its action plan, which has been published via AMLIO's website; - The National Money Laundering and Terrorist Financing Risk Assessment Report of the Lao PDR determined mechanism and methodology to identify threats, vulnerabilities, risk sectors, terrorist financing and future action plan to both competent authorities and those risk sectors in a form of paper based. - In addition, the Lao PDR conducted an outreach to the public to raise awareness on ML/TF risk by means of social media, newspaper, radio, television, as well as conducting workshop and training to competent authorities, reporting entities and etc. 	<ul style="list-style-type: none"> - National Money Laundering and Terrorist Financing Risk Assessment Report of the Lao PDR; - Summary of National Money Laundering and Terrorist Financing Risk Assessment of the Lao PDR; - Government Notice on NRA Outcome No. 191/PO dated 05 February 2019; - Notice on NRA's Outcome to Investigation Authorities No.1323/AMLIO, dated 23 September 2019; - Notice on NRA's outcome to Supervisory Bodies No.1154/AMLIO, dated 20 August 2019; - Notice on NRA's outcome to Reporting entities No.1005/AMLIO, dated 21 July 2019.
1.5 Based on their understanding	To ensure an effectiveness of the implementation's NRA outcome, the Lao PDR has	<ul style="list-style-type: none"> - Agreement on Designate Anti-

<p>of their risks, countries should apply a risk-based approach to allocating resources and implementing measures to prevent or mitigate ML/TF.</p>	<p>categorized working group into three different areas as below:</p> <p>1. Legal Aspect</p> <ul style="list-style-type: none"> - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; - Drafting Decree on Trade management of dual-use goods; - Drafting Order on the Withholding, Freezing and Seizure of Funds relating to Proliferation Financial. - Drafting Law on Mutual Legal Assistance; - Directive on ML/TF Prosecution, No.01/NCC, dated 08 January 2020; <p>2. Investigation and Prosecution Aspect</p> <ul style="list-style-type: none"> - Competent authorities have signed a multi-lateral agreement (MOU) to deal with deficiencies on criminal proceeding, and holding a workshop on Financial Investigation explicitly for investigative authorities nationwide to ensure a consistency of the NRA outcome. - Competent authorities have been assigned to take responsibility and to coordinate among the investigative body in dealing with predicate offence related to ML/TF. - In term of capacity building, competent authorities received a three years of technical assistance project from the UNODC funded by US government (embarking July 2018 to June 2021) which the first workshop took place in September, 2019, Vientiane Capital and workshop for provincial authorities will be taking place in the beginning of 2020. At the same time, to facilitate an investigation process the UNODC has also provided a financial investigation manual. 	<p>Money Laundering Working group, No.19/NCC, dated 17 October 2017;</p> <ul style="list-style-type: none"> - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; - Drafting Decree on Trade Management of Dual-Use Goods; - Drafting Order on the withholding, Freezing and Seizure of funds relating to Proliferation Financing; - Drafting Law on Mutual Legal Assistance; - Directive on ML/TF Prosecution, No.01/NCC, dated 08 January 2020; - Letter of Approval of Intermittent AML/CFT Technical Assistance in Lao PDR No.0807/MPI.DIC.IOD.09, dated 24 December 2018; - Manual of using parallel financial investigation to support predicate crime offence; - Minutes of Consultation Meeting on the Implementation of the Law on Anti-Money Laundering and Counter Financing of Terrorism No.
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	<p>3. Monitoring and Inspection Aspect</p> <p>The Lao PDR received TA from the World Bank in terms of the AML/CFT supervision on Risk-Based Approach (RBA). From the 17 sectors, the Lao PDR categorized into three different clusters by focusing on the highest risk sector as below:</p> <ul style="list-style-type: none"> - 01 cluster consist of three sectors: (1) Banks; (2) Securities; (3) Insurance; - 02 cluster consist of five sectors: (1) Microfinance; (2) Real Estate; (3) Money Exchange Unit; (4) Antique and Precious Metal Trading; (5) Casino; - 03 cluster consist of 09 sectors: (1) Leasing Company and all form of credit lending company; (2) Pawn Shop; (3) Leasing Company; (4) Wire Transfer Service Company; (5) Asset Management Company; (6) Companies or Agent that provide and manage financial payment tools; (7) Bar Association or Legal Firm; (8) Notary Public and (9) External Auditing Firms. <p>The RBA for the first cluster has completed to which the REs itself also comes up with its internal action plan in response to the outcome of the RBA.</p>	<p>50/NA in order to Carry Out Criminal Proceedings for Money Laundering No. 03/NCC, dated 22 August 2018;</p> <ul style="list-style-type: none"> - Instruction on the Implementation of the Law on AML/CFT No.03/NCC, dated 10 January 2019; - World Bank letter to support Lao PDR on the RBA dated 7 February 2019; - Risk-Based Approach to Anti-Money Laundering and Terrorist Financing Combating Workplan; - RBA implementation by BCEL and BIC bank.
<p>1.6 Countries which decide not to apply some of the FATF Recommendations requiring financial institutions or DNFBPs to take certain actions, should demonstrate that:</p> <p>(a) there is a proven low risk of ML/TF; the exemption occurs in strictly limited and justified circumstances; and it relates to a particular type of financial institution or activity, or DNFBP; or</p> <p>(b) a financial activity (other than the transferring of money or</p>	<p>Reporting Entities have obligation to comply with AML/CFT aspect under article 18-32 of AML/CFT Law which consistent with 40 Recomendations of FATF.</p> <p>“Article 18 Rights and Obligations of reporting entities</p> <p>The reporting entities have the following rights and obligations:</p> <ol style="list-style-type: none"> 1. Developing AML/CFT Programme 2. Implementing risk assessment and risk-based management principles; 3. Implementing Know Your Customer measures; 4. Enhancing Customer Due Diligence measures; 5. Gathering detailed information on customers; 6. Gathering information about customers’ transactions; 7. Dealing with PEPs; 8. Dealing with corresponding banks; 	<p>- Law on AML/CFT No. 50/NA dated 21 July 2014.</p>

<p>value) is carried out by a natural or legal person on an occasional or very limited basis (having regard to quantitative and absolute criteria), such that there is a low risk of ML/TF.</p>	<ol style="list-style-type: none"> 9. Collecting data on wire transfer; 10. Maintaining records; 11. Postponing transactions; 12. Reporting; 13. Reporting suspicious transactions; 14. Maintaining reporting confidentiality. <p>Overseas branches and subsidiaries in the group of the reporting entities are obliged to observe articles 19 to 32 of this law. In case the laws of the country where the branches subsidiaries in the group of the reporting entities are located do not allow the application of these obligations, the reporting entities shall notify their supervisory authorities.”</p> <p>“Article 19 AML/CFT Programme Development</p> <p>The reporting entities must develop and implement AML/CFT programmes as follow:</p> <ol style="list-style-type: none"> 1. Developing AML/CFT policies and procedures, and internally auditing the qualified staff selection procedure; 2. Developing AML/CFT training programs, and undertaking on-going training for staffs; 3. Internally auditing the implementation of this Law and other related laws and regulations; 4. Evaluating their AML/CFT efforts. <p>The reporting entities must appoint a qualified information gathering and reporting staff with AML/CFT experiences at the management or senior level to take charge of the work stipulated in paragraph 1 of this article, who will also serve as a coordinator with AMLIO.”</p> <p>“Article 20 Implementing risk assessment and risk-based management principles</p> <p>The reporting entities shall implement risk assessment and risk-based management principles on money laundering and financing of terrorism by determining, assessing, monitoring and mitigating such risks. The mechanism to implement risk assessment and risk-based management principles is defined in a separate regulation.”</p>	
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	<p>“Article 21 Know Your Customer Measures</p> <p>The reporting entities must know their customers by requiring them to show their identification documents such ID card, household registration book, passport, enterprise registration licence or other official documents that can identify them or their authorized representatives for a transaction purpose, properly record such, make a copy and well maintain the records. The implementing mechanism of Know Your Customer principles and measures is defined in a separate regulation.”</p> <p>“Article 22 Enhancing Customer Due Diligence Measures</p> <p>The reporting entities must apply CDD measures to customers for the following cases:</p> <ol style="list-style-type: none"> 1. Provide services or undertaking transactions for new customers; 2. Carrying out occasional, one-off or several suspicious transactions; 3. The transactions are complex, of high value, and show irregular characteristics; 4. The transactions are suspicious of money laundering or financing of terrorism; 5. The information identifying customers is not complete or suspected to be incorrect; <p>In addition, the reporting entities must pay continual attention on customers to ensure that the previously provided information is up to date and customers’ business operations are in accord with their profiles and their business operations’ historical records including knowing the sources their financing if necessary. The reporting entities must pay special attention on business dealings or transactions with natural persons, legal persons or organisations in a country where law on AML/CFT does not exist or exists but the enforcement of the law is not strict. The implementing mechanism of Customer Due Diligence measures is defined in a separate regulation.”</p> <p>“Article 23 Collection of detailed data on customers</p> <p>The reporting entities must collect, prove and verify the data on natural person customers such as, names and surnames, dates of birth, nationalities, addresses and occupations of customers. For legal entity customers, the reporting entities must collect, prove and verify the data on names and addresses of companies, the identification document of directors, detailed information about shareholders, business operations and sizes. In case of failure to collect detailed data on customers as defined in paragraph one</p>	
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	<p>and two of this article, are reporting entity must cease its services provided to or any business relations with that customer and must regard as suspicious transaction and then report it to AMLIO as defined in article 30 and 31 of this Law.”</p> <p>“Article 24 Data Collection on customers’ transactions</p> <p>The reporting entities must collect data on customers` goals and objectives in using the services provided by or establishing business relations with their institutes. The reporting entities must find out whether their customers’ business relations are for themselves or on behalf of others in order to find the real beneficiaries such as, owners of funds including paid-in capitals for the establishment of an enterprise, or a person with a decision-making authority.”</p> <p>“Article 25 Dealings with PEPs</p> <p>The reporting entities must have an appropriate risk management system to find out whether customers or beneficiaries are PEPs. In addition to articles 19 to 32 of this Law, the reporting entities shall also observe the followings:</p> <ol style="list-style-type: none"> 1. Report to their board of directors or their senior executives’ officers to request for permission to initiate or continue transactions with such customers; 2. Take appropriate measures to identify sources of funds or properties; 3. Monitor such customers` business relations and transactions continually.” <p>“Article 26 Dealings with corresponding banks</p> <p>Financial institutions which maintain business relations or other similar relations with corresponding banks shall act as follow:</p> <ol style="list-style-type: none"> 1. Review the legal person status of corresponding banks that they are doing business with; 2. Gather data on the nature of business operation of a corresponding bank; 3. Assess the creditability, management and audit of a corresponding bank based on the disclosed information; 4. Assess the implementation of AML/CFT of a corresponding bank; 5. Observe relevant laws and regulations relating to a business relation with corresponding banks. 	
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If corresponding banks have business relations or transactions with shell banks or their subsidiary, the reporting entities shall not establish or continue business relations with such corresponding banks or their subsidiary.”

“Article 27 Data collection on wire transfer

In each service of wire transfer, s financial institution must gather and check the information on name and surname, address, account number, and purpose of the transferor’s transfer. In case of acting as an intermediary of the transfer, a financial institution must ensure that the information on the transferor and details about the transfer are correctly and completely recorded before further delivery to a beneficiary. In case a financial institution receives a transfer with no information or missing information on a transferor, it has to check and find the missing information from a transferring institute or a beneficiary. If the information is not provided, a financial institution receiving the transfer shall refuse the payment to a beneficiary and transfer the money back to a transferring financial institution and immediately report the case to AMLIO. The management of domestic and foreign transfer is defined in a separate regulation.”

“Article 28 Record-keeping

The reporting entities shall carefully maintain records on customers, documents on business relations and transactions of customers for further supply to AMLIO and other concerned organisations. Record maintenance shall observe the following:

1. Make copies identification documents of customers and beneficiaries of each transaction and keep them for at least ten years after the end of business relations with the customers;
2. Records on the transactions undertaken by customers shall be kept for at least five years from the date of transaction undertaking.”

	<p>“Article 29 Transaction deferral</p> <p>When it is suspected that the customers’ transactions are acts of money laundering or financing of terrorism, the reporting entities must postpone the transactions for three working days and then report the cases to AMLIO for consideration.”</p> <p>“Article 30 Reporting</p> <p>The reporting entities must report to AMLIO in case a customer request to do the following transactions:</p> <ol style="list-style-type: none"> 1. Cash Transaction more than a threshold; 2. Wire Transfer more than a threshold; 3. Other transactions as defined by AMLIO. <p>The Bank of the Lao PDR is responsible for setting thresholds for cash transaction, wire transfer which are required for reporting, and issuing legislations on reporting.”</p> <p>“Article 31 Suspicious transaction report</p> <p>In the case of a suspicion or a cause for a suspicion that a customer`s transaction may be a consequence of a predicate offence, relating or connecting to money laundering and financing of terrorism, reporting entities shall report such transaction to AMLIO within three working days. This reporting requirement extends to a customer`s attempt of transaction regardless of completion status and amount of money involved.”</p> <p>“Article 32 Confidentiality</p> <p>The management and staffs of the reporting entities shall maintain a confidentiality of transaction report in suspicious of money laundering or financing of terrorism or other information reported to AMLIO. A clause on maintaining customers’ confidentiality by the reporting entities as defined in their internal regulation or agreement shall comply with this law. The management and staffs of the reporting entities will not be disciplined or prosecuted on the ground of disclosing customers’ secrets, if the reporting or the provision of such information is done with good faith and in compliance with this law, and will not be held liable for any wrongdoing.”</p>	
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<p>1.7 Where countries identify higher risks, they should ensure that their AML/CFT regime addresses such risks, including through:</p> <p>(a) requiring financial institutions and DNFBPs to take enhanced measures to manage and mitigate the risks; or</p>	<p>Persuant to the AML/CFT Law has clearly stated that:</p> <p>(a). In case of higher risk, the reporting entities are required to take action under article 20 of AML/CFT Law (referred to the article 20 of clause 1.6) and article 14 of Decision on KYC/CDD No.01/NCC, dated 15 January 2016</p> <p>“Article 14 Managing Risk for High Risk Customers</p> <p>The reporting entities must implement the risk management as specified in article 12 of this agreement and to consider the risks of money laundering and financing of terrorism as risk factors as follows:</p> <p>1. Risk factors that caused from customers to consider at least two cases as following:</p> <p>1.1. In case of identification or beneficial owner that indicates customers or beneficial owner has any features as follows:</p> <ul style="list-style-type: none"> - the structure of stakeholder is complex or unusual compared when compared with the nature of business; - the political exposed person; - conducting business or a profession with high risk; - conducting business or active transactions of customers using the cash which does not consistent to business customers; - no Lao nationality or not lives in Laos; - the legal entities or legal arrangement has settled other's funds. - the legal entities who was hold of shareholders or shares issued in the form of anonymous holder; - information is considered that evidence of customers is a high-risk customer; 	<ul style="list-style-type: none"> - Law on AML/CFT No. 50/NA dated 21 July 2014; - Agreement on Know Your Customers and Customer Due Diligence No 01/NCC, dated 15 January 2016; - Notice to Banking Sector on RBA implementation No. 851/AMLIO, dated 07 June 2019; - Notice to Securities Company on NRA implementation No. 0042/LSCO dated 19 July 2019 - Notice to Insurance company on RBA implementation No.0865/DSI, dated 1 July 2019; - RBA implementation by BCEL and BIC bank.
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	<p>- other natures that determined by AMLIO.</p> <p>1.2. in the event of the result of audit was found that the transactions or business relationships of clients has conducted in a manner unusual.</p> <p>2. Risk factors on products and services, conducting transactions or channel of service must consider at least the following:</p> <p>2.1. Establishing the business relationships or transactions with legal entities who has no enterprise license or permission on conducting business but is not required by law;</p> <p>2.2. Establishing the business relationships or transactions that are not revealed real name;</p> <p>2.3. Establishing the relationships business or non-face to face operation;</p> <p>2.3. Transfer money from unknown people or not relevant third party;</p> <p>2.4. other natures that determined by AMLIO.</p> <p>3. Factors as risks from high risk areas or countries such as the client is temporary or permanent, occupation, source of income or active transactions in high risk areas or countries on money laundering and financing terrorism as defined by AMLIO and stakeholders in each period.</p> <p>the reporting entities must take the risk factors as defined in paragraph 1 of this article to consider the risk of clients as strictly in the case of reporting entities was assessed on risk factors with other information of customers, if it is possible in the paragraph 1 of this article that is a high risk customers must take measures on customer due diligence to those customers. the reporting entities may consider other factors such as channel providers, type of transaction, type of financial products and information of the customer's lists from other source to be a factor to determine high risk with the risk factors as set in paragraph 1 of this article.”</p>	
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<p>(b) requiring financial institutions and DNFBPs to ensure that this information is incorporated into their risk assessments.</p>	<p>(b). The supervisory bodies issued Notice to Reporting Entities under their responsibility on RBA implementation:</p> <ul style="list-style-type: none"> - AMLIO issued the Notice to Banking Sector on RBA implementation No. 851/AMLIO, dated 07 June 2019; - Lao Security Commission Office issued Notice to Securities Sector No.0042/LSCO, dated 17 July 2019; - Department of State-Owned Enterprise and Insurance Management issue Notice No.0865/DSI, dated 1 July 2019; <p>Based on the Notice issued, the three sectors above-mentioned have established their own action plan in correspondence to the RBA finding. (details stipulated in Rec.1.5)</p>	
<p>1.8 Countries may allow simplified measures for some of the FATF Recommendations requiring financial institutions or DNFBPs to take certain actions, provided that a lower risk has been identified, and this is consistent with the country's assessment of its ML/TF risks.</p>	<p>Persuant to the AML/CFT Law has clearly stated that: In case of lower risk, the reporting entities should refer to article 12 of Agreement on KYC/CDD No.01/NCC, dated 15 January 2016</p> <p>“Article 12 Risk Management</p> <p>Reporting units must uphold principles of assessing and managing risk of money laundering and financing of terrorism as specified in Article 20 in the Law on AML/CFT and should improve their own policies, principles, procedures or regulations per the standard conditions specified by the AMLIO periodically.</p> <p>Reporting units must assess and manage risk on the basis of at least identifying, valuing, monitoring and reducing risk of money laundering and financing of terrorism which may arise in themselves, for instance existing or new products, existing or new methods for conducting business, methods or procedures in servicing or conducting business, the use of new technology in servicing or conducting business. If risks are found, there must be appropriate measures in order to reduce the risk of money laundering and financing of terrorism before servicing, conducting business and creating business relationships with new and old clients.</p> <p>Reporting units must consider the intensity of measures for customer due diligence for all of their customers in accordance with the risk of money laundering</p>	<ul style="list-style-type: none"> - Agreement on Know Your Customers and Customer Due Diligence No 01/NCC, dated 15 January 2016;

	<p>and financing of terrorism of the client. If the client has a high level of risk, deep measures must be implemented for customer due diligence. If the client has a low level of risk, easy measures must be implemented for customer due diligence which must be counted as part of policy, procedures, principles or regulations in assessing and managing their risk. For information and evidence or identity verification documents of various clients which are considered in the management of risk of money laundering and financing of terrorism, which are stored, the information must be audited and improved to be current information through even implementation until cessation of relationship with the client.</p> <p>Reporting units must carry out policies, procedures, principles or regulations in assessing and managing their risk as specified in Paragraphs 2 to 3 of this Article while serving, processing transactions and creating business relationships or while ceasing the service, the processing of transactions and the creation of business relationships.”</p>	
<p>1.9 Supervisors and SRBs should ensure that financial institutions and DNFBPs are implementing their obligations under Recommendation 1.</p>	<ul style="list-style-type: none"> - Pursuance to article 18-32 of AML/CFT Law in particular the article 20 Implementing Risk Assessment and Risk based Approach principle (details stipulated in Rec.1.6); - Often time, AMLIO in corperation with supervisor carries out an on-site inspection to eeporting entities based on the On-site Inspection Manual dated 08 August 2018. <p>The inspection emphasizes on higher risk sector mainly Banking, Security, Financial Institution to ensure compliance with its obligations. In case where Reporting Entities found to have deficiencies then they are required to report the progress made on AML/CFT to AMLIO and other relavant supervisors on regular manner.</p> <p>To date, the Lao PDR took place the Decree on Entrust with an aim to allocate responsibilities to each supervisor to consider taking place REs supervisory regulation operating under its supervision, and to couple with the risk mitigation measure for REs. In addition, the reporting entities are required to carry out their obligations as stated in</p>	<ul style="list-style-type: none"> - Law on AML/CFT No. 50/NA, dated 21 July 2014; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; - AML/CFT On-site Inspection Manual dated 08 August 2018.

	<p>the article 13-14 under the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;</p> <p>“Article 13 Reporting Entities</p> <p>Reporting Entities have a responsibility for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism as following:</p> <ol style="list-style-type: none"> 1. All forms of Credit Lending Companies, Pawnshops, Leasing Companies, Money Transfer Service Companies, Currency Exchange Bureau, Insurance Companies, and Asset Management Companies; 2. Commercial Banks and Micro-Finance Institutions; 3. Companies or Agents that provide and manage financial payment tools, Real Estate Trading Agencies, Valuable Material and Antique Trading Business, a Bar association or a Legal firm, Notary public, External Auditing firms, and Casinos.” <p>“Article 14 The Responsibilities of Reporting Entities</p> <p>Reporting Entities have a responsibility for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism as following:</p> <ol style="list-style-type: none"> 1. Developing Anti-Money Laundering and Counter-Financing of Terrorism programs as defined in detailing in Subparagraph 2 to 16 of this Article with the approval by Board of Directors and other relevant organizations; 2. Developing, propose a policy developing and regulations to Board of Directors or Directors to consider in accordance with its rights and obligations; 3. Establishing the Department, Sector or Nominate the data collection staff and reporting staff as defined in the regulation of reporting on suspicious transac- 	
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	<p>tion for Money Laundering or Counter-Financing of Terrorism;</p> <ol style="list-style-type: none"> 4. Nominate an Internal Auditor to monitoring and auditing the implementation of Anti-Money Laundering or Counter-Financing of Terrorism activities and then report the outstanding information to AMLIO; 5. Evaluate, Risk Assessment and Create a Manual on Know your customers and Customer due diligence as defined in the Agreement on Know Your Customers and Customer Due Diligence; 6. Developing and Implementing a professional training program for its staff as regularly and report to AMLIO as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 7. Collecting information in details about customers as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 8. Collecting information about customer's transactions as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 9. Monitoring customers who are Politically Exposed Persons (PEPs) as defined in Agreement on Know Your Customers and Customer Due Diligence; 10. Inspecting its customers upon receiving a notification about list of natural person relating to terrorist or financing of terrorism from AMLIO as defined in Order on the withholding, Freezing and Seizure of funds relating to Terrorist or Financing of Terrorism No.03/NCC, dated 11 February 2016, 11. Records keeping as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 12. Postpone a transaction as defined in the regulation of reporting on suspicious transaction for Money Laundering or Counter-Financing of Terrorism; 13. Cash Transactions Report as defined in the regulation of reporting on cash 	
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	<p>Transaction report and Decision on the reporting of Wire Transfers in exceeding the specified limit more than threshold and other transactions as defined by AMLIO;</p> <p>14.Suspicious Transaction Reporting as defined in the regulation of reporting on suspicious transaction for Money Laundering or Counter-Financing of Terrorism</p> <p>15.Confidentiality as defined in the regulation on Anti-Money Laundering and Counter-Financing of Terrorism;</p> <p>16. Developing a Technology System that able to connect with AMLIO.</p> <p>For Commercial Banks, besides the responsibilities that defined in First paragraph of this Article, Commercial Banks also have other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Communicate with Corresponding Bank as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 2. Data Collection on Wire Transfer as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism, and the regulation on Wire Transfer more than threshold; 3. Monitoring Anonymous Accounts as defined in the Order of the Chairman of National Coordination Committees for Anti-Money Laundering and Counter-Financing of Terrorism on Enhancing Monitor and Inspect the Anonymous Accounts. <p>For Micro-Finance Institutions, besides the responsibilities that defined in First paragraph of this Article, Micro-Finance Institutions also have a responsibility for monitoring the anonymous Accounts as defined in the Order of the Chairman of National Coordination Committees for Anti-Money Laundering and Counter-Financing of Terrorism on Enhancing Monitor and Inspect the Anonymous Accounts.</p>	
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	counts.	
<p>OBLIGATIONS AND DECISIONS FOR FINANCIAL INSTITUTIONS AND DNFBPS</p> <p><i>Risk assessment:</i></p> <p>1.10 Financial institutions and DNFBPs should be required to take appropriate steps to identify, assess, and understand their ML/TF risks (for customers, countries or geographic areas; and products, services, transactions or delivery channels)⁸. This includes being required to:</p> <p>(a) document their risk assessments;</p> <p>(b) consider all the relevant risk factors before determining what is the level of overall risk and the appropriate level and type of mitigation to be applied;</p>	<p>(a). To document the risk assessment made by Reporting Entities was identified under article 25 of the Decision on Know Your Customers and Customer Due Diligence No. 01/NCC, dated 15 January 2016.</p> <p>“Article 25 On-going Monitoring</p> <p>The reporting entities must review the examination of information and evidence of identity's customer in currently including lower and higher risk customer on ML/FT that have to ensure the information, document or any news that comply has to through of using measure on customer due diligence as specified in article 15 of this agreement and it will keeping as specified in article 28 of AML/CFT law in correct the reality of each customer in each period.”</p> <p>(b).To effectively consider all the relevant risk factors before determining what is the level of overall risk and the appropriate level and type of mitigation to be applied is stated under article 12, (2nd paragraph) of the Decision on Know Your Customers and Customer Due Diligence No 01/NCC, dated 15 January 2016;</p>	<p>- Agreement on Know Your Customers and Customer Due Diligence No. 01/NCC, dated 15 January 2016;</p>

<p>(c) keep these assessments up to date; and</p>	<p>“Article 12 Risk Management</p> <p>xxx</p> <p>Reporting units must assess and manage risk on the basis of at least identifying, valuing, monitoring and reducing risk of money laundering and financing of terrorism which may arise in themselves, for instance existing or new products, existing or new methods for conducting business, methods or procedures in servicing or conducting business, the use of new technology in servicing or conducting business. If risks are found, there must be appropriate measures in order to reduce the risk of money laundering and financing of terrorism before servicing, conducting business and creating business relationships with new and old clients”</p> <p>Xxx</p> <p>(c). To keep assessment up to date the Reporting entities are required to undertake as stated in article 12 (3rd paragraph) of the Decision on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016;</p> <p>“Article 12 Risk Management</p> <p>xxx</p> <p>Reporting units must consider the intensity of measures for customer due diligence for all of their customers in accordance with the risk of money laundering and financing of terrorism of the client. If the client has a high level of risk, deep measures must be implemented for customer due diligence. If the client has a low level of risk, easy measures must be implemented for customer due diligence which must be counted as part of policy, procedures, principles or regulations in assessing and managing their risk. For information and evidence or identity verification documents of various clients which are considered in the management of risk of money laundering and financing of terrorism, which are stored, the information must be audited and improved to be current information through even implementation until cessation of relationship with the client.</p>	
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<p>(d) have appropriate mechanisms to provide risk assessment information to competent authorities and SRBs.</p>	<p>xxx”</p> <p>(d). To determine an appropriate mechanisms that provide risk assessment information to competent authorities and SRBs are stated under article 25 of the Decision on Know Your Customers and Customer Due Diligence No 01/NCC, dated 15/01/2016;</p> <p>“Article 25 On-going Monitoring</p> <p>the reporting entities must review the examination of information and evidence of identity's customer in currently including lower and higher risk customer on ML/FT that have to ensure the information, document or any news that comply has to through of using measure on customer due diligence as specified in article 15 of this agreement and it will keeping as specified in article 28 of AML/CFT law in correct the reality of each customer in each period.”</p>	
<p>Risk mitigation</p> <p>1.11 Financial institutions and DNFBPs should be required to:</p> <p>(a) have policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate the risks that have been identified (either by the country or by the financial institution or DNFBP);</p>	<p>(a). The policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate the risks that have been identified (either by the country or by the financial institution or DNFBPs) was identified under article 17 (clause 2) of the Decision on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016;</p> <p>“Article 17 Cursory Measures for Customer Due Diligence</p> <p>After the reporting entities had conducting the managing risk as specified in article 14 of this agreement, if they had known their customer has high risk in money laundering or financing terrorism the reporting entities must take measure of customer due diligence as least following:</p> <p>1. determine more the procedure or get more request information from customers such as the information or evidence in operation or activities of business, information sources of capital or income and information about the purpose of conducting transactions or relationship business. to determine the process to</p>	<p>- Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016;</p>

<p>(b) monitor the implementation of those controls and to enhance them if necessary; and</p>	<p>consider referring to the relationship of business with the reporting entities that reliable in anti-money laundering and financing of terrorism as a reason to request more information.</p> <p>2. determine the senior manager to approval in conducting transactions or relationships with business with high risk customers and approve the audit information procedures of customer due diligence in case of customers have high risk, which may cause that make reporting entities to fall in the necessary tools or source of money laundering and financing of terrorism. reporting entities to deny or terminate relationships in transactions or relationships with business customers such report transactions suspected of money laundering or the financing of terrorism to the AMLIO.</p> <p>3. determine the procedures to detect movement of financial high-risk customers as strictly by considering increasing frequency, step or track the relationship business and active in making transactions also more frequently check the identity and those beneficial owner of customer and reporting entities must conducting these steps as regularly.</p> <p>(b). To monitor the implementation of those controls and to enhance where necessary was identified under Article 25-26 of the Decision on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.</p> <p>“Article 25 On-going Monitoring</p> <p>The reporting entities must review the examination of information and evidence of identity's customer in currently including lower and higher risk customer on ML/FT that have to ensure the information, document or any news that comply has to through of using measure on customer due diligence as specified in article 15 of this agreement and it will keeping as specified in article 28 of AML/CFT law in correct the reality of each customer in each period”</p>	
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<p>(c) take enhanced measures to manage and mitigate the risks where higher risks are identified.</p>	<p>“Article 26 Measures for Continuous Monitoring</p> <p>The reporting entities must establish the procedure to on-going monitoring with the movement of transactions including lower and higher risk customers on ML/FT and customer that used to report to AMLIO by using measure on customer due diligence as defined in Article 15 of the agreement, when active transactions again of this customers and make a suspected transactions report on ML/FT to AMLIO.”</p> <p>(c). To take enhanced measures to manage and mitigate the risks where higher risks are identified under article 17 of the Decision on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016 (Detail of article 17 mentioned in Rec.1.11(a)).”</p>	
<p>1.12 Countries may only permit financial institutions and DNFBPs to take simplified measures to manage and mitigate risks, if lower risks have been identified, and criteria 1.9 to 1.11 are met. Simplified measures should not be permitted whenever there is a suspicion of ML/TF.</p>	<p>The Reporting Entities might undertake simplified measure to manage and mitigate risks as identified under article 18 of the Decision on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016;</p> <p>“Article 18 Thorough Measures for Customer Due Diligence</p> <p>After the reporting entities has conducted the managing risk as defined in Article 13 of the agreement if the client has low risk in money laundering or the financing of terrorism to consider the level strictly monitoring information and take simply measures customer due diligence as least the following:</p> <ol style="list-style-type: none"> 1. downgraded the strictly to request information and evidence or documentation to verify its customers by considering the type of customer, transaction, product of financial, value of transactions, dynamic financial and operational relationship business; 2. downgraded the strictly in testing the information of dynamic financial and operational relationship business of customer; 	<p>- Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016;</p>

	<p>3. downgraded the strictly in testing the information as current customers.</p> <p>In the event of consideration that customers have low risk with active transactions or activities in a manner that involved or related to money laundering or financing terrorism the reporting entities must improve the risk of customers to be a high-risk customer and conduct the measures customer due diligence immediately.”</p>	
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RECOMMENDATION 2

Recommendation 2. National cooperation and coordination

2.1 Countries should have national AML/CFT policies which are informed by the risks identified, and are regularly reviewed.

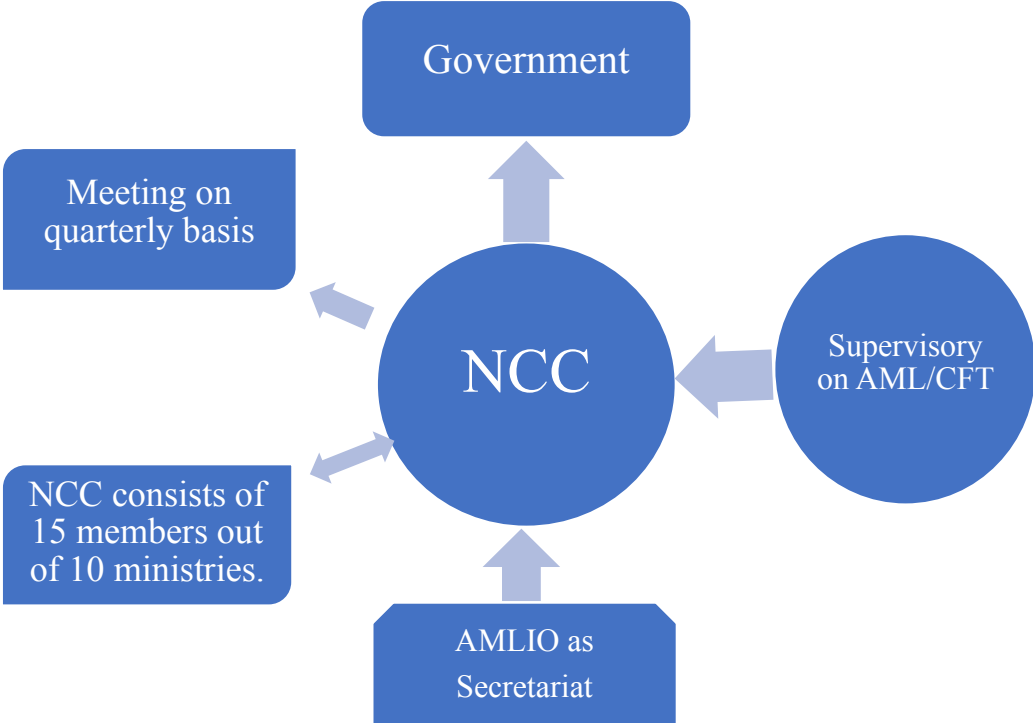
Upon completion of the National Risk Assessment, the Lao PDR has come up with its action plan to deal with the existing deficiencies show in the NRA outcome by dividing into 6 different key roles to play as following:

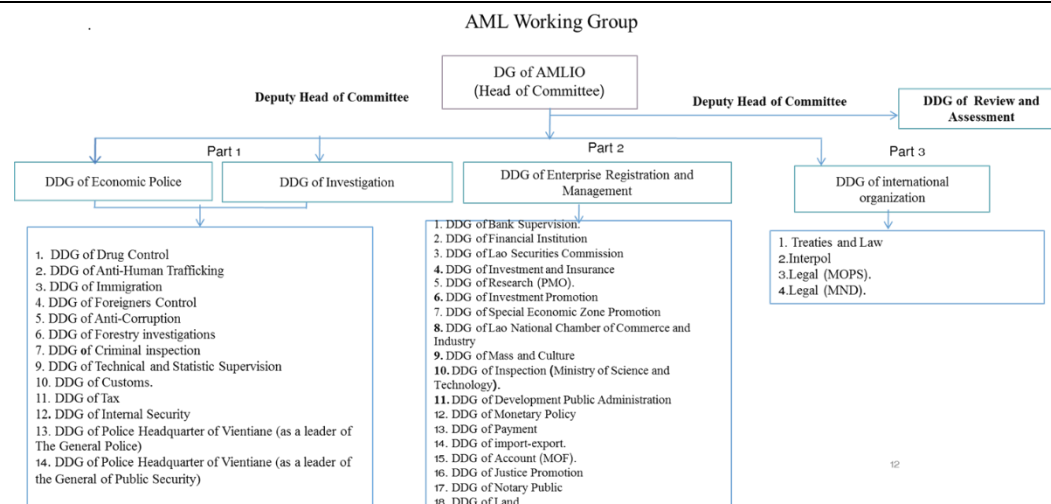
Risk	Solution	Schedule
1. Policies and Strategies on AML/CFT	<ul style="list-style-type: none"> - Create and endorse action plans on AML / CFT work - Encourage the implementation of the Action Plan to progress from time to time. 	2020
2. Legislative Standards	<ul style="list-style-type: none"> - AML/CFT implementation Manual for REs; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; - Drafting Order on withholding, Freezing and Seizure of funds relating to Proliferation Financing - Draft Law on Mutual Legal Assistance; - Directive on ML/TF Prosecution, No.01/NCC, dated 08 January 2020; - Decree on Trade Management of Dual-Use Goods; - The review on all existing legislations have been conducted; 	2021

- National Money Laundering and Terrorist Financing Risk Assessment Report of the Lao PDR;
- Government Notice on NRA Outcome No.191/PO, dated 5 February 2019;
- Drafting Decree on Trade Management of Dual-Use Goods;
- Draft Law on Mutual Legal Assistance;
- Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;
- Directive on ML/TF Prosecution, No.01/NCC, dated 08 January 2020;
- Drafting Order on withholding, Freezing and Seizure of funds relating to Proliferation Financing;

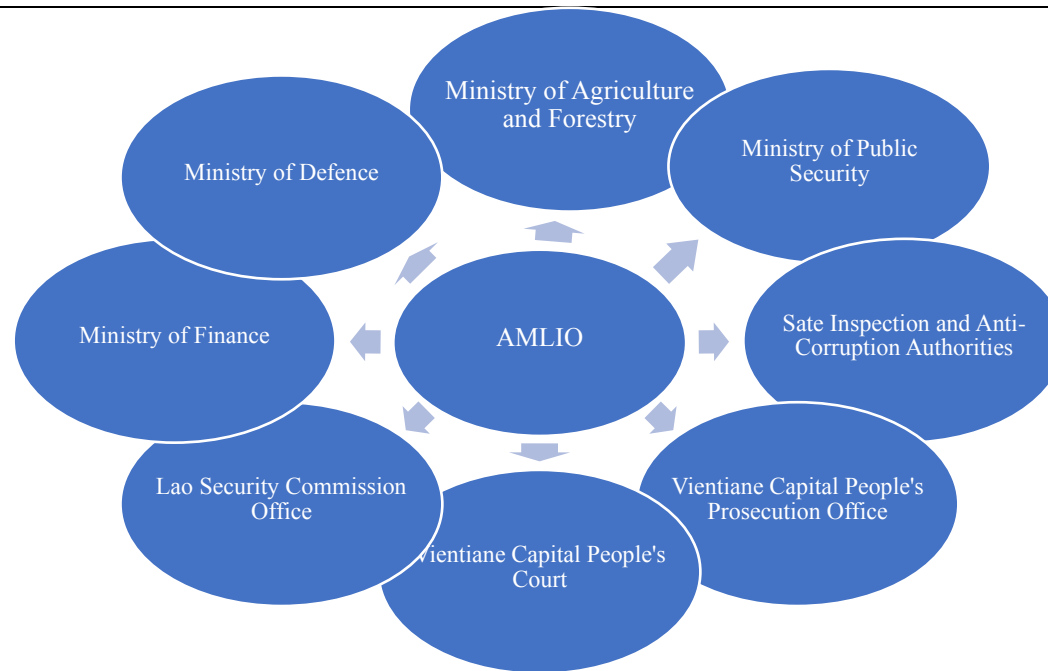
		3. The effectiveness of the proceedings	<ul style="list-style-type: none">- Conduct AML/CFT investigation technique to investigation authorities and other relevant agencies nationwide including cross border checkpoint authorities;- Optimizing a coordination and cooperation between investigative bodies, Public Prosecutor Office, People’s Court and associated agencies by agreeing to add more allegations on investigation, litigate and make judgement call on ML/TF offences in parallel with predicate offence;- Increasing number of competent authorities and other relevant agencies that in charge of ML/TF investigation in particular competent authorities in provincial level;-Improving the quality of AMLIO's Intelligence reports by upgrading technical staff and using modern tools in line with international standards into the analysis;- Upgrading the infrastructure system on identification of natural person in order for REs to get access to source of information.	2019		
		Monitoring efficiency, KYC and accessing of data information by REs	<ul style="list-style-type: none">- Enlightening knowledge on AML/CFT across REs;- Establishing a monitoring mechanism for REs on the implementation of AML/CFT obligations;- Establishing mechanisms for law enforcement agencies to access to basic information that the reporting units collected;	2020		
		5. Domestic and international coordination	<ul style="list-style-type: none">- Extending the framework of cooperation’s for domestic and international level focusing on exchange of information;- Lao PDR is at the stage of becoming a member of the International Finance Intelligence Group (Egmont Group);	2020		
Upon completion of action plan, Lao PDR will review the NRA periodically.						

<p>2.2 Countries should designate an authority or have a co-ordination or other mechanism that is responsible for national AML/CFT policies.</p>	<p>During 2015, the government of Lao PDR established the NCC along with AMLIO and designated it to function as a secretariat, which is directly received technical instruction from the NCC in order to allocate roles and responsibilities across line-ministries and related agencies within the nation.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. - Decree on Role and Responsibilities of National Coordination Committee for Anti Money Laundering and Countering of Financing Terrorism No.350/PM, dated 14 October 2016; - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised) No.02/NCC, dated 08 January 2020. -
<p>2.3 Mechanisms should be in place to enable policy makers, the Financial Intelligence Unit (FIU), law enforcement authorities, supervisors and other relevant competent authorities to co-operate, and where appropriate, co-ordinate and exchange information domestically with each other concerning the development and implementation of AML/CFT policies and activities. Such mechanisms should apply at both policymaking and operational</p>	<p>The NCC was found in 2015, which chaired by vice-prime minister along with other ministries as members with a total number of 15 people out of 10 ministries such as Ministry of Public Security, Ministry of Finance, Bank of the Lao PDR, Supreme People's Prosecutor Office, Ministry of Industry and Commerce, Ministry of Justice, State-Audit Organization, Ministry of Foreign Affairs, Prime Minister Office, and Supreme People's Court Office to which AMLIO performs as secretariat in terms of monitoring and inspection of AML/CFT implementation to ensure consistency of legislations and international standard.</p>	<ul style="list-style-type: none"> - Law on AML/CFT No.50/NA, dated 21 July 2014; - Decree on Implementation and Operations of National Coordination Committee on Anti-Money Laundering and Countering-Financing Terrorism No.350/PM, dated 14 October 2016; - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office

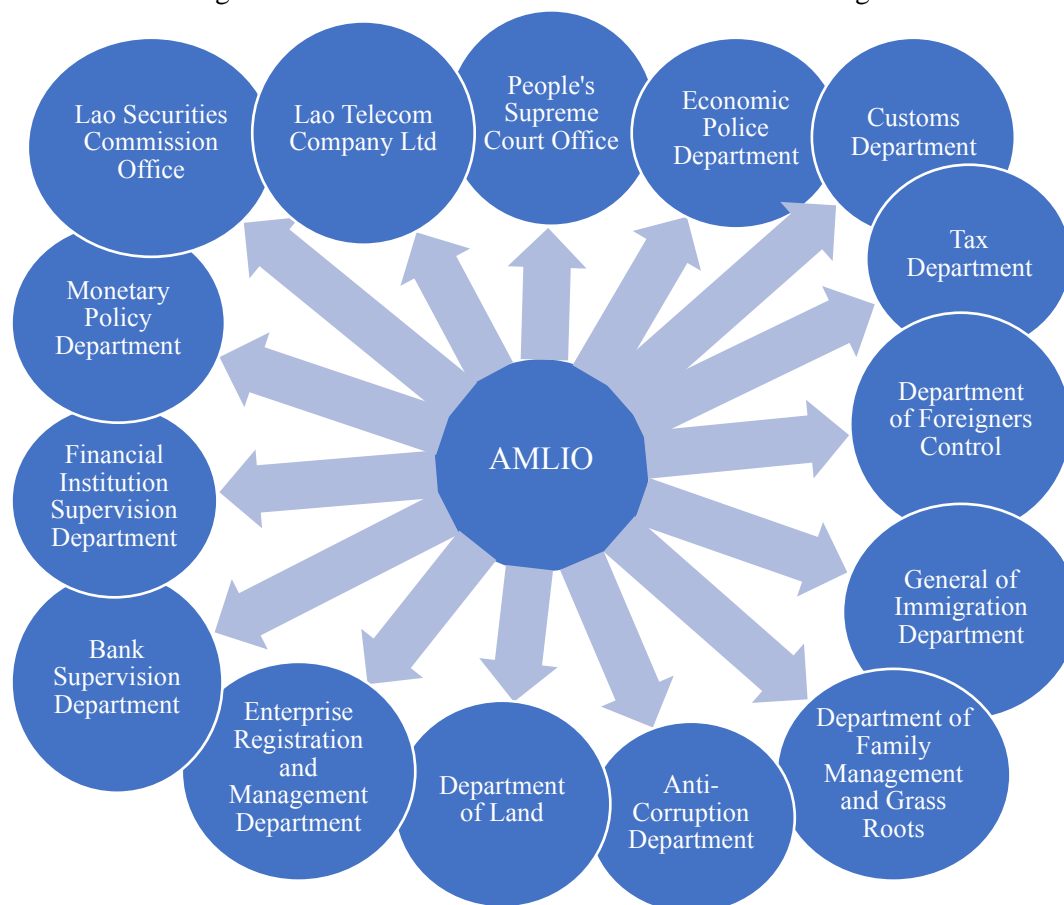
<p>levels.</p>	 <p>In 2016, AML Working Group was established by NCC, which consists of 35 relevant departments from line-ministries who involved in AML/CFT implementations that mainly come from three different roles and functions in an area of criminal proceeding, REs supervision, as well as international and internal cooperation as demonstrate in following flowchart.</p>	<p>No.02/NCC, dated 08 January 2020;</p> <ul style="list-style-type: none"> - Agreement On Designate Anti-Money Laundering Working Group No. 19/NCC, dated 17 October 2017; - Decision On AML/CFT Focal Point No.1112/AMLIO, dated 14 November 2016; - The MOU signed between AM-LIO and Lao Telecom Company limited;
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The AML/CFT Focal-Point was established in 2016 only in Vientiane Capital and extended to provincial level in 2018 to focus on predicate offences investigation that would lead to potential ML/TF prosecution.



Moreover, Lao PDR also utilized another mechanism in form of MOUs for domestic information sharing within 15 relevant ministries in total as demonstrating below:



<p>2.4 Competent authorities should have similar co-operation and, where appropriate, co-ordination mechanisms to combat the financing of proliferation of weapons of mass destruction.</p>	<p>Under the mandatory of UN's member, Lao PDR is undertaking the Resolution 1718 (2006) and 2231 (2015) via Ministry of Foreign Affairs, Ministry of Industry and Commerce, Ministry of Public Security and other associated agencies.</p> <p>With the assistance of EU, the Lao PDR is now drafting the Decree on Trade Management of Dual-Use Goods and drafting Order on the withholding, Freezing and Seizure of funds relating to Proliferation Financing, which anticipates to be finalized in 2020. Both legislations determine the mechanism and responsibilities of each ministries involved such as Ministry of Foreign Affairs, Ministry of Industry and Commerce, Ministry of Finance, Ministry of Post, Telecom and Communication, Ministry of Public Works and Transportation, Anti-Money Laundering Intelligence Office in conducting an actual implementation as stipulated in UN resolutions.</p>	<ul style="list-style-type: none"> - Order on the withholding, Freezing and Seizure of funds relating to Terrorist or Financing of Terrorism No.03/NCC, dated 11 February 2016; - Drafting the Decree on Trade Management of Dual-Use Goods; - Drafting Order on the Withholding, Freezing and Seizure of funds relating to Proliferation Financing.
<p>2.5 Countries should have cooperation and coordination between relevant authorities to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions (e.g. data security/localization).</p>	<p>In addition to the existing internal cooperation and coordination mechanism between AML-Working Group and AML/CFT Focal Point to which the said mechanism has also extended to other ministries which are not a member of the above two working group in the form of MOUs.</p> <p>In terms of data protection and privacy rules and other similar provisions, AMLIO put in place an implementation plan on development of data sharing system between AMLIO and associated competent authorities dated 12 February 2020</p> <p>The information sharing among above-mentioned parties were conducted through Online Platform for instance, Cross Border Report Online system between AMLIO and the Customs Department, and STR/CTR Online System between REs and AMLIO.</p>	<ul style="list-style-type: none"> - Manual on Cross Border Report Online System; - Implementation plan on development of data sharing system between AMLIO and associated competent authorities dated 12 February 2020.

RECOMMENDATION 3

B. MONEY LAUNDERING AND CONFISCATION

R 3. Money laundering offence *

3.1 ML should be criminalized on the basis of the Vienna Convention and the Palermo Convention (see Article 3(1)(b)&(c) Vienna Convention and Article 6(1) Palermo Convention).

The ML is determined as criminal offence in Lao PDR on the basis of the Vienna Convention and the Palermo Convention as mentioned in the Penal Code article 130 and Law on AML/CFT Article 2, 4 and 6.

- **Penal code No.26/NA, dated 17 May 2017.**

“Article 130 Money Laundering

Money laundering is a conversion, use, movement, exchange, acquisition, possession, and genuine ownership transfer of funds or other properties by a natural person, legal person or an organization that knows, knew or suspects that such funds or properties are derived from the predicate offences to conceal or disguise their characteristics, origin, and location in order to make such funds or properties legitimate.

Any natural person who commits money laundering:

1. Below the amount of 1,000,000,000 Kip will be deprived of freedom from three to seven years, fined 300,000,000 Kip up to 500,000,000 Kip, and with his/her properties to be confiscated.

2. 1,000,000,000 Kip and above will be deprived of freedom from seven to ten years, fined 500,000,000 Kip up to 700,000,000 Kip, and with his/her properties to be confiscated.

In case of an organized group, habitual offense, an offender will be deprived of freedom from ten to twelve years, fined 700,000,000 Kip up to 900,000,000 Kip, and with his/her properties to be confiscated. The act of preparation and attempt to commit an offence shall also be penalized.”

- Penal code No.26/NA, dated 15 May 2017;
- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.**

“Article 2 Money Laundering

Money laundering is a conversion, use, movement, exchange, acquisition, possession, and genuine ownership transfer of funds or other properties by a natural person, legal person or an organisation that knows, knew or suspects that such funds or properties are derived from the predicate offences to conceal or disguise their characteristics, origin, and location in order to make such funds or properties legitimate.”

“Article 4: Anti-money laundering

The anti-money laundering is an action of natural persons, legal persons and organisations with direct duties on knowing your customers, combating, preventing, curbing, and eliminating money laundering as defined in article 2 of this law, in which the offences a threat to the national security, and causes damages to the national socio-economic foundation.”

“Article 6: Acts of money laundering

Acts of money laundering are as follow:

1. Conversion and transfer of funds or properties with an intention to conceal or disguise the proceeds of crime, aid and abet offenders of predicate crimes to avoid the legal consequences;
2. Concealing or disguising origin and location of funds or properties, possession, movement, or ownership transfer of such funds or properties in question;
3. Acquisition, possession, use of funds or properties derived from predicate offences such as illicit lending of such funds or properties, use of such funds or properties in a direct investment;
4. Being an accomplice in planning, attempting to or aiding, encouraging, facilitating or giving advices on offences as defined in subparagraph 1, 2 and 3 above.

In addition to the above, money laundering is demonstrated as follow:

1. Acknowledgement with intent with regards to offences leading to a money laundering;
2. An event or evidence that proves the funds or properties are derived from the predicate offences without the necessity for a court ruling.

	A prosecution is to be carried out against offenders on the ground of money laundering, and offenders of predicate offences.”	
3.2 The predicate offences for ML should cover all serious offences, with a view to including the widest range of predicate offences. At a minimum, predicate offences should include a range of offences in each of the designated categories of offences.	<p>All serious offences for ML and TF are determined in Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p> <p>“Article 8 Definitions</p> <p>The terminologies used in this law have the following meaning:</p> <p><u>1. Predicate offences</u> shall mean all criminal offences which are the causes of money laundering including offences committed outside the territory of the Lao PDR that incurs proceeds of predicate offences. These include frauds, robbery or theft, murder and battery, kidnap, detention and hostage taking, trading of illegal properties, currency counterfeiting including cheque counterfeiting, or use of counterfeited currency or cheque or bond, document forgery or use of forged documents infringement of intellectual property rights, corruption including a taking and giving bribery, adult and child prostitution, human trafficking, people smuggling, production and trafficking of narcotics, trading of war arms or explosives, participation in an organized criminal group and racketeering, terrorism including financing of terrorism, environmental crime, tax crimes, insider trading and market manipulation, violation of customs and tax regulations, extortion, piracy, and others”.</p>	- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.
3.3 Where countries apply a threshold approach or a combined approach that includes a threshold approach, predicate offences should, at a minimum, comprise all offences that: (a) fall within the category of serious offences under their national law; or (b) are punishable by a maximum penalty of more than one year’s imprisonment; or (c) are punished by a	<p>Lao PDR criminalized all predicate offences that conduce to ML as stated in Penal code No.26/NA, dated 17 May 2017, article 13, 49, 50 and 51 that any natural person who committed offences will be penalized for Crimes, Major offence and Minor Offence respectively:</p> <p>“Article 13 Categories of Offences</p> <p>Offences are divided into three categories:</p> <ul style="list-style-type: none"> – Minor offences are offences punished under the law by public criticism or fine; – Major offences are offences punished under the law by re-education without deprivation of liberty or imprisonment from three months to ten years and fines; – Crimes are offences punished under the law by imprisonment from five years up to the life imprisonment with fines and death penalty.” 	- Penal code No.26/NA, dated 17 May 2017.

<p>minimum penalty of more than six months' imprisonment (for countries that have a minimum threshold for offences in their legal system).</p>	<p>“Article 49 Deprivation of Liberty with Terms</p> <p>Deprivation of liberty with terms is an obligation imposed on sentenced persons to serve their sentence in reformatory center for three months to twenty years.”</p> <p>“Article 50 Life Imprisonment</p> <p>Life imprisonment is a punishment without period of time, applied to a person having committed a very serious offence, but it is not suitable to convict as death penalty.</p> <p>Life imprisonment is prohibited to imposed on offenders who are less than eighteen years old and on women in a state of pregnancy when the offence is committed, which twenty years of imprisonment shall be applied in these cases.”</p> <p>“Article 51 Death Penalty</p> <p>The death penalty is the special punishment to be imposed on offenders in especially serious cases as stated in the specific part of this penal code and related law that define the penal offence and punishment.</p> <p>The death penalty is carried out by shooting.</p> <p>It is forbidden to inflict a death sentence on offenders who are less than eighteen years old at the time of the offence, on women who are in a state of pregnancy, on women nursing their children under three years, on older persons from sixty years of age and on persons with mental disabilities at the time the offence is committed, when the court makes its decision, or when the sentence is served. Instead life imprisonment shall be imposed to these cases.”</p>	
<p>3.4 The ML offence should extend to any type of property, regardless of its value, that directly or indirectly represents the proceeds of crime.</p>	<p>Money Laundering definition is defined in the Penal Code article 52-53, Law on AML/CFT, Article 2, and Provisional Measures Article 3.</p> <ul style="list-style-type: none"> ▪ Penal code No. 26/NA, dated 17 May 2017 <p>“Article 52 Confiscation of Property</p> <p>Confiscation of property is the confiscation by the State of all or part of an offender's</p>	<ul style="list-style-type: none"> - Penal code No.26/NA, dated 17 May 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Instruction on Application of Provisional Measures on Proper-

	<p>property without any compensation. A sentence of confiscation of property may only be imposed in serious cases as stated in penal law.</p> <p>In the event that the confiscation of all of the offender's property is imposed, exception must be made for property that is necessary for the livelihood of the offender and his/her family such as house for living, animals for the one who is a farmer, daily used objects of offenders and persons under the offender's control. In the event that partial confiscation of property is imposed, the court must set up a clear list of the property to be confiscated.</p> <p>The property belonging to the State cannot be confiscated and must be returned to relevant agencies."</p> <p>"Article 53 Confiscation of Objects (Items)</p> <p>Confiscation of items connected to the offence is the confiscation by the State of items used in the offence or in the preparation for the offence, or that were obtained from an intentional offence.</p> <p>Confiscation of items connected to the offence may be imposed for major offences and crimes.</p> <p>Items belonging to other individuals used in the offence shall be confiscated by the State if the owner lending them is not in good faith or if confiscation is deemed necessary for safeguarding society.</p> <p>Items belonging to the State shall not be confiscated but shall be returned to the relevant organization."</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.</p> <p>"Article 2: Money Laundering</p> <p>Money laundering is a conversion, use, movement, exchange, acquisition, possession, and genuine ownership transfer of funds or other properties by a natural person, legal person or an organization that knows, knew or suspects that such funds or properties are derived from the predicate offences to conceal or disguise their characteristics, origin, and location in order to make such funds or properties legitimate."</p>	<p>ties Relating to Money Laundering or Terrorist Financing No.08/NCC, dated 30 March 2016.</p>
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	<ul style="list-style-type: none"> ▪ Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, dated 30 March 2016. <p>“Article 3 Properties subject to seizure or freezing Properties to seize or freeze are as follow:</p> <ol style="list-style-type: none"> 1. Property from money laundering; 2. Proceeds of money laundering or predicate offences, instrumentalities used or intended for use in the offences; 3. Property that is the proceeds of, or used in, terrorism or terrorism financing and property that is the intended or allocated for use in, terrorism or terrorism financing; 4. Property of corresponding value from money laundering or related to money laundering which not possible to withhold, seizure or freezing such property at that time. <p>The seizure or freezing on properties shall implement defined in the relevant regulations and laws. With the seized or frozen properties competent authorities shall to take possession, control, administration or management of such property.”</p>	
3.5 When proving that property is the proceeds of crime, it should not be necessary that a person be convicted of a predicate offence.	<p>There is a mechanism to determine and prove whether or not an assets or properties are derived from proceeds of crime without having to wait for a person be convicted of a predicate offence, in the case that competent authorities have witness and enough evidence beyond reasonable doubt to prove that such funds or properties are obtained from predicate offence as stated in the Law on AML/CFT article 6 (details stipulated in Rec.3.1) and the Criminal Procedure Law article 108 and 128.</p> <ul style="list-style-type: none"> ▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017. <p>“Article 108 Confiscation or Seizure of Assets In the case of having verified the categories of assets, quantity, and the location of the assets which are relevant to the offenses, the head of investigation organization or public prosecutor shall issue an order to confiscate or seize those assets.</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.

	<p>In the case that the confiscated assets accidentally broke, the head of investigation organization or public prosecutor must appoint authorities to deal with the issue.</p> <p>In the case that the confiscated items have been verified that they belong to the injured persons, those objects must be returned back.”</p> <p>“Article 128 The Confiscation or Seizure of Objects which are Useful for Case proceeding</p> <p>In the process of investigation, the head of investigation organization has the rights to issue an order to confiscate or seize items which is relevant to the case in order to guarantee for compensation, fines, and other fee, or to handover to the state.</p> <p>Objects which are seized shall be handover to the concerned authorities or the owner to protect and take care of those items. In the case of breaching the regulation such as, selling, mortgage, transfer, conceal, hind, or destroy those stuffs, the protectors of those items have to take legal liability.</p> <p>Confiscation or sequestration must be proceeded in the presence of owners or family’s representatives, village authorities, or concerned authorities, and two witnesses.</p> <p>Each confiscation must be recorded which shall include names and surnames, job titles, the positions of authorities who confiscate the items including names and surnames, age, and nationality.</p> <p>In addition, the record also shall include names and surnames of each participants, types and quantity of items confiscated and charges.</p> <p>The record shall be made into 3 sets, and give one set to the owner of the assets, another 2 will be distributed to village authorities concerned, and one for keeping in the case file.</p> <p>The confiscation of objects or document at the time of search must be recorded as prescribed in article 100 of this law.”</p>	
3.6 Predicate offences for money laundering should extend to conduct that occurred in another country, which constitutes an offence in that country, and which would have constituted a predicate offence had it	<p>The predicate offences for money laundering is also extended to the conduct that occurred in another country as stipulating in Penal code No.26/NA, dated 17 May 2017, Article 8 and 9.</p> <p>“Article 8 Application of the Penal Law within the Territory of the Lao People's Democratic Republic</p> <p>The Penal law is applied to all offences committed in the territory of the Lao People's Democratic Republic.</p>	- Penal code No.26/NA, dated 17 May 2017.

<p>occurred domestically.</p>	<p>A person, legal person who commits an offence within the territory of the Lao People's Democratic Republic shall be charged and punished in accordance with the Penal Law of the Lao People's Democratic Republic.</p> <p>In the event that diplomatic representatives or individuals benefiting from the diplomatic immunity conferred by international conventions to which the Lao People's Democratic Republic is a party commit offences in the territory of the Lao People's Democratic Republic, these cases shall be solved through diplomatic channels.”</p> <p>“Article 9 Application of the Penal Law outside the Territory of the Lao People's Democratic Republic</p> <p>Lao citizens who commit offences outside the territory of the Lao People's Democratic Republic shall be charged with and punished for such offences if they are defined as offences under the Penal Law of the Lao People's Democratic Republic.</p> <p>Aliens and aperiods residing in the Lao People's Democratic Republic who commit offences outside the territory of the Lao People's Democratic Republic shall also be charged and punished.</p> <p>Foreign individuals who commit offences outside the territory of the Lao People's Democratic Republic, which infringe the national interests of the Lao People's Democratic Republic or lawful interests of Lao citizens, shall also be charged and punished.”</p>	
<p>3.7 The ML offence should apply to persons who commit the predicate offence, unless this is contrary to fundamental principles of domestic law.</p>	<p>Money laundering is a conversion, use, movement, exchange, acquisition, possession of natural person or legal person and organization derived from predicate offence as stipulating in the Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014, Article 8 (clause 1) (details stipulated in Rec.3.2).</p>	<ul style="list-style-type: none"> - the Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014;
<p>3.8 It should be possible for the intent and knowledge required to prove the ML offence to be inferred from objective factual circumstances.</p>	<p>To prove whether or not an offence related to ML case the investigative authorities refer to the Penal Code, Article 12 and Law on the Criminal Procedure, Article 44.</p> <ul style="list-style-type: none"> ▪ Penal Code No. 26/NA, dated 17 May 2017. <p>“Article 12 Components of Offences</p> <p>The components of an offence refer to those objective and subjective characteristics of</p>	<ul style="list-style-type: none"> - Penal Code No.26/NA, dated 17 May 2017; - Law on the Criminal Procedure No.37/NA, dated 14 November 2017.

	<p>behavior that the Penal Law defines as together constituting an offence.</p> <p>An offence consists of four components as follows:</p> <ul style="list-style-type: none"> – Materials component ; – Objective component ; – Subjective component ; – Actor’s component. <p>The material component of an offence refers to the social relationship that is regulated by the Penal Law, and that is affected by the offence.</p> <p>The objective component of an offence refers to the external characteristics of the behavior that has caused, or is evidence of an intention to cause damage to a social relationship that is regulated by the Penal Law, including the time, location, means, instrument, circumstances and methods used for committing the offence.</p> <p>The subjective component of an offence refers to the characteristics of the attitude and state of mind of the offender regarding his act of offence, as expressed externally through the behavior that constitutes the offence.</p> <p>The actor’s component of an offence refers to the fact that in order to be liable, the offender must be legal person or person who is mentally competent, not insane, and reached the age of majority, that is, at least 15 years of age.”</p> <p style="text-align: center;">▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017.</p> <p>“Article 44. Examination and Evaluation of Evidence</p> <p>Existing evidence must be examined and evaluate the correctness based on a comprehensiveness, truth, and relationship in the case which can be used for further proceeding.</p> <p>The criminal proceeding organizations must examine and evaluate the evidence comprehensively based on thorough and objective consideration with confidence.</p> <p>In the examination and evaluation of evidence, if the evidence indicates doubt whether the accused person or defendant has committed the crime or not, such person must be released from charges</p> <p>Criminal proceedings should not mainly take into account the admission of the accused person or defendant but should seek additional evidence to prove the guilt of such persons.</p>	
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	Even if the accused person or defendant deny or does not admit such guilt, if there is strong and reliable evidence, he may be regarded as the wrong-doer.”	
3.9 Proportionate and dissuasive criminal sanctions should apply to natural persons convicted of ML.	The criminal offence related to ML on natural person is stipulated in the Penal Code No. 26/NA, dated 17 May 2017 Article 130 (details stipulated in Rec.3.1).	- Penal Code No.26/NA, dated 17 May 2017;
3.10 Criminal liability and sanctions, and, where that is not possible (due to fundamental principles of domestic law), civil or administrative liability and sanctions, should apply to legal persons. This should not preclude parallel criminal, civil or administrative proceedings with respect to legal persons in countries in which more than one form of liability is available. Such measures are without prejudice to the criminal liability of natural persons. All sanctions should be proportionate and dissuasive.	<p>The determination of criminal, civil or administrative liability related to ML on legal person is stipulated in the Penal Code, Article 88-96, and Law on AML/CFT Article 61-65.</p> <ul style="list-style-type: none"> ▪ Penal Code No.26/NA, dated 17 May 2017. <p>“Article 88 Offence of Legal Person Offence of legal person is an offence committed by an organ or a representative of legal person.”</p> <p>“Article 89 Criminal Liability of Legal Person A legal person shall be liable for its offence if:</p> <ol style="list-style-type: none"> 1. That offence is act performed on its name; 2. That offence is act performed for its interest; 3. That offence is act performed under direction, management and decision of legal person. <p>Criminal liability of the legal person does not exclude criminal liability of the individual.”</p> <p>“Article 90 Prescription of Penalty on Legal Person Penalty imposed on legal person is a fine as principal penalty. Penalty imposed on legal person is double as prescribed in natural person. Beside penalty of fine for legal person, the court may decide to revoke legal person or to ban from running some kind business or to ban from mobilizing fund or ban from using cheque or credit card, to confiscate objects or undertake restoration.”</p> <p>“Article 91 Revoking Legal Person business.</p>	<ul style="list-style-type: none"> - Penal Code No.26/NA, dated 17 May 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014;

	<p>Revoking legal person is the court's measure imposed on legal person committing offences to stop running some kind of business when considering that letting the convicted legal person to do this kind of business or operate in such business may cause harm and danger to the society and environment.”</p> <p>“Article 92 Banning Legal Person from Running some Kind of Business</p> <p>Banning legal person from running some kind of business is suspension of business relating the legal person's offence within one year to five years.”</p> <p>“Article 93 Banning Legal Person from Mobilizing Fund</p> <p>Banning legal person from mobilizing fund is banning from mobilizing fund from outside for not more than five years such as loan from bank, forbidding of distribution or of sailing shares, forbidding to create fund or foundation for mobilizing fund.”</p> <p>“Article 94 Banning Legal Person from Using Cheque or Credit Card</p> <p>Banning legal person from using cheque or credit card is banning from using cheque or credit card for not more than five years.”</p> <p>“Article 95 Confiscation of Legal Person's Objects</p> <p>Confiscation of legal person's object is applied in accordance with article 53 of this Penal Code.”</p> <p>“Article 96 Restoration</p> <p>The court may apply restoration measure as provided in article 56 of this Penal Code to legal persons who commit offences.”</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p> <p>“Article 61: Measures against violators</p> <p>Any natural person, legal person or organization violating this law shall be educated, disciplined, fined or criminally punished in accordance with the severity of the violation,</p>	
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	<p>and shall pay compensation for damages incurred.”</p> <p>“Article 62 Educational Measures Any person, legal person or organisation violating this law, with no significant damages caused principally a violation on the ground of a delayed submission of a suspicious transaction report, failure to maintain confidentiality of a suspicious transaction report shall be educated and reprimanded.”</p> <p>“Article 63 Disciplinary Measures An officer violating this law, with an offense not considered as a criminal offence, and with insignificant damages caused but failing to report such offense or not admitting his/her wrongdoing, shall be disciplined on a case by case basis.”</p> <p>“Article 64 Fining Measures A natural person, legal person or any organization violating prohibition defined in article 50, 51 and 52 of this law, with an offense not considered as a criminal offence, will be fined accordingly. Fines for each violation case are defined in a separate regulation.”</p> <p>“Article 65: Measures on reporting entities Reporting entities shall be subject to the following measures:</p> <ol style="list-style-type: none"> 1. In case of a violation, or a failure to exercise rights and obligations under article 18 of this law, reporting entities shall be: <ul style="list-style-type: none"> 1.1 Warned in writing and recommended to exercise their rights and obligations; 1.2 Fined as per a separate regulation. Unofficial Translation 2. In case of a violation of prohibitions defined in article 50 and 52 of this law, reporting entities shall: <ul style="list-style-type: none"> 2.1 be suspended from business operation or subject to management removal; 2.2 have their business permits or licenses withdrawn; 2.3 be criminally prosecuted in accordance with relevant laws fined 100,000,000 up to 2,000,000,000 kip.” 	
3.11. Unless it is not permitted by fundamental	Other offenses relate to ML such as participation in, association with or conspiracy to commit,	- Penal Code No.26/NA, dated 17 May 2017;

<p>principles of domestic law, there should be appropriate ancillary offences to the ML offence, including: participation in; association with or conspiracy to commit; attempt; aiding and abetting; facilitating; and counselling the commission.</p>	<p>attempt, aiding and abetting, facilitating and counselling the commission were stated Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014, Article 6 (details stipulated in Rec.3.5) and the Penal Code, Article 26.</p> <ul style="list-style-type: none"> ▪ Penal Code No: 26/NA, dated 17 May 2017. <p>“Article 26 Participation in an Offence</p> <p>Participation in an offence refers to intentional participation in an offence by two or more persons.</p> <p>Participants in an offence are:</p> <ul style="list-style-type: none"> – Mastermind; – Implementers; – Inciter; – Accomplices.” 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014;
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RECOMMENDATION 4

Recommendation 4. Confiscation and provisional measures *		
<p>4.1 Countries should have measures, including legislative measures, that enable the confiscation of the following, whether held by criminal defendants or by third parties:</p> <p>(a) property laundered;</p> <p>(b) proceeds of (including income or other benefits derived from such proceeds), or instrumentalities used or intended for use in, ML or predicate offences;</p> <p>(c) property that is the proceeds of, or used in, or intended or allocated for use in the financing of terrorism, terrorist acts or terrorist organisations; or</p> <p>(d) property of corresponding value.</p>	<p>The determination of proceeds confiscation measures derived from predicate offence is situated in the Penal Code Article 52, 53, 120, 130, 131 Law on the Criminal Procedure Article 128 and Law on AML/CFT, Article 66 and 67.</p> <p>▪ Penal Code No. 26/NA, dated 17 May 2017.</p> <p>“Article 52 Confiscation of Property</p> <p>Confiscation of property is the confiscation by the State of all or part of an offender’s property without any compensation. A sentence of confiscation of property may only be imposed in serious cases as stated in penal law.</p> <p>In the event that the confiscation of all of the offender’s property is imposed, exception must be made for property that is necessary for the livelihood of the offender and his/her family such as house for living, animals for the one who is a farmer, daily used objects of offenders and persons under the offender’s control. In the event that partial confiscation of property is imposed, the court must set up a clear list of the property to be confiscated.</p> <p>The property belonging to the State cannot be confiscated and must be returned to relevant agencies.”</p> <p>“Article 53 Confiscation of Objects (Items)</p> <p>Confiscation of items connected to the offence is the confiscation by the State of items used in the offence or in the preparation for the offence, or that were obtained from an intentional offence.</p>	<ul style="list-style-type: none"> - Penal code No.26/NA, dated 15 May 2017; - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.

	<p>Confiscation of items connected to the offence may be imposed for major offences and crimes.</p> <p>Items belonging to other individuals used in the offence shall be confiscated by the State if the owner lending them is not in good faith or if confiscation is deemed necessary for safeguarding society.</p> <p>Items belonging to the State shall not be confiscated but shall be returned to the relevant organization.”</p> <p>“Article 120 Acts of Terrorism</p> <p>Acts of terrorism are actions of natural persons, groups of people, organizations or terrorist organization within or out of the territory of the Lao PDR with funds provided to the act of terrorism as follow:</p> <ol style="list-style-type: none"> 1. Actions that aiming to cause effects to the national security, socio-economic basis, foreign and international organisations, cause problems to international relations of the Lao PDR or cause chaos to people in society; 2. Actions that affect lives, health, freedom, or physical and spiritual intimidation; 3. Seizure, damage of properties, break-in, attack, obstruction, causing damage and chaos to computer and communication, internet systems or digital instruments of state organizations, legal persons and natural persons; 4. Processing, production, utilisation, packaging, collecting, transportation of explosives, radioactive substance, toxics, inflammables, and weapons trafficking, equipment, vehicles including advice for certain actions with aims defined in point 1, point 2 and point 3 of this article; 5. Disseminating, influencing, encouraging, imposing, hiring or creating conditions, aiding for the actions defined in point 1, 2, 3 and 4 of this article; 6. Other terrorist-held offences as defined in international agreements or treaties which the Lao PDR is party to. <p>Any person committing an offence of terrorism shall be punished from five years</p>	
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	<p>to twenty years of imprisonment and shall be fined from 1.000.000.000 kip to 5.000.000.000 Kip.</p> <p>Where such an offence is performed as part of an organized group or causing serious damages, the offender shall be punished from ten years to life imprisonment and shall be fined from 5.000.000.000 kip to 7.000.000.000 Kip or shall be subject to the death penalty and asset shall be confiscated.</p> <p>Any preparation or attempt to commit such an offence shall also be punished.”</p> <p>“Article 130 Money Laundering</p> <p>Money laundering is the transformation, utilization, displacement, exchange, acquisition, possession, transfer of true ownership of funds or other properties of an natural person, legal person or organization that knows, knew or suspects that the funds or properties are derived from the predicate offences to conceal or disguise their characteristics, origin, and location. This is aimed at legalizing the funds or properties.</p> <p>Any person committing an offence of money laundering for the value less than 1.000.000.000 Kip shall be punished from three years to seven years in imprisonment and shall be fined from 300.000.000 kip to 500.000.000 Kip and asset shall be confiscated.</p> <p>Where such offence is for the value from 1.000.000.000 Kip or more, the offender shall be punished from seven years to ten years in imprisonment and shall be fined from 500.000.000 kip to 700.000.000 Kip and asset shall be confiscated.</p> <p>Where such an offence is performed as part of an organized group or as a regular basis, the offender shall be punished from ten years to fifteen years of imprisonment and shall be fined from 700.000.000 kip to 900.000.000 Kip and asset shall be confiscated.</p> <p>Any preparation or attempt to commit such an offence shall also be punished.”</p>	
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“Article 131 Financing Terrorism

The financing of terrorism is an intentional act, both direct and indirect, of a natural person, legal persons or organisations that attempt to give, collect, acquire funds or properties, legally or illegally, wholly or partially, to supply funds to terrorism, terrorist or linked to a specific terrorism act whether the funds or properties are used in the actions or not.

Any person committing an offence of financing terrorism for the value less than 1.000.000.000 Kip shall be punished from five years to eight years of imprisonment and shall be fined from 5.000.000 kip to 800.000.000 Kip and asset shall be confiscated.

Where such offence is for the value from 1.000.000.000 Kip or more, the offender shall be punished from eight years to twelve years of imprisonment and shall be fined from 800.000.000 kip to 1.000.000.000 Kip and asset shall be confiscated.

Where such an offence is performed as part of an organized group or as a regular basis, the offender shall be punished from fifteen years to twenty years of imprisonment and shall be fined from 800.000.000 kip to 1.000.000.000 Kip and asset shall be confiscated.

Any preparation or attempt to commit such an offence shall also be punished.”

- **Law on the Criminal Procedure No.37/NA, dated 14 November 2017.**

“Article 128. The Confiscation or Seizure of Objects which are Useful for Case proceeding

In the process of investigation, the head of investigation organization has the rights to issue an order to confiscate or seize items which is relevant to the case in order to guarantee for compensation, fines, and other fee, or to handover to the state.

	<p>Objects which are seized shall be handover to the concerned authorities or the owner to protect and take care of those items. In the case of breaching the regulation such as, selling, mortgage, transfer, conceal, hind, or destroy those stuffs, the protectors of those items have to take legal liability.</p> <p>Confiscation or sequestration must be proceeded in the presence of owners or family's representatives, village authorities, or concerned authorities, and two witnesses.</p> <p>Each confiscation must be recorded which shall include names and surnames, job titles, the positions of authorities who confiscate the items including names and surnames, age, and nationality. In addition, the record also shall include names and surnames of each participants, types and quantity of items confiscated and charges.</p> <p>The record shall be made into 3 sets, and give one set to the owner of the assets, another 2 will be distributed to village authorities concerned, and one for keeping in the case file.</p> <p>The confiscation of objects or document at the time of search must be recorded as prescribed in article 100 of this law.”</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 66: Criminal measures on Money Laundering</p> <p>Any natural person who commits money laundering:</p> <ol style="list-style-type: none"> 1. Below the amount of 1,000,000,000 Kip will be deprived of freedom from three to seven years, fined 300,000,000 Kip up to 500,000,000 Kip, and with his/her properties to be confiscated. 2. 1,000,000,000 Kip and above will be deprived of freedom from seven to ten years, 	
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	<p>fined 500,000,000 Kip up to 700,000,000 Kip, and with his/her properties to be confiscated.</p> <p>In case of an organized group, habitual offense, an offender will be deprived of freedom from ten to twelve years, fined 700,000,000 Kip up to 900,000,000 Kip, and with his/her properties to be confiscated. The act of preparation and attempt to commit an offence shall also be penalized.</p> <p>“Article 67: Criminal measures on financing of terrorism</p> <p>Any natural person who commits an offence of financing of terrorism:</p> <ol style="list-style-type: none"> 1. Below the amount of 1,000,000,000 Kip shall be deprived of freedom from five to eight years, fined 500,000,000 Kip up to 800,000,000 Kip, with his/her properties to be confiscated. 2. 1,000,000,000 Kip and above shall be deprived of freedom from eight to twelve years, fined 800,000,000 Kip up to 1,000,000,000 Kip, and with his/her properties to be confiscated. <p>In case of an organized group, habitual offense, an offender shall be deprived of freedom from twelve to twenty years, fined 800,000,000 Kip up to 1,000,000,000 Kip, and with his/her properties to be confiscated. The act of preparation and attempt to commit an offence shall also be penalized.”</p>	
<p>4.2 Countries should have measures, including legislative measures, that enable their competent authorities to:</p> <p>(a) identify, trace and evaluate property that is subject to confiscation;</p> <p>(b) carry out provisional measures, such as freezing or</p>	<p>The legislative measures that enable investigation authorities to trace, freeze or seize the proceeds of crime that subject to confiscation without delay was stated under Law on the Criminal Procedure No.37/NA, dated 14 November 2017, Article 53 and 108.</p> <p>For the provisional measure mechanism and implementation of proportionate investigation measures and prohibition of natural and legal person in acting to obstacle on freezing and seizure as indicated in the Law on AML/CFT, Article 38 and Instruction on Application of Provisional Measures on Properties relating to Money Laundering and</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Instruction on Application of

<p>seizing, to prevent any dealing, transfer or disposal of property subject to confiscation; (c) take steps that will prevent or void actions that prejudice the country's ability to freeze or seize or recover property that is subject to confiscation; and (d) take any appropriate investigative measures.</p>	<p>Terrorist Financing, Article 2 and 4.</p> <p>“Article 53 Rights and Duties of the Head of Investigation Organization The head of investigation organization has the following rights and duties:</p> <ol style="list-style-type: none"> 1. To guide and lead the overall activities of the investigation organizations; 2. To issue orders to open or not to open investigations; 3. To consider changing, or dismissing of orders of the investigation authorities which lacking of facts, and is inconsistent with the laws; 4. To issue orders to suspend or dismiss the investigation, warrants, invitation, order of detention, control, confiscation, and to issue orders to release persons from detention, suspension, or discharge criminal case; 5. To inform charges, rights and duties to the suspects, and the accused persons; 6. To order selection of interpreters, professionals or experts; 7. To accept the selection, or proposal to select lawyers; 8. To propose orders to arrest, temporary custody, examining houses, suspend duties and positions, extend the time of investigation, and design types of custody in accordance with the Office of the Public Prosecutor; 9. To summarize and prepare the case file to submit to the public prosecutor for consideration after completing the investigation; 10. To exercise such other rights and perform such other duties as provided by the laws. <p>The deputy head of an investigation organization has the responsibility to assist the head of the investigation organization to implement activities assigned.”</p> <p>“Article 108. Confiscation or Seizure of Assets In the case of having verified the categories of assets, quantity, and the location of the assets which are relevant to the offenses, the head of investigation organization or public prosecutor shall issue an order to confiscate or seize those assets. In the case that the confiscated assets accidentally broke, the head of investigation organization or public prosecutor must appoint authorities to deal with the issue.” In the case that the confiscated items have been verified that they belong to the injured persons, those objects must be returned back.”</p>	<p>Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, dated 30 March 2016.</p>
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- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;**

“Article 38 Application of provisional measures

Competent authorities are eligible to apply provisional measures to seize or freeze funds in case they detect, find or suspect that there is an act of money laundering or financing of terrorism. Unofficial Translation

Applying provisional measures must be in conformity with the relevant regulations and laws of the Lao PDR while protecting the rights and interests of the third party and ensuring no impacts on the operations of the financial and monetary system. The procedures for applying provisional measures are defined in a separate regulation.”

- **Instruction On Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, Date: 30 March 2016;**

“Article 2 Provisional measures

Provisional measures mean suspension of activity transactions, withholding, seizure or freezing on properties relating to money laundering or terrorist financing.

When the reporting entities and postal enterprises receiving notification regarding the lists of those associated with properties as defined in article 3 of this instruction from the investigation authorities or once there is evidence confirming that the properties of their customer whom wishes to do a transactions or establish a business relation with the former are connected to money laundering or terrorist financing shall suspension of activity transactions and in the meantime withhold such properties then immediately report to the Anti- Money Laundering Intelligence Office (AMLIO) and investigation authorities to concerned. After received reporting the investigation authorities shall issue an order to seize or freeze such properties immediately to legal proceedings. Reporting entities and postal enterprises able to withhold such properties not exceed 30 working days.

Reporting entities, postal enterprises and concerned parties shall strictly implement the

	<p>order to seize or freeze of investigation authorities.”</p> <p>“Article 4 Identification and Monitoring of properties</p> <p>Investigation authorities shall use investigation techniques and preventive measures to identify and monitor properties as defined in article 3 of this instruction during the investigation of predicate offenses relating to money laundering.</p> <p>Investigation authorities to concerned shall issue an order to seize or freeze properties as defined in article 3 of this instruction once receiving intelligence or related information suggesting an evidence of property as defined in article 3 of this instruction.</p> <p>The Oder to seize or freeze issues by competent authorities as defined in the laws to concerned shall strictly implemented. Prohibit any activity by natural persons and legal persons to be void actions for the implementation of order to seize or order to freeze.</p> <p>A competent authority shall issue an order to seize or order to freeze properties without a prior notice if traces of properties as defined in article 3 of this instruction are detected.</p> <p>A seizure or freeing order shall to effective till a prosecution comes to an end.”</p>	
<p>4.3 Laws and other measures should provide protection for the rights of <i>bona fide</i> third parties.</p>	<p>The bona-fide third party has been identified in the Contract and Tort Law in 2008 (revised version) Article 42 (1st Paragraph) and Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing Article 6.</p> <ul style="list-style-type: none"> ▪ The Contract and Tort Law in 2008 (revised version) No.01/NA, dated 08 December 2008. <p>“Article 42.Purchase of Illegal Acquired Assets</p> <p>A person who buys assets in good faith is the person who believers legally buy assets at the then reasonable market price at that time, buys and makes use of assets openly. continuously and peacefully, the owner of the assets shall only be able to seek returned of those assets when he/she compensates the buyer at the buyer’s purchase price, but he/she shall have the right to subsequently sue the seller who illegal sells the assets.</p>	<ul style="list-style-type: none"> - The Contract and Tort Law in 2008 (revised version) No. 01/NA, dated 08 December 2008; - Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, dated 30 March 2016;

	<p>A person who buys assets in bad faith is the person who buys assets that knows or may know one's has illegal bought the assets which may reflect by on unreasonable purchase at the then market price at that time, buys and secretly makes use the assets, discontinuous claim, then the owner of the asset has the right to seek to return of those assets without any compensation to the buyer. The buyer may demand reimbursement of the purchase price of such assets from the seller, but he/she shall not have the right to file a claim in court.”</p> <p>▪ Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, Dated 30 March 2016.</p> <p>“Article 6 Appeal on seized or frozen properties An owner of or a person in association with the seized or frozen properties as defined in article 3 of this instruction shall present the Office of People's Prosecutor evidence of ownership and legitimate origins of such properties within 30 working days. Upon receiving the appeal, the Office of People's Prosecutors will consider in accordance with the relevant regulations and laws.”</p>	
4.4 Countries should have mechanisms for managing and, when necessary, disposing of property frozen, seized or confiscated.	<p>The mechanisms for managing of property frozen, seized or confiscated are stated in Law on the Criminal Procedure Article 30,31,108 and Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing Article 7.</p> <p>▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017.</p> <p>“Article 30 Gathering and Keeping Physical Evidence Gathering of physical evidence should be immediately made at the time of discovering; collecting evidence must be thorough, recorded of the circumstances, and protecting the evidence as of the prescription in laws. In case that the evidence cannot be gathered materially, taking photo shall be recommended for collecting as electronic evidence. Physical evidence should be protected by wrapping up, or kept in the bag. Physical evidence should be protected from damaging, lost, changing, breaking, and</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, dated 30 March 2016;

	<p>mixing up with others.</p> <p>Protection of physical evidence should follow:</p> <ol style="list-style-type: none"> 1. Physical evidence should be wrapped up and kept in the bag immediately after completing gathering process. All items should be recorded documentarily in detail and kept in the case file; 2. Physical evidence which is money, bank note, gold, silver, diamond, and other valuable items should be deposited with the bank under the rules of laws; 3. Chemical or addictive items must be identified before being kept; 4. Guns, exploded substance, inflaming substance, and other dangerous substances, must be delivered to concerned organizations for properly maintaining; 5. Physical evidence which is about bloodstain, hair, fingerprint, footprint, bullet, and others, must be kept properly as prescribed by laws; <p>In case that all physical evidence mentioned above has been lost, changed, and damaged, without any reasonable explanation, authorities concerned must be legally responsible under the penal law.”</p> <p>“Article 31 (new). The Resolution of Physical Evidence</p> <p>Criminal proceeding organization has the rights and duties to deal with the evidence including:</p> <ol style="list-style-type: none"> 1. All objects used or will be used into the productive process or any products which are prohibited to possess by laws, or use, will be seized and repossessed to the government; 2. Public belongings must be returned back to the government after gathering from physical evidence from the offenses; 3. Physical evidence which cannot be identified of the true owner will automatically be transferred to the government; 4. Substance which is fragile to be derogated and spoiled must be placed on action, and then shall be brought to the court for further proceeding; 5. All priceless and useless items shall be destroyed after having been gone through case proceeding; <p>For all disputes of criminal physical evidence should be resolved by laws.”</p>	
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	<p>“Article 108 Confiscation or Seizure of Assets</p> <p>In the case of having verified the categories of assets, quantity, and the location of the assets which are relevant to the offenses, the head of investigation organization or public prosecutor shall issue an order to confiscate or seize those assets. In the case that the confiscated assets accidentally broke, the head of investigation organization or public prosecutor must appoint authorities to deal with the issue.</p> <p>In the case that the confiscated items have been verified that they belong to the injured persons, those objects must be returned back.”</p> <ul style="list-style-type: none"> ▪ Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, Dated 30 March 2016. <p>“Article 7 Storage of seized or frozen properties</p> <p>Investigative authorities, concerned authorities and any parties relevant to withholding, seizure or freezing properties shall store such seized or frozen properties in compliance with relevant regulations or laws to ensure that the value of property is maintained.”</p>	
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RECOMMENDATION 5

C. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

5. Terrorist financing offence *

5.1. Countries should criminalize TF on the basis of the Terrorist Financing Convention.

TF is determined as criminal offence in the Lao PDR as stipulated in the Law on AML/CFT Article 3, 5 and the Penal Code article 131.

- **Penal code No. 26/NA, dated 15 May 2017.**

“Article 131 Financing Terrorism

The financing of terrorism is an intentional act, both direct and indirect, of a natural person, legal persons or organizations that attempt to give, collect, acquire funds or properties, legally or illegally, wholly or partially, to supply funds to terrorism, terrorist or linked to a specific terrorism act whether the funds or properties are used in the actions or not.

Any person committing an offence of financing terrorism for the value less than 1.000.000.000 Kip shall be punished from five years to eight years of imprisonment and shall be fined from 5.000.000 kip to 800.000.000 Kip and asset shall be confiscated.

Where such offence is for the value from 1.000.000.000 Kip or more, the offender shall be punished from eight years to twelve years of imprisonment and shall be fined from 800.000.000 kip to 1.000.000.000 Kip and asset shall be confiscated.

Where such an offence is performed as part of an organized group or as a regular basis, the offender shall be punished from fifteen years to twenty years of imprisonment and shall be fined from 800.000.000 kip to 1.000.000.000 Kip and asset shall be confiscated."

Any preparation or attempt to commit such an offence shall also be punished."

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.**

“Article 3 Financing of terrorism

The financing of terrorism is an intentional act both directly and indirectly by a natural person, legal person or an organization that attempts to give, consolidate and mobilize

- Penal code No.26/NA, dated 15 May 2017;
- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.

	<p>funds or properties, legally or illegally, wholly or partially, to finance terrorism or terrorist or activities linked to a specific terrorism act regardless such funds or properties are used to finance the actual action.”</p> <p>“Article 5 Counter-financing of terrorism</p> <p>The counter-financing of terrorism is an action of natural persons, legal persons and organisations with direct duties on knowing your customers, combating, preventing, curbing, and eliminating the financing of terrorism as defined in article 3 of this law, in which the offence is a threat to the economic system and the national political regime.”</p>	
<p>5.2. TF offences should extend to any person who willfully provides or collects funds or other assets by any means, directly or indirectly, with the unlawful intention that they should be used, or in the knowledge that they are to be used, in full or in part: (a) to carry out a terrorist act(s); or (b) by a terrorist organization or by an individual terrorist (even in the absence of a link to a specific terrorist act or acts).</p>	<p>TF offences are extended to natural person, legal person and organization who willfully provides or collects funds or other assets by any means, directly or indirectly, with the intention for terrorist financing, terrorism acts or all kind of activities related to TF. Whether or not the fund has actually been utilized in TF activities as stipulated in Penal Code Article 120, 131 (details stipulated in Rec.5.1) and Law on AML/CFT, Article 3 (details stipulated in Rec.5.1) and 7.</p> <p>▪ Penal code No.26/NA, dated 17 May 2017.</p> <p>“Article 120 Acts of Terrorism</p> <p>Acts of terrorism are actions of natural persons, groups of people, organizations or terrorist organization within or out of the territory of the Lao PDR with funds provided to the act of terrorism as follow:</p> <ol style="list-style-type: none"> 1. Actions that aiming to cause effects to the national security, socio-economic basis, foreign and international organizations, cause problems to international relations of the Lao PDR or cause chaos to people in society; 2. Actions that affect lives, health, freedom, or physical and spiritual intimidation; 3. Seizure, damage of properties, break-in, attack, obstruction, causing damage and chaos to computer and communication, internet systems or digital instruments of state organisations, legal persons and natural persons; 4. Processing, production, utilization, packaging, collecting, transportation of explosives, radioactive substance, toxics, inflammables, and weapons trafficking, equipment, vehicles including advice for certain actions with aims 	<ul style="list-style-type: none"> - Penal code No.26/NA, dated 15 May 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014.

	<p>defined in point 1, point 2 and point 3 of this article;</p> <ol style="list-style-type: none"> 5. Disseminating, influencing, encouraging, imposing, hiring or creating conditions, aiding for the actions defined in point 1, 2, 3 and 4 of this article; 6. Other terrorist-held offences as defined in international agreements or treaties which the Lao PDR is party to. <p>Any person committing an offence of terrorism shall be punished from five years to twenty years of imprisonment and shall be fined from 1.000.000.000 kip to 5.000.000.000 Kip.</p> <p>Where such an offence is performed as part of an organized group or causing serious damages, the offender shall be punished from ten years to life imprisonment and shall be fined from 5.000.000.000 kip to 7.000.000.000 Kip or shall be subject to the death penalty and asset shall be confiscated.</p> <p>Any preparation or attempt to commit such an offence shall also be punished.”</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p> <p>“Article 7: Acts of terrorism</p> <p>Acts of terrorism are an event in which natural persons, groups of people, organisations or terrorist organisation within or outside of the territory of the Lao PDR receive finances to conduct an act of terrorism, with the details as follow:</p> <ol style="list-style-type: none"> 1. Acts that effect the national security, socio-economic foundation, foreign and international organizations, cause difficulties to international relations of the Lao PDR or chaos to people in the society; 2. Acts that affect lives, health, freedom, or deemed as a physical and psychological coercion and threat; 3. Seizure, damaging properties, invasion, attack, obstruction, causing damages and chaos to computer communication and Internet systems or digital instruments of state organisations, legal persons and natural persons; 4. Processing, production, use, packaging, transportation, consolidation, and obtaining of explosives, radioactive substances, toxics, inflammables, and trading of weapons, equipment, vehicles including an offering of advice for certain act with an intention as 	
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	<p>defined in subparagraph 1, 2 and 3 of this article;</p> <p>5. Disseminating, recruiting, encouraging, coercing, threatening, hiring or creating conditions, and aiding an act as defined in subparagraph 1, 2, 3, 4, 7 and 8 of this article;</p> <p>6. Organizing, financing, participating and attempting to participate in the organisation, teaching, and training of selected individuals to conduct an act as defined in subparagraph 1, 2, 3, 4, 5, 7 and 8 of this article;</p> <p>7. Acknowledgment of an act with an objective evidence to prove that it is an act of terrorism.</p> <p>8. Other offences defined as acts of terrorism as per international agreements or treaties that the Lao PDR is a party to.”</p>	
5.3. TF offences should extend to any funds or other assets whether from a legitimate or illegitimate source.	<p>TF offences are extended to any funds or other assets whether from a legitimate or illegitimate source as stipulated in the Law on AML/CFT Article 3, 7 and the Penal Code, Article 120 and 131.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014. <p>“Article 3 (details stipulated in Rec.5.1)”</p> <p>“Article 7 (details stipulated in Rec.5.2)”.</p> <ul style="list-style-type: none"> ▪ Penal code No.26/NA, dated 11 May 2017. <p>“Article 120 (details stipulated in Rec.5.2)”</p> <p>“Article 131 (details stipulated in Rec.5.1)”.</p>	<ul style="list-style-type: none"> - Penal code No.26/NA, dated 15 May 2017 - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.
5.4 TF offences should not require that the funds or other assets: (a) were actually used to carry out or attempt a terrorist act(s); or (b) be linked to a specific terrorist act(s).	<p>TF offences covers all funds or other assets that were actually used to carry out or attempt for a terrorist act both directly and indirectly by a natural person, legal person or organization was stipulated in the Law on AML/CFT, Article 3, 7 and the Penal Code Article 22, 23, 120 and 131.</p>	<ul style="list-style-type: none"> - Penal code No.26/NA, dated:15 May 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July

	<ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 3 (details stipulated in Rec.5.1)”</p> <p>“Article 7 (details stipulated in Rec.5.2)”</p> <ul style="list-style-type: none"> ▪ Penal code No.26/NA, dated 17 May 2017. <p>“Article 22 Preparation to Commit Offences</p> <p>Preparation to commit an offence is the preparation of means, materials, creation of conditions or other factors in order to commit an intentional offence.</p> <p>Such preparation to commit an offence shall only be charged or punished if deemed dangerous for society, as provided in the specific part of the penal law.</p> <p>Preparation to commit major offences or crimes shall be punished according to the articles prescribing penalties for the offence itself.</p> <p>Preparation to commit minor offences shall not be punished”.</p> <p>“Article 23 Attempts to Commit Offences</p> <p>Attempt to commit an offence is the taking of intentional acts which are components of an offence but where the offence was not completed because of circumstances outside the control of the offender, making such acts not successful.</p> <p>Such attempts to commit an offence shall only be charged or punished if deemed dangerous for society, as provided in the penal law.</p> <p>Attempts to commit an offence shall be punished according to the articles prescribing penalties for the offence itself.</p> <p>Attempts to commit minor offences shall not be punished.”</p> <p>“Article 120 (details stipulated in Rec.5.2)”</p> <p>“Article 131 (details stipulated in Rec.5.1)”.</p>	2014.
5.5 It should be possible for the	To prove whether or not an offence truly related to TF case, the investigation authorities	- Penal code No.26/NA, dated.15

<p>intent and knowledge required to prove the offence to be inferred from objective factual circumstances.</p>	<p>refer to the Law on AML/CFT, Article 3 and 7; Law on the Criminal Procedure, Article 44; and Penal Code, Article 131.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. <p>“Article 3 (details stipulated in Rec.5.1)”</p> <p>“Article 7 (details stipulated in Rec.5.2)”</p> <ul style="list-style-type: none"> ▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017. <p>“Article 44. Examination and Evaluation of Evidence Existing evidence must be examined and evaluate the correctness based on a comprehensiveness, truth, and relationship in the case which can be used for further proceeding. The criminal proceeding organizations must examine and evaluate the evidence comprehensively based on thorough and objective consideration with confidence. In the examination and evaluation of evidence, if the evidence indicates doubt whether the accused person or defendant has committed the crime or not, such person must be released from charges Criminal proceedings should not mainly take into account the admission of the accused person or defendant but should seek additional evidence to prove the guilt of such persons. Even if the accused person or defendant deny or does not admit such guilt, if there is strong and reliable evidence, he may be regarded as the wrong-doer.”</p> <ul style="list-style-type: none"> ▪ Penal code No: 26/NA, dated 17 May 2017. <p>“Article 131(details stipulated Rec.5.1)”</p>	<p>May 2017;</p> <ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.
<p>5.6 Proportionate and dissuasive criminal sanctions should apply to natural persons convicted of TF.</p>	<p>The proportionate and dissuasive criminal sanction is applied to natural person who is believed of TF acts by intent or negligence that geophadises a social circumstance was stipulated in and the Penal Code Article 61, 62, 63, 65, 68 and 131.</p> <ul style="list-style-type: none"> ▪ Penal code No. 26/NA, dated 17 May 2017. 	<ul style="list-style-type: none"> - Penal code No.26/NA, dated 17 May 2017.

	<p>“Article 61 General Principle on the Prescription of Penalties</p> <p>The court prescribes penalties on the basis of legal provisions on the punishment of offences.</p> <p>In prescribing penalties, the court must consider the nature and degree of the social threat posed by the offence, the personality of the offender, and circumstances conducive to the reduction or the increase of penal responsibilities.”</p> <p>“Article 62 Characteristics of Dangerousity of the Offences</p> <p>Characteristics of dangerousity of an offence is based on the category of the offence and the offence method.</p> <p>Categories of offences refer to minor offences, major offences and crimes as stipulated in Article 13 of this Penal Code.</p> <p>Offence method refers to method used to commit the offence such as torture, outrageous acts towards the victim, by methods dangerous to the public.”</p> <p>“Article 63 Level of Danger of an Offence</p> <p>The level of danger of an offence depends on the factual loss in life, health, honor and dignity and property caused by the intentional or negligent offence.</p> <p>There are three levels of loss to property as follows:</p> <ol style="list-style-type: none"> 1. Low level or minor loss is less than 20.000.000 Kip; 2. Medium level or medium loss is from more than 20.000.000 Kip to 50.000.000 Kip; 3. High level or substantial loss is from more than 50.000.000 Kip.” <p>“Article 65 Circumstances Conducive to the Increase of Penal Responsibilities</p> <p>Circumstances conducive to the increase of penal responsibilities are</p> <ol style="list-style-type: none"> 1. Recidivism; 2. Offences committed by organised groups; 3. Offences committed from greed; 4. Offence towards the State’s ownership; 5. Offences of civil servants and State’s officials; 6. Offences towards minors, aged persons, vulnerable persons, or persons materially or in other ways dependent on or under the authority of the 	
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	<p>offender;</p> <ol style="list-style-type: none"> 7. Initiation of minors into committing or participating in offences; 8. Barbarous or outrageous acts of infraction towards the victim; 9. Offences with serious consequences; 10. Offences committed during calamities; 11. Offences committed through methods dangerous to the public; 12. Offences committed in a state of drunkenness or drug abuse, and based on the nature of the committed offences, the court has the absolute right to decide whether or not to increase the penal responsibilities; 13. Intentional imposition of guilt on honest persons; 14. Offenders guilty of concealing other offences or using violence to escape.” <p>“Article 68 Prescription of Penalties on Recidivism</p> <p>Prescription of penalties on recidivism in major offences or in offences pertaining to several categories shall be made by adding penalty that the court will impose on offender in ordinary case to half of such penalty.</p> <p>Recidivism in crimes is conducive to an increase of penal responsibilities as stated in Article 65 of this Penal Code.</p> <p>In the event that the offender commits an offence after a court decision has been issued and become final or while he is serving his sentence, the court shall add the remaining part of the penalty which is still due to be executed in whole to the newly imposed penalty.”</p> <p>“Article 131 (details stipulated in Rec.5.1)”.</p>	
<p>5.7 Criminal liability and sanctions, and, where that is not possible (due to fundamental principles of domestic law), civil or administrative liability and sanctions, should apply to legal persons. This should not preclude parallel criminal, civil or administrative proceedings with respect to legal persons in</p>	<p>The criminal liability and sanctions to legal person was stipulated in the Penal Code Chapter IX Article 88 to 96 in parallel it will also apply under responsibilities of natural person involved in such activities.</p> <ul style="list-style-type: none"> ▪ Penal code No. 26/NA, dated 17 May 2017. <p>“Article 88 Offence of Legal Person</p> <p>Offence of legal person is an offence committed by an organ or a representative of legal person.”</p>	<p>- Penal code No.26/NA, dated 17 May 2017.</p>

<p>countries in which more than one form of liability is available. Such measures should be without prejudice to the criminal liability of natural persons. All sanctions should be proportionate and dissuasive.</p>	<p>“Article 89 Criminal Liability of Legal Person</p> <p>A legal person shall be liable for its offence if:</p> <ol style="list-style-type: none"> 1. That offence is act performed on its name; 2. That offence is act performed for its interest; 3. That offence is act performed under direction, management and decision of legal person. <p>Criminal liability of the legal person does not exclude criminal liability of the individual.”</p> <p>“Article 90 Prescription of Penalty on Legal Person</p> <p>Penalty imposed on legal person is a fine as principal penalty.</p> <p>Penalty imposed on legal person is double as prescribed in natural person.</p> <p>Beside penalty of fine for legal person, the court may decide to revoke legal person or to ban from running some kind business or to ban from mobilizing fund or ban from using cheque or credit card, to confiscate objects or undertake restoration.”</p> <p>“Article 91 Revoking Legal Person business.</p> <p>Revoking legal person is the court's measure imposed on legal person committing offences to stop running some kind of business when considering that letting the convicted legal person to do this kind of business or operate in such business may cause harm and danger to the society and environment.”</p> <p>“Article 92 Banning Legal Person from Running some Kind of Business</p> <p>Banning legal person from running some kind of business is suspension of business relating the legal person's offence within one year to five years.”</p> <p>Article 93 Banning Legal Person from Mobilizing Fund</p> <p>Banning legal person from mobilizing fund is banning from mobilizing fund from outside for not more than five years such as loan from bank, forbidding of distribution or of sailing shares, forbidding to create fund or foundation for mobilizing fund.”</p>	
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	<p>“Article 94 Banning Legal Person from Using Cheque or Credit Card Banning legal person from using cheque or credit card is banning from using cheque or credit card for not more than five years.”</p> <p>“Article 95 Confiscation of Legal Person's Objects Confiscation of legal person's object is applied in accordance with article 53 of this Penal Code.”</p> <p>“Article 96 Restoration The court may apply restoration measure as provided in article 56 of this Penal Code to legal persons who commit offences.”</p>	
<p>5.8 It should also be an offence to:</p> <p>(a) attempt to commit the TF offence;</p> <p>(b) participate as an accomplice in a TF offence or attempted offence;</p> <p>(c) organise or direct others to commit a TF offence or attempted offence; and</p> <p>(d) contribute to the commission of one or more TF offence (s) or attempted offence(s), by a group of persons acting with a common purpose.</p>	<p>Other offences related to TF such as participation in, association with or conspiracy to commit, attempt, organise or direct others to commit, facilitating and counselling the commission were stated in the Law on AML/CFT Article 3 and 7; the Penal Code Article 131.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated; 21 July 2014.</p> <p>“Article 3 (details stipulated in Rec.5.1)”</p> <p>“Article 7 (details stipulated in Rec.5.2)”</p> <p>▪ Penal code No.26/NA, dated 17 May 2017.</p> <p>“Article 131 (details stipulated Rec.5.1)”.</p>	<ul style="list-style-type: none"> - Penal code No.26/NA, dated:15 May 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.
<p>5.9 TF offences should be designated as ML predicate offences.</p>	<p>TF offences was determined as ML predicate offences as situated in the Law on AML/CFT, Article 8 (clause 1).</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.

	<p>“Article 8 Definitions</p> <p>The terminologies used in this law have the following meaning:</p> <p>1. Predicate offences shall mean all criminal offences which are the causes of money laundering including offences committed outside the territory of the Lao PDR that incurs proceeds of predicate offences. These include frauds, robbery or theft, murder and battery, kidnap, detention and hostage taking, trading of illegal properties, currency counterfeiting including cheque counterfeiting, or use of counterfeited currency or cheque or bond, document forgery or use of forged documents infringement of intellectual property rights, corruption including a taking and giving bribery, adult and child prostitution, human trafficking, people smuggling, production and trafficking of narcotics, trading of war arms or explosives, participation in an organized criminal group and racketeering, terrorism including financing of terrorism, environmental crime, tax crimes, insider trading and market manipulation, violation of customs and tax regulations, extortion, piracy, and others”.</p>	
<p>5.10 TF offences should apply, regardless of whether the person alleged to have committed the offence(s) is in the same country or a different country from the one in which the terrorist(s)/terrorist organisation(s) is located or the terrorist act(s) occurred/will occur.</p>	<p>The Terrorism acts and TF offences of natural person, group, organization and terrorism commission occurred within jurisdiction or outside the country will be penalized as situated in the Law on AML/CFT, Article 7 and the Penal Code, Article 9. In addition, the mechanism to freeze and seize funds related to the terrorism acts and TF offences as situated in the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism No. 03/PM dated 11 February 2016.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 7 (details stipulated Rec.5.2)”.</p> <ul style="list-style-type: none"> ▪ Penal code No.26/NA, dated 17 May 2017. <p>“Article 9 Application of the Penal Law outside the Territory of the Lao People's Democratic Republic</p> <p>Lao citizens who commit offences outside the territory of the Lao People's Democratic Republic shall be charged with and punished for such offences if they are</p>	<ul style="list-style-type: none"> - Penal code No 26/NA, dated 17 May 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.

	<p>defined as offences under the Penal Law of the Lao People's Democratic Republic.</p> <p>Aliens and aperiods residing in the Lao People's Democratic Republic who commit offences outside the territory of the Lao People's Democratic Republic shall also be charged and punished.</p> <p>Foreign individuals who commit offences outside the territory of the Lao People's Democratic Republic, which infringe the national interests of the Lao People's Democratic Republic or lawful interests of Lao citizens, shall also be charged and punished.”</p>	
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RECOMMENDATION 6

6. Targeted financial sanctions related to terrorism and terrorist financing *

<p>6.1 In relation to designations pursuant to United Nations Security Council 1267/1989 (Al Qaida) and 1988 sanctions regimes (Referred to below as “UN Sanctions Regimes”), countries should:</p> <p>(a) identify a competent authority or a court as having responsibility for proposing persons or entities to the 1267/1989 Committee for designation; and for proposing persons or entities to the 1988 Committee for designation;</p>	<p>Pursuant to United Nations Security Council 1267/1989 (Al Qaida) and 1988 sanctions regimes, Lao PDR has designated competent authorities to propose persons, legal person or entities for designation as situated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism No.03/PM details as below:</p> <p>(a). Ministry of Foreign Affairs (MOFA) is an authorized competent authority to propose persons or entities for designation through the consultation and agreement among Ministry of Public Security, AMLIO, and associated agencies in consistent with the (clause 3.5) of the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version)</p> <ul style="list-style-type: none"> ▪ the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016. <p>“3.5 Notification of name lists, and proposing additions-removals from the list of names of those associated with terrorists or the financing of terrorism of the Security Council of the UN shall be implemented as follows:</p> <p>3.5.1 The Ministry of Foreign Affairs will send updates to the list of those related to terrorism or the financing of terrorism to the Ministry of Public Security and the AMLIO immediately when the list is received from the UN; 3</p> <p>3.5.2 The AMLIO will notify these updates to the lists to reporting entities immediately and the Ministry of Public Security will notify these lists to the Postal enterprises Lao and other relevant sectors immediately and disseminated them through government websites regularly.</p> <p>3.5.3 In the event that there is evidence that someone who meets the criteria for</p>	<p>- The Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.</p>
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<p>(b) have a mechanism(s) for identifying targets for designation, based on the designation criteria set out in the relevant United Nations Security Council resolutions (UNSCRs);</p>	<p>designation specified in an active resolution of the Security Council of the UN issued on the basis of Section VII of the UN Charter but is not in a list specified by the Security Council, the Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the AMLIO, relevant ministries and ministry-equivalent organizations in order to consider proposing the addition onto the list of the Security Council of the UN;</p> <p>In the event that, following coordination by the Ministry of Public Security under Sub-section 3.3.3, the Ministry of Public Security considers that there is sufficient evidence that an individual, legal entity or organization meets the criteria for designation specified in an active resolution of the Security Council of the UN issues under Chapter VII of the UN Charter, the Ministry of Foreign Affairs shall propose the addition onto the list of the Security Council of the UN using the standard forms adopted by the relevant committee of the Security Council, including a detailed statement of case to support the designation.</p> <p>3.5.4 In the event that there is evidence that an individual, legal entity or organization does not, or no longer, meets the criteria for designation specified in a resolution of the Security Council of the UN issued on the basis of Section VII of the UN Charter, the Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the AMLIO, relevant ministries and ministry-equivalent organizations in order to consider the proposing the removal from the list of the Security Council of the UN.</p> <p>In the event that, following coordination by the Ministry of Public Security under Sub-section 3.3.4, the Ministry of Public Security considers that there is sufficient evidence that an individual, legal entity or organization does not meet the criteria for designation specified in an active resolution of the Security Council of the UN issues under Chapter VII of the UN Charter, the Ministry of Foreign Affairs shall propose the removal from the list of the Security Council of the UN using the standard forms adopted by the relevant committee of the Security Council, including a detailed explanation of why the individual, legal entity or organization does not meet the criteria for designation.”</p> <p>(b) The mechanism(s) for identifying targets for designation, based on the designation criteria set out in the relevant United Nations Security Council resolutions (UNSCRs) was situated in (clause 3.5) of the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) as details shows in the Rec.6.1 (a).</p>	
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<p>(c) apply an evidentiary standard of proof of “reasonable grounds” or “reasonable basis” when deciding whether or not to make a proposal for designation. Such proposals for designations should not be conditional upon the existence of a criminal proceeding;</p> <p>(d) follow the procedures and (in the case of UN Sanctions Regimes) standard forms for listing, as adopted by the relevant committee (the 1267/1989 Committee or 1988 Committee); and</p> <p>(e) provide as much relevant information as possible on the proposed name 17; a statement of case 18 which contains as much detail as possible on the basis for the listing19; and (in the case of proposing names to the 1267/1989 Committee), specify whether their status as a designating state may be made known.</p>	<p>(c) The proposal for designation of person, legal person and organization involved with terrorist acts or terrorism financing are referred to an evidentiary standard of proof of “reasonable grounds” or “reasonable basis” in accordance with the UNSCR (Chapter VII of UN) as indicated in clause 3.5 of the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) as further details shows in the Rec.6.1 (a).</p> <p>(d). The procedure and standard form for listing as adopted by the relevant committee the 1267/1989 Committee or 1988 Committee as indicated in clause 3.3 and 3.5 of the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version)</p> <p>“3.3 The lists of those associated with terrorists or financing of terrorism shall automatically include all natural persons, legal entities or organizations designated by the United Nations Security Council or a committee of the United Nations Security Council established under United Nations Security Council resolutions 1267 (1999), 1988 (2011), 1989 (2011), and 2253 (2015), and other successor resolutions, without the need for NCC’s consideration and approval.”</p> <p>“Clause 3.5 of the Order No.03/PM as further details shows in the Rec.6.1 (a).”</p> <p>(e). In the event that evidence of person, legal person and organization is matched with the proposal of designation criteria set out in chapter VII of UNSCR (1276/1989 Committee). The Ministry of Public Security is to play as a key role in coordinating with MOFA, AMLIO and associated agencies to further finding relevant evidence as indicated in clause 3.5 of the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) as further details shows in the Rec.6.1 (a)”. </p>	
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<p>6.2 In relation to designations pursuant to UNSCR 1373, countries should:</p> <p>(a) identify a competent authority or a court as having responsibility for designating persons or entities that meet the specific criteria for designation, as set forth in UNSCR 1373; as put forward either on the country's own motion or, after examining and giving effect to, if appropriate, the request of another country.</p>	<p>(a). The authorized competent authorities as having responsibility for the propose listing-delisting a potential persons or entities that meet the specific criteria for designation. The Ministry of Public Security is to act as a key player in coordinating and considering with MOFA, AMLIO and associated agencies to further propose such name list(s) as indicated in the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version), clause 3.</p> <p>▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.</p> <p>“3. Designating lists of Natural persons, Legal Entities or Organizations Relating to Terrorists or Financing of Terrorism is to observe the followings:</p> <p>3.6 Notification, and proposing of additions-removals from domestic and foreign lists of those associated with terrorists or the financing of terrorism shall be implemented as follows:</p> <p>3.6.1 The Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the AMLIO and relevant sectors in order to consider and research additions-removals to the domestic list of those associated with terrorists and the financing of terrorism as defined in Sub-section 3.1.3 and Sub-section 3.1.4 of this Order.</p> <p>3.6.2 The Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the AMLIO, other relevant ministries and organizations in considering the addition-removal of names on the domestic list of those associated with terrorists or the financing of terrorism in the event that there is a request from a foreign government and then a response must be made on the deliberation of this request made to the requesting foreign government through the Ministry of Foreign Affairs.</p> <p>Coordination and consideration of additions to the domestic and foreign lists of those associated with terrorists or the financing of terrorism under Clauses 3.4.1 and 3.4.2, and a decision by the NCC under Sub-section 3.1, shall be done <i>ex parte</i> and without prior notice to the individual, legal entity or organization.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - The Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.
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3.6.3 The Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the AMLIO, other relevant ministries and organizations in order to deliberate the proposal to foreign governments on the specification of names to add or remove from lists of those associated with terrorists or the financing of terrorism of the foreign government concerned in the event that there is information that the associated or not associated with funds and properties defined in Section 2 of this Order or Resolutions of the UN Security Council on the basis of Section VII of the UN Charter or Article 3 and 7 of the Law on AML/CFT which indicate activity or funds in that country.

3.6.4 The AMLIO will notify updates to the lists to reporting entities immediately and the Ministry of Public Security will notify these lists to the Postal enterprises Lao and other relevant sectors immediately and disseminate them through government websites regularly.”

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.**

“Article 3: Financing of terrorism

The financing of terrorism is an intentional act both directly and indirectly by a natural person, legal person or an organization that attempts to give, consolidate and mobilize funds or properties, legally or illegally, wholly or partially, to finance terrorism or terrorist or activities linked to a specific terrorism act regardless such funds or properties are used to finance the actual action.”

“Article 7: Acts of terrorism

Acts of terrorism are an event in which natural persons, groups of people, organizations or terrorist organisation within or outside of the territory of the Lao PDR receive finances to conduct an act of terrorism, with the details as follow:

1. Acts that effect the national security, socio-economic foundation, foreign and international organisations, cause difficulties to international relations of the Lao PDR or chaos to people in the society;
2. Acts that affect lives, health, freedom, or deemed as a physical and psychological coercion and threat;
3. Seizure, damaging properties, invasion, attack, obstruction, causing damages and

<p>(b) have a mechanism(s) for identifying targets for designation, based on the designation criteria set out in UNSCR 1373;</p>	<p>chaos to computer communication and Internet systems or digital instruments of state organisations, legal persons and natural persons;</p> <p>4. Processing, production, use, packaging, transportation, consolidation, and obtaining of explosives, radioactive substances, toxics, inflammables, and trading of weapons, equipment, vehicles including an offering of advice for certain act with an intention as defined in subparagraph 1, 2 and 3 of this article;</p> <p>5. Disseminating, recruiting, encouraging, coercing, threatening, hiring or creating conditions, and aiding an act as defined in subparagraph 1, 2, 3, 4, 7 and 8 of this article;</p> <p>6. Organizing, financing, participating and attempting to participate in the organisation, teaching, and training of selected individuals to conduct an act as defined in subparagraph 1, 2, 3, 4, 5, 7 and 8 of this article;</p> <p>7. Acknowledgment of an act with an objective evidence to prove that it is an act of terrorism.</p> <p>8. Other offences defined as acts of terrorism as per international agreements or treaties that the Lao PDR is a party to.”</p> <p>(b). The designation of listing in/delisting mechanism from domestic list or as requested by international organization of person involved with terrorist or TF is considered upon a fundamental evidence related to behavior or activities (details as indicated in Rec.6.2(a)).</p> <ul style="list-style-type: none"> ▪ Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (Revised) No.03/NCC, dated 11 February 2016. <p>“3. Designating lists of Natural persons, Legal Entities or Organizations Relating to Terrorists or Financing of Terrorism is to observe the followings:</p> <p>3.1 The Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the Anti-Money Laundering Intelligence Office (AMLIO), relevant ministries and organizations of the government in proposing NCC the additions to/removals from the domestic and foreign list of natural persons, legal Entities or organizations relating to terrorists or financing of terrorism for the latter’s consideration and approval.</p> <p>Listing and Delisting are based on the following: 3.1.1 The result of litigation and</p>	
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<p>(c) when receiving a request, make a prompt determination of whether they are satisfied, according to applicable (supra-) national principles that the request is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee meets the criteria for designation in UNSCR 1373;</p> <p>(d) apply an evidentiary standard of proof of “reasonable grounds” or “reasonable basis” when deciding whether or not to make a designation²¹. Such (proposals for) designations should not be conditional upon the existence of a criminal proceeding; and</p> <p>(e) when requesting another country to give effect to the actions initiated under the freezing mechanisms, provide as much identifying information, and specific information supporting the designation, as possible.</p>	<p>judicial rulings which have authority;</p> <p>3.1.2 The results of consideration by the Ministry of Public Security, AMLIO and the Ministry of Foreign Affairs which provide evidence of behaviors and actions as specified in Article 3 and 7 of the Law on AML/CFT.</p> <p>3.1.3 The request of foreign governments which are supported by evidence of the behaviors and actions as defined in Articles 3 and 7 of the Law on AML/CFT;”</p> <p>(c). Upon receiving of the request for designation of person involved with terrorist and TF then the MOPS as the core party to actively coordinate with MOFA, AMLIO and other relevant agencies to consider on such request in consistent with Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (Revised), clause 3.6.3 (details stipulated in Rec.6.2(a));</p> <p>(d). The evidentiary standard of proof “reasonable grounds” or “reasonable basis” is considered under the behavior and activities by relevant agencies as indicated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (Revised), clause 3.1 (details stipulated in Rec.6.2(b));</p> <p>(e). When requesting another country to give effect to the actions initiated under the freezing mechanisms, provide as much identifying information, and specific information supporting the designation was indicated in the Law on AML/CFT, Article 3 and 7. (details stipulated in Rec.6.2 (a)); also the mechanism on information requesting was indicated Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (Revised), clause 3.1.3.</p> <p>“3.1.3 The request of foreign governments which are supported by evidence of the</p>	
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	behaviors and actions as defined in Articles 3 and 7 of the Law on AML/CFT;”	
<p>6.3 The competent authority(ies) should have legal authorities and procedures or mechanisms to:</p> <p>(a) collect or solicit information to identify persons and entities that, based on reasonable grounds, or a reasonable basis to suspect or believe, meet the criteria for designation; and</p> <p>(b) operate <i>ex parte</i> against a person or entity who has been identified and whose (proposal for) designation is being considered.</p>	<p>(a). By Law, the LEAs authorities has power to compel to access, collect and solicit information to identify person or legal person based on reasonable grounds, a basis to suspect or believe to meet the criteria for designation as situated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) clause 3.1 further details has shown in Rec.6.2(b).</p> <p>(b). Any proposed listing in/delisting from the domestic/foreign lists must be presented to the NCC for consideration as indicated in the Order No.03/PM clause 3.2.</p> <p>▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM, dated 12 February 2016.</p> <p>“3.2 Any proposed addition to/removal from the domestic/foreign lists must be presented to the NCC for consideration. If the NCC considers that the proposed addition/removal is supported by sufficient evidence, it shall approve accordingly.”</p>	<p>- The Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.</p>

<p>6.4 Countries should implement targeted financial sanctions without delay.</p>	<p>The targeted financial sanctions on designated person or entities that are believed to involved in terrorist financing and financing of terrorism was stipulated in the Order No.03/PM clause 5.1.</p> <p>▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.</p> <p>“5.1 Reporting entities as defined in Article 17 of the Law on AML/CFT</p> <ul style="list-style-type: none"> - Must regularly monitor their clients that take actions or are related to funds and properties as defined in Section 2 of this Order, and immediately inspect them upon receiving notification regarding the lists of those associated with terrorism or the financing of terrorism from AMLIO; - Reporting entities must use preliminary measures to stop and withhold such funds and properties immediately when their client is found to be on the lists of those associated with terrorism or the financing of terrorism or making transactions that relate to funds defined in Section 2 of this Order; in the meantime must report immediately to the Ministry of Public Security and AMLIO; - The Ministry of Public Security will issue an order to freeze or seize the funds and properties immediately when receiving a report from a reporting entity. <p>An order to freeze or seize funds and properties shall remain in effect until the prosecution comes to an end or till there is a court`s decision.</p> <p>Within thirty days, from the issuance date of the order to freeze or seize funds and properties defined in Section 2 of this Order, the Ministry of Public Security has the duty to consider a suspect, funds and properties as per Section 6 of this Order. For the consideration of s suspect, the funds and properties which are complex or require auditing, inspection in many places, it shall not exceed sixty days. In the event an audit and consolidation of evidence abroad is required, it shall not exceed ninety days from the issuance date of the freezing or seizure order.</p> <p>In the event that such funds and properties are not related or associated with those on lists of those associated with terrorists or the financing of terrorism, the Ministry of Public Security shall inform a reporting entity in writing for their acknowledgement and</p>	<ul style="list-style-type: none"> - The Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.
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	<p>cancellation of the applied preliminary measures.</p> <p>Reporting entities shall not be liable for anything done or omitted to be done in good faith and without negligence in compliance or purported compliance with Sub-section 5.1 of this Order.”</p>	
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<p>6.5 Countries should have the legal authority and identify domestic competent authorities responsible for implementing and enforcing targeted financial sanctions, in accordance with the following standards and procedures:</p> <p>(a) Countries should require all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities.</p>	<p>(a). The reporting entities are allowed to use the provisional measures to end relationship or freeze in the event that their customer(s) is being a designation list on terrorist financing and financing of terrorism activities or operating transaction involved with funds as stipulated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version), clause 5.</p> <p>▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM, dated 11 February 2016.</p> <p>“5. Withholding, freezing or seizing funds which are associated with terrorism or the financing of terrorism shall observe the followings.</p> <p>5.1 Reporting entities as defined in Article 17 of the Law on AML/CFT</p> <ul style="list-style-type: none"> - Must regularly monitor their clients that take actions or are related to funds and properties as defined in Section 2 of this Order, and immediately inspect them upon receiving notification regarding the lists of those associated with terrorism or the financing of terrorism from AMLIO; - Reporting entities must use preliminary measures to stop and withhold such funds and properties immediately when their client is found to be on the lists of those associated with terrorism or the financing of terrorism or making transactions that relate to funds defined in Section 2 of this Order; in the meantime, must report immediately to the Ministry of Public Security and AMLIO; - The Ministry of Public Security will issue an order to freeze or seize the funds and properties immediately when receiving a report from a reporting entity. 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.
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	<p>An order to freeze or seize funds and properties shall remain in effect until the prosecution comes to an end or till there is a court's decision.</p> <p>Within thirty days, from the issuance date of the order to freeze or seize funds and properties defined in Section 2 of this Order, the Ministry of Public Security has the duty to consider a suspect, funds and properties as per Section 6 of this Order. For the consideration of s suspect, the funds and properties which are complex or require auditing, inspection in many places, it shall not exceed sixty days. In the event an audit and consolidation of evidence abroad is required, it shall not exceed ninety days from the issuance date of the freezing or seizure order.</p> <p>In the event that such funds and properties are not related or associated with those on lists of those associated with terrorists or the financing of terrorism, the Ministry of Public Security shall inform a reporting entity in writing for their acknowledgement and cancellation of the applied preliminary measures.</p> <p>Reporting entities shall not be liable for anything done or omitted to be done in good faith and without negligence in compliance or purported compliance with Sub-section 5.1 of this Oder.</p> <p>5.2 Withholding, freezing, seizing funds transferred, sent through and serviced by the post office:</p> <ul style="list-style-type: none"> - Postal enterprises shall regularly monitor and immediately inspect postal products, postal packages or mailbags after receiving notification regarding the lists of those associated with terrorists or the financing of terrorism from the Ministry of Public Security; - Postal enterprises shall use preliminary measures to immediately terminate and withhold such funds and properties when finding out that a customer is on the lists of those associated with terrorism or financing of terrorism or makes a transaction associated with funds defined in Section 2 of this Order, and in the meantime immediately report to the Ministry of Public Security and the AMLIO; - The Ministry of Public Security shall issue an order to freeze, seize funds and properties immediately upon receiving a report from s postal enterprise; - The event of presence and urgency, the Ministry of Public Security shall issue an order to freeze, seize funds and properties immediately within forty-eight hours if postal products, postal packages or mailbags sent from the Lao PDR to foreign countries or 	
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from foreign countries to the Lao PDR found to contain or have funds defined in Section 2 of this Order, and the Ministry of Public Security must open or inspect in order to establish the facts.

An order to freeze or seize funds and properties shall remain in effect until the prosecution comes to an end or till there is a court's decision. 6

Within thirty days, from the issuance date of the order to freeze or seize funds and properties associated with financing of terrorism found in postal products, postal packages or mailbags, the Ministry of Public Security has the duty to consider a suspect, funds and properties as per Section 6 of this Order. For the consideration of a suspect, the funds and properties which are complex or require auditing, inspection in many places, it shall not exceed sixty days. In the event an audit and consolidation of evidence abroad is required, it shall not exceed ninety days from the issuance date of the freezing or seizure order.

In the event that such funds and properties are not related or associated with those on lists of those associated with terrorists or the financing of terrorism, the Ministry of Public Security shall inform a reporting entity in writing for their acknowledgement and cancellation of the applied preliminary measures.

Reporting entities shall not be liable for anything done or omitted to be done in good faith and without negligence in compliance or purported compliance with Sub-section 5.1 of this Order.

5.3 Withholding, freezing, seizing funds and properties associated with terrorism or the financing of terrorism in other sectors:

A natural person, legal entity and organization must use preliminary measures to stop and withhold funds and properties defined in section 2 immediately when finding out that their counterparty of business relation or transaction, a natural person, legal entity and organization, is on the lists of those associated with terrorism or the financing of terrorism or making transactions that relate to funds and properties defined in Section 2 of this Order, and immediately report to the Ministry of Public Security and the AMLIO; In the event that there is a sufficient evidence as a results of professional actions, intelligence analysis or a report by a natural persons, legal entity or organization on a detection or encountering of funds and properties as defined in Section 2 of this Order,

the Ministry of Public Security shall coordinate with the natural person, legal entity, organization and other relevant sectors to establish the facts, verify that whether or not such funds and properties are associated with terrorists or financing of terrorism, then take action as per Section 6 of this Order. If there is sufficient evidence suggesting of any connection, the ministry of public security shall issue the order to seize or freeze such funds and properties immediately.

Within thirty days, from the issuance date of the order to freeze, seize funds and properties defined in Section 2 of this Order, the Ministry of Public Security has the duty to consider a suspect, funds and properties as per Section 6 of this Order. For the consideration of s suspect, the funds and properties which are complex or require auditing, inspection in many places, it shall not exceed sixty days. In the event an audit and consolidation of evidence abroad is required, it shall not exceed ninety days from the issuance date of the freezing or seizure order.”

▪ **Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.**

“Article 17 Reporting entities

Reporting entities are legal persons and organisations which have the obligation to report information or suspicious activities of being money laundering and financing of terrorism to the Anti-Money Laundering Intelligence Office (herein after called “AMLIO”). Reporting entities which consists of financial institutions and DNFBPs as defined in subparagraph 7 and 8 of article 8.”

“Article 8 Definitions

The terminologies used in this law have the following meaning:

1. Predicate offences shall mean all criminal offences which are the causes of money laundering including offences committed outside the territory of the Lao PDR that incurs proceeds of predicate offences. These include frauds, robbery or theft, murder and battery, kidnap, detention and hostage taking, trading of illegal properties, currency counterfeiting including cheque counterfeiting, or use of counterfeited currency or cheque or bond, document forgery or use of forged documents infringement of intellectual property rights, corruption including a taking and giving bribery, adult and

	<p>child prostitution, human trafficking, people smuggling, production and trafficking of narcotics, trading of war arms or explosives, participation in an organized criminal group and racketeering, terrorism including financing of terrorism, environmental crime, tax crimes, insider trading and market manipulation, violation of customs and tax regulations, extortion, piracy, and others</p> <p>2. Proceeds of predicate offences shall mean funds or properties derived directly or indirectly from the predicate offences, properties transformed or changed, wholly or partially, to other forms of properties including returns of investment.</p> <p>3. Terrorist shall mean a natural person, a group of people, an organisation or a terrorist organisation that commit an act as defined in article 7 of this law;</p> <p>4. Terrorist organisation shall mean any group of terrorists having an intention, attempting to commit, participating in, in accomplice of crime, organising, leading an act of terrorism directly or indirectly as defined in Article 7 of this law;</p> <p>5. Funds shall mean tangible and intangible funds or properties, movable or immovable assets and all financial documents or bearer negotiable instruments of all forms either in electronic or digital format, and certificates of ownership, or benefits from such funds or properties;</p> <p>6. Financed funds shall mean funds or properties which natural persons, legal persons or organisations supply or use in the acts of terrorism;</p> <p>7. Financial institutions shall mean commercial banks, micro-finance institutes, all forms of credit lending companies, pawnshops, leasing companies, money transfer service companies, currency exchange shops, insurance companies, securities companies, asset management companies, among others;</p> <p>8. Designated non-financial businesses and professions (herein after called “DNFBPs”) shall mean companies or agents that provide and manage financial payment tools, real estate trading agencies, valuable material and antique trading business, a bar association or a legal firm, notary public, external auditing firms, casinos or others;</p> <p>9. Transactions shall mean conducting an activity concerning account opening, depositing, withdrawal, transfer of money, currency exchange, trading of precious metals, goods or other services;</p> <p>10. Suspicious transactions shall mean transactions that do not conform with the profile, occupation, and reality status of customers;</p>	
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	<p>11. Beneficiary shall mean natural person(s) who ultimately benefits from a business operation, activity or transaction including person(s) who exercise ultimate effective control over a legal person;</p> <p>12. Politically exposed persons (herein after called “PEPs”) shall mean foreign politicians, state officials, and officials of international organisations;</p> <p>13. Foreign politicians shall mean persons who are or were in positions, trusted, and playing important roles in domestic and foreign affairs, extending to members of their families or persons with close connections to these people;</p> <p>14. State officials shall mean persons who are or were in important positions, trusted and play a role in the Lao PDR, including members of the board of directors or the management of state-owned enterprises or state-holding joint venture, extending to their family members or those with close connections to them;</p> <p>15. Officials of international organisations shall mean people who are or were in the positions of member of the executive committee or management, trusted, and playing a role in those international organisations, extending to their family members or those with close connections to them;</p> <p>16. Shell banks shall mean the banks that do not have tangible address in a country where they are authorised to operate, or are not subsidiaries of legitimate financial institution group;</p> <p>17. Non-profit organisations shall mean legal persons or organisations that carry out main activities for the causes of charity, religions, culture, education, environment, public health, sports-physical education, humanitarian and social welfares, vocational benefit promotion, without seeking profits in returns;</p> <p>18. Corresponding banks shall mean a representative bank or intermediary bank for the settlement among banks both in the country and abroad;</p> <p>19. Wire transfer shall mean the transaction on behalf of a natural person, legal person or organisation via a financial institution by a mean of electronic transfer, which enable a beneficiary to receive the transferred amount at another financial institution;</p> <p>20. Seizure shall mean obtaining the properties or moveable objects as exhibits by an order of a competent authority;</p> <p>21. Freezing shall mean the prohibition of transfer, handing over, trading, exchange, pawn, guarantee, destruction or change, movement of funds, immovable or moveable</p>	
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<p>(b) The obligation to freeze should extend to: (i) all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular terrorist act, plot or threat; (ii) those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and (iii) the funds or other assets derived or generated from funds or other assets owned or</p>	<p>assets, including deposit bank accounts, by an order of a competent authority;</p> <p>22. Confiscation shall mean the nationalisation of properties or objects, wholly or partially, owned by offenders in accordance with a court decision.</p> <p>23. Resolution of the UN Security Council shall mean a resolution on a designated name list of natural persons, groups of people, legal persons and organisations relating to an international terrorism as defined in Section VII of such resolution;</p> <p>24. Anonymous account shall mean a deposit account in which its information differs or cannot verify the account owner's details such as name, surname, date of birth, address, age and occupation;</p> <p>25. Customer shall mean natural persons, legal persons or organisations that use the services of the reporting entities.</p> <p>26. Bearer negotiable instruments shall mean bank cheques, traveller's cheques, money orders, bonds, bank drafts and others;</p> <p>27. Racketeering group shall mean a group of persons that coerces, threatens a natural person, legal person or organisation in order to extort their funds or properties;</p> <p>28. Environmental crime shall mean an offence that causes a severe damage to the environment such illegal trading of protected wildlife and aquatic animals, unlawful extraction of natural resources, illegal logging, destruction of crops, illegal poaching, and illegal fishing.”</p> <p>(b) An asset to be hold, freeze and seizure are indicated the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) (clause 2) and in the Law on AML/CFT Article 8 (clause 5).</p> <ul style="list-style-type: none"> ▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016. <p>“2. Funds and properties that are to be frozen, seized are funds and properties defined in Article 8, Section 5 of the Law on AML/CFT as follow:</p> <p>2.1 Funds and properties, and benefits derived from funds and properties owned by or under the control of, use, distribution, management either directly or indirectly, partially</p>	
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<p>controlled directly or indirectly by designated persons or entities, as well as (iv) funds or other assets of persons and entities acting on behalf of, or at the direction of, designated persons or entities.</p> <p>(c) Countries should prohibit their nationals, or 23 any persons and entities within their jurisdiction, from making any funds or other assets, economic resources, or financial or other related services, available, directly or indirectly, wholly or jointly, for the benefit of designated persons and entities; entities owned or controlled, directly or indirectly, by designated persons or entities; and persons and entities acting on behalf of, or at the direction of,</p>	<p>or completely of natural persons, legal entities or organizations, which are on lists related to terrorism or financing of terrorism;</p> <p>2.2 Funds and properties which are owned by or under the control of, use, distribution, management of natural persons, legal entities or organizations which hold ownership on behalf of or under the control of natural persons, legal entities or organizations which are on lists associated with terrorists or the financing of terrorism;</p> <p>2.3 Funds and properties which support or have the objective of supporting terrorism, including funds and properties derived from an act of terrorism.”</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014;</p> <p>“Article 8 Definitions xxx</p> <p>5. Funds shall mean tangible and intangible funds or properties, movable or immovable assets and all financial documents or bearer negotiable instruments of all forms either in electronic or digital format, and certificates of ownership, or benefits from such funds or properties”.</p> <p>xxx</p> <p>(c). Under the Law on AML/CFT Article 50 and 52 prohibited a natural person, legal person and organization to behave related to ML/TF activities, especially REs to conduct transaction or business operation with natural person, legal person and organization that appeared in the UNSCRs.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.</p> <p>“Article 50 General prohibitions Natural persons, legal persons and organisations related to the AML/CFT are prohibited from the following behaviours:</p> <ol style="list-style-type: none"> 1. Having dealings related to, being involved in money laundering or financing of terrorism; 2. Maintaining relations in all forms and giving any type of assistance in money 	
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<p>designated persons or entities, unless licensed, authorised or otherwise notified in accordance with the relevant UNSCRs.</p> <p>(d) Countries should have mechanisms for communicating designations to the financial sector and the DNFBPs immediately upon taking such action, and providing clear guidance to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations in taking action under freezing mechanisms.</p>	<p>laundering or financing of terrorism;</p> <ol style="list-style-type: none"> 3. Giving bribes to staff or competent authorities; 4. Falsifying documentation or official seals; 5. Concealing, disusing, threatening, impeding and obstructing the functions of competent authorities; 6. Opening or using anonymous accounts or accounts under the using name of natural persons, legal persons or intangible organisations; 7. Other activities that contravene laws and legal regulations;” <p>“Article 52 Prohibitions for reporting entities Reporting entities are prohibited related to AML/CFT from the following behaviours: Unofficial Translation</p> <ol style="list-style-type: none"> 1. Having dealings with anonymous banks, financial institutions, legal persons or organisations; 2. Having dealings with banks abroad that do not have regulations on AML/CFT; 3. Opening anonymous accounts; 4. Having business dealings or performing transactions with natural persons, legal persons or organisations on the United Nations security council list; 5. Other activities that contravene legal regulations.” <p>(d). The mechanisms for communicating designations to financial institutions or DNFBPs, including targeted funds or other assets that subject to freeze were stipulated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) clause 3.5.1-3.5.2 and the mechanism for freezing and seizure was determined in clause 5.(details stipulated in Rec.6.5(a)).</p> <ul style="list-style-type: none"> ▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016; <p>“3.5.1 The Ministry of Foreign Affairs will send updates to the list of those related to terrorism or the financing of terrorism to the Ministry of Public Security and the AMLIO</p>	
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<p>(e) Countries should require financial institutions and DNFBPs to report to competent authorities any assets frozen or actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions.</p> <p>(f) Countries should adopt measures which protect the rights of <i>bona fide</i> third parties acting in good faith when implementing the obligations under Recommendation 6. <i>De-listing, unfreezing and providing access to frozen funds or other assets</i></p>	<p>immediately when the list is received from the UN;</p> <p>3.5.2 The AMLIO will notify these updates to the lists to reporting entities immediately and the Ministry of Public Security will notify these lists to the Postal enterprises Lao and other relevant sectors immediately and disseminated them through government websites regularly.”</p> <p>(e). The determination of financial institution and DNFBPs to report to competent authorities on asset frozen or actions taken on prohibition requirement under the UNSCRs including any attempted transaction are stipulated in the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version), clause 5 (mentioned in the Rec 6.5 clause (a)).</p> <p>(f). The measures that protect the rights of <i>bona fide</i> third parties and other participants acting in good faith when implementing the obligations was stipulated in the Law on AML/CFT Article 11.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014</p> <p>“Article 11 Protection Staff and officers working on AML/CFT including those participating in this work such as informants, information processors, witnesses, experts and their families, shall be protected in accordance with laws against revenge and threats against life, health, freedom and damage to their dignities, reputations or private properties.”</p>	
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<p>6.6 Countries should have publicly known procedures to de-list and unfreeze the funds or other assets of persons and entities which do not, or no longer, meet the criteria for designation. These should include:</p> <p>(a) procedures to submit de-listing requests to the relevant UN sanctions Committee in the case of persons and entities designated pursuant to the UN Sanctions Regimes, in the view of the country, do not or no longer meet the criteria for designation. Such procedures and criteria should be in accordance with procedures adopted by the <i>1267/1989 Committee</i> or the <i>1988 Committee</i>, as appropriate;</p> <p>(b) legal authorities and procedures or mechanisms to de-list and unfreeze the funds or</p>	<p>(a). The procedures to submit the proposed de-listing letter to the UN Sanctions Committee is clearly stipulated as identified in clause 3.5.4 of the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version)</p> <p>▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.</p> <p>“ 3.5.4 In the event that there is evidence that an individual, legal entity or organization does not, or no longer, meets the criteria for designation specified in a resolution of the Security Council of the UN issued on the basis of Section VII of the UN Charter, the Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the AMLIO, relevant ministries and ministry-equivalent organizations in order to consider the proposing the removal from the list of the Security Council of the UN. In the event that, following coordination by the Ministry of Public Security under Subsection 3.3.4, the Ministry of Public Security considers that there is sufficient evidence that an individual, legal entity or organization does not meet the criteria for designation specified in an active resolution of the Security Council of the UN issues under Chapter VII of the UN Charter, the Ministry of Foreign Affairs shall propose the removal from the list of the Security Council of the UN using the standard forms adopted by the relevant committee of the Security Council, including a detailed explanation of why the individual, legal entity or organization does not meet the criteria for designation.”</p> <p>(b). The abolishment procedures or mechanisms for unfreeze and unseized of funds or other assets are situated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) clause 4 and 6.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.
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<p>other assets of persons and entities designated pursuant to UNSCR 1373, that no longer meet the criteria for designation;</p>	<ul style="list-style-type: none"> ▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016. <p>“4. Any appeals regarding listing of those associated with terrorists or the financing of terrorism shall observe the followings,</p> <p>4.1 Any person affected by the listing of those associated with terrorists or the financing of terrorism may apply to the Office of People`s Prosecutor to appeal the listing.</p> <p>4.2 The Office of People`s Prosecutor shall coordinate with relevant sectors in order to deliberate and research evidence that natural persons, legal entities and organizations request and appeal regarding the listing of those associated with terrorists or the financing of terrorism. Regarding methods and procedures, the regulations of the Office of People`s Prosecutor must be followed.</p> <p>4.3 Appeals regarding the list of names of those associated with terrorists or the financing of terrorism of the Security Council of the UN shall be dealt with under Sub-section 3.5.3 and 3.5.4 of this Order. The Office of People`s Prosecutor shall also inform an individual, legal entity or organization on the list of names of those associated with terrorists or the financing of terrorism of the Security Council of the UN of the option to make a de-listing request directly to the United Nations Office of the Ombudsperson.”</p> <p>“6. The remedy of issues regarding the withheld, frozen or seized funds and properties shall observe the followings:</p> <p>6.1 Return to a legitimate owner if such funds and properties were illegally controlled or used by others to commit an act of terrorism or financing of terrorism;</p> <p>6.2 Allow to be used as necessary expenses to sustain a person`s livelihood whose funds and properties were frozen or seized, and expenses for other legal obligations of the person, or a legal entity or an organization whose funds and properties were frozen or seized, in accordance with resolutions 1452 (2002) and 1735 (2006) of the Security Council of the United Nations, and any successor resolutions;</p> <p>6.3 Cancel the seizure, the freezing and return such funds and properties if the name of that person, legal entity or organization in question is removed or erased from the lists of</p>	
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<p>(c) with regard to designations pursuant to UNSCR 1373, procedures to allow, upon request, review of the designation decision before a court or other independent competent authority;</p> <p>(d) with regard to designations pursuant to UNSCR 1988, procedures to facilitate review by the <i>1988 Committee</i> in accordance with any applicable guidelines or procedures adopted by the <i>1988 Committee</i>, including those of the</p>	<p>names of natural persons, legal entities or organizations associated with terrorists or financing of terrorism;</p> <p>6.4 In the event that the legitimate owner or custodian of the funds and properties cannot be identified, the government shall confiscate or destroy such funds and properties in accordance with the relevant national regulations and laws of Lao PDR.</p> <p>Any natural person, legal entity or organization affected by the withholding, freezing or seizure of funds and properties may appeal to the Office of People`s Prosecutor for one of the remedies defined in Sub-section 6.1 to 6.3 of this Order.</p> <p>In the event that the Office of People`s Prosecutor deliberates on the funds that were frozen, seized as specified in Sub-section 6.1 to 6.3, the Office of People`s Prosecutor shall specify necessary conditions for the a natural person, legal entity or organization in order to prevent such funds and properties to be used in the financing of terrorism or an act of terrorism.</p> <p>In the event that the Office of People`s Prosecutor applies remedy as defined in Sub-section 6.2 of this Order, it shall provide the UN Security Council all necessary documents and notices in order to seek the latter`s permission via Ministry of Foreign Affairs prior to the use of such funds and properties.</p> <p>The withheld, seized and frozen funds and properties shall remain so till the application of one of the remedies as defined from Sub-section 6.1 to 6.4 of this Order.”</p> <p>(c). In the event that natural person, legal persons or organizations who have been affected from being designated. They can write a petition letter to Supreme People’s Prosecutor Office to prove their bona fides as stipulated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) clause 4 (details stipulated in Rec.6.6 (b)).</p> <p>(d). The designation in accordance with UNSCR (1988) and other resolutions was stipulated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) clause 3.3 and 3.5.</p> <p>▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 Febru-</p>	
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<p>Focal Point mechanism established under UNSCR 1730;</p>	<p>ary 2016.</p> <p>“3.3 The lists of those associated with terrorists or financing of terrorism shall automatically include all natural persons, legal entities or organizations designated by the United Nations Security Council or a committee of the United Nations Security Council established under United Nations Security Council resolutions 1267 (1999), 1988 (2011), 1989 (2011), and 2253 (2015), and other successor resolutions, without the need for NCC consideration and approval;</p> <p>3.3.1 Natural persons, legal entities and organizations referred to in Section 3.3 shall be included in the lists of those associated with terrorists or financing of terrorism immediately upon their designation by the United Nations Security Council or a committee of the United Nations Security Council;</p> <p>3.3.2 Natural persons, legal entities and organizations referred to in Section 3.3 shall remain on the lists of those associated with terrorists or financing of terrorism until their designation is revoked by the United Nations Security Council or a committee of the United Nations Security Council.”</p> <p>“3.5 Notification of name lists, and proposing additions-removals from the list of names of those associated with terrorists or the financing of terrorism of the Security Council of the UN shall be implemented as follows:</p> <p>3.5.1 The Ministry of Foreign Affairs will send updates to the list of those related to terrorism or the financing of terrorism to the Ministry of Public Security and the AMLIO immediately when the list is received from the UN; 3</p> <p>3.5.2 The AMLIO will notify these updates to the lists to reporting entities immediately and the Ministry of Public Security will notify these lists to the Postal enterprises Lao and other relevant sectors immediately and disseminated them through government websites regularly.</p> <p>3.5.3 In the event that there is evidence that someone who meets the criteria for designation specified in an active resolution of the Security Council of the UN issued on the basis of Section VII of the UN Charter but is not in a list specified by the Security Council, the Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the AMLIO, relevant ministries and ministry-equivalent organizations in order to consider proposing the addition onto the list of the Security Council of the UN;</p>	
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<p>(e) with respect to designations on the <i>Al-Qaida Sanctions List</i>, procedures for informing designated persons and entities of the availability of the <i>United Nations Office of the Ombudsperson</i>, pursuant to UNSCRs 1904, 1989, and 2083 to accept de-listing petitions;</p> <p>(f) publicly known procedures to unfreeze the funds or other assets of persons or entities with the</p>	<p>In the event that, following coordination by the Ministry of Public Security under Sub-section 3.3.3, the Ministry of Public Security considers that there is sufficient evidence that an individual, legal entity or organization meets the criteria for designation specified in an active resolution of the Security Council of the UN issues under Chapter VII of the UN Charter, the Ministry of Foreign Affairs shall propose the addition onto the list of the Security Council of the UN using the standard forms adopted by the relevant committee of the Security Council, including a detailed statement of case to support the designation.</p> <p>3.5.4 In the event that there is evidence that an individual, legal entity or organization does not, or no longer, meets the criteria for designation specified in a resolution of the Security Council of the UN issued on the basis of Section VII of the UN Charter, the Ministry of Public Security is in charge of coordinating with the Ministry of Foreign Affairs, the AMLIO, relevant ministries and ministry-equivalent organizations in order to consider the proposing the removal from the list of the Security Council of the UN.</p> <p>In the event that, following coordination by the Ministry of Public Security under Sub-section 3.3.4, the Ministry of Public Security considers that there is sufficient evidence that an individual, legal entity or organization does not meet the criteria for designation specified in an active resolution of the Security Council of the UN issues under Chapter VII of the UN Charter, the Ministry of Foreign Affairs shall propose the removal from the list of the Security Council of the UN using the standard forms adopted by the relevant committee of the Security Council, including a detailed explanation of why the individual, legal entity or organization does not meet the criteria for designation.”</p> <p>(e). With respect to person, legal persons or organizations involved with terrorism activities and TF under the UN designation list, Ministry of Public Security is obliged to notify those person, legal persons or organizations and provide an advisory on the propose de-listing procedure by submitting a petition letter to the availability of the United Nations Office of the Ombudsperson directly as indicated in the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) clause 4.3 (details stipulated in Rec.6.6(b)).</p> <p>(f) and (g). The abolishment mechanism for communicating de-listing, unfreezed and unseized of funds or other assets of persons or legal persons who are inadvertently affected by freezing mechanism, upon verification that persons or organizations are</p>	
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<p>same or similar name as designated persons or entities, who are inadvertently affected by a freezing mechanism (<i>i.e.</i> a false positive), upon verification that the person or entity involved is not a designated person or entity; and</p> <p>(g) mechanisms for communicating de-listings and unfreezings to the financial sector and the DNFBPs immediately upon taking such action, and providing guidance to financial institutions and other persons or entities, including DNFBPs, that may by holding targeted funds or other assets, on their obligations to respect a de-listing or unfreezing action.</p>	<p>clearly uninvolved with the UNSCR designation list, then the Ministry of Public Security is obliged to send an official notification letter (in written form) to REs for acknowledgement and to withdraw the use of sanction measures to those clients as indicated in the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) clause 5.1 (details stipulated in Rec.6.6(a)).</p>	
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<p>6.7 Countries should authorise access to frozen funds or other assets which have been determined to be necessary for basic expenses, for the payment of certain types of fees, expenses and service charges, or for extraordinary expenses, in accordance with the procedures set out in UNSCR 1452 and any successor resolutions. On the same grounds, countries should authorise access to funds or other assets, if freezing measures are applied to persons and entities designated by a (supra-)national country pursuant to UNSCR 1373.</p>	<p>The authorization provision on the use of frozen and seizure of funds or other assets, which have been determined to be necessary for basic expenses as indicated in the the Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version), clause 6.2. (details stipulated in Rec.6.6(b)).</p>	<ul style="list-style-type: none"> - The Order On the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (revised version) No. 03/PM dated 11 February 2016.
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RECOMMENDATION 7

7. Targeted financial sanctions related to proliferation *

7.1 Countries should implement targeted financial sanctions without delay to comply with United Nations Security Council Resolutions, adopted under Chapter VII of the Charter of the United Nations, relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing.

The Lao PDR applied targeted financial sanctions without delay to comply with United Nations Security Council Resolutions and adopted under Chapter VII of the Charter of the United Nations, relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing was indicated in the drafting Decree on Trade Management of Dual-use Goods, Article 3, clause 3 and Article 37; and Drafting the Order On the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing, clause 2.

▪ **Drafting Decree on Trade Management of Dual-use Goods;**

Article 3. Interpretation of Terms.

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“**3. Weapons of mass destruction** means any weapons of mass destruction or weapon that designs or intend to cause death or serious physical injury through the release, diffusion, or the effects of toxic chemicals or its original chemicals, or any weapon relating to biologicals, poison or animals or insects that are the cause of disease, or any weapon that designs to emit radiation or radiation at a dangerous level to human life. These weapons include but not limit to: (a) nuclear and radiation explosive device; (b) chemicals listed in the schedule I, II and III of the Chemical Weapons Convention (CWC); and (c) biologicals and biologically derives substance that develop, design, revise, or amend by increasing its productivity to cause the death of human life and animal, deterioration of quality of equipment of damage of plants.”

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“Article 37. Additional Penalties Measures

Apart from measures against violators as defined in the article 30 and 31 of this decree, offender shall have the following additional penalties measures:

Intentionally offence: suspend the right to operate the business relating double

- Drafting Decree on Trade Management of Dual-use Goods;
- Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing.

	<p>use goods concerning temporary weapons of mass destruction, revoke the operating license in relation to double use goods with weapons of mass destruction.</p> <p>Money or assets of individual, entity or organization which define in a list relating to prefoliation of weapons of mass destruction and provide funding to such offence as defined in the regulation of the United Nations Security Council in each phrase shall be captured, seized immediately. In respect of the process and the responsible organization who implement the capture, seize of financial or assets as defined in paragraph 1 of this article shall be implemented by the specific regulations.</p> <p>Money or assets of individual, entity or organization which is defined in the list of prefoliation of weapons of mass destruction and provide funding to such offence as defined in the regulation of the United Nations Security Council in each phrase shall be captured, seized immediately. In respect of the process and the responsible organization who implement the capture, seize of financial or assets shall be implemented by the specific regulations.”</p> <p>▪ Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing.</p> <p>xxx</p> <p>2. Funds and properties to be detain, seizure and freezing of funds of Terrorism are included money or assets that associated as follows:</p> <p>2.1 Funds and properties are possessed or controlled by natural person or organizations that are on list related to the plan or threat on Proliferation of Weapons of Mass Destruction;</p> <p>2.2 Funds and properties are possessed or controlled either directly or indirectly for partially or completely by natural person or organizations that are on lists;</p> <p>2.3 Funds and properties are obtained or occurred from funds and properties that being possessed or controlled either directly or indirectly by natural person or organizations that are on lists;</p> <p>2.4 Funds and properties of natural person or organizations that act on behalf of or conducted according to the order of natural person or organi-</p>	
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	<p>zations that are on lists;</p> <p>xxx</p>	
<p>7.2 Countries should establish the necessary legal authority and identify competent authorities responsible for implementing and enforcing targeted financial sanctions, and should do so in accordance with the following standards and procedures.</p> <p>(a) Countries should require all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities.</p>	<p>(a) By Law, REs and competent authorities are required to enforce targeted financial sanction to natural person or targeted organization as indicated in the Drafting Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 5.</p> <p>▪ The Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing.</p> <p>5. Detain, Seizure and Freezing of Funds of Terrorism that related to person who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction shall act as follows:</p> <p>5.1 Reporting entities as defined in Article 17 of the Law on Anti-Money Laundering and Counter-Financing of Terrorism:</p> <ul style="list-style-type: none"> – Shall regularly investigate their customers who have transaction or associated with source of Funds as defined in subparagraph 2 of this Order and shall immediately investigate upon receiving the notification from Anti-Money Laundering Intelligence Office (AMLIO) about the list of person who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction; – Reporting entities shall using their initial regulation to stop and to detain such Funds immediately after found that their customer is in the name list who 	<ul style="list-style-type: none"> - The Drafting Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing; - Decision on Appointment of Committees for Drafting of Sub-Legislation for Implementing Measures on Counter Proliferation Financing “PF” No.05/NCC, dated 06 February 2019.

	<p>associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction or having any transaction that associated with such terrorism funds as defined in subparagraph 2 of this Order; and also immediately report to Ministry of Public Security and Anti-Money Laundering Intelligence Office (AMLIO);</p> <ul style="list-style-type: none"> – Assigned to Ministry of Public Security to issue an order to seizure and freezing of funds of terrorism immediately upon receiving the report from reporting entities. <p>The order to freezing or seizure of above-mentioned funds shall remain in effective until there is any revision or adjustment in the name list of person who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction from UN Security Council.</p> <p>Within thirty days, from the date of issued the Order of freezing and seizure of funds as defined in subparagraph 2 of this Order, Ministry of Public Security is being authorized to consider toward such suspected person or funds as defined in subparagraph 6 of this Order. For the consideration of suspected person and funds with complicated manner that shall be inspected or investigated across different sectors shall not exceed sixty days. In term of requirement for inspecting and assembling evidences from aboard, it shall be done within ninety days.</p> <p>In case where such funds are not related or associated with a person who listed in the list that associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction, Ministry of Public Security shall give a notice in writing to reporting entities to acknowledge and terminate such provisional measures.</p> <p>Reporting entities who implemented its obligation in a good faith under subparagraph 5.1 of this Order will not be liable for any act under their activities. On the other hand, in case of reporting entities failed to comply with its obligation, negligence or indiscreet in perform their duties or any perform as defined in subparagraph 5.1 of this Order.</p> <p>5.2 Detain, Freezing and Seizure of Funds of Terrorism that Transfer and service by Post Office:</p>	
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	<ul style="list-style-type: none"> – Assigned to Postal enterprise to regularly monitoring and shall immediately investigate the postal package, the postal box or mail bag upon receiving a notice on the list of person who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction from Ministry of Public Security; – Postal enterprise shall apply preliminary measures to stop and to detain such funds of terrorism after found that their customer is in the name list who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction or having any transaction that associated with such terrorism funds as defined in Subparagraph 2 of this Order. Also immediately report to Ministry of Public Security and Anti-Money Laundering Intelligence Office (AMLIO); – Assigned to Ministry of Public Security to issue an order to seizure or freezing of such funds immediately upon receiving the report from postal enterprise; – Assigned to Ministry of Public Security to issue an order to seizure or freezing such funds immediately when found that there are such postal packages, postal boxes or mailbags sent from Lao PDR to another countries or from another countries to Lao PDR which contained or filled with funds as defined in Subparagraph 2 of this Order within the time of forty-eight days, and also Ministry of Public Security shall open or inspect in order to establish the fact. <p>The order to seizure or freezing of Funds of Terrorism shall remain effectively until there will have any adjustments or changes in the list of persons who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction from UN Security Council.</p> <p>Within thirty days, from the date of issued the order to freezing or seizure of Funds that associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction that contained in the postal packages, postal boxes or mailbags, Ministry of Public Security is</p>	
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	<p>being authorized to consider toward suspected person and funds as defined in subparagraph 6 of this Order. For the consideration toward suspected person and funds with complicated manner or shall be inspected or investigated in different sectors shall not exceeding sixty days. In term of requirement for inspecting and assembling evidences from aboard, it shall be done within ninety days.</p> <p>In case, if such funds are not related or associated with a person who listed in the list that associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction, Ministry of Public Security shall give a notice in writing to Postal enterprise to acknowledge and terminate such initial regulation.</p> <p>Postal enterprise will not responsible to any activities or not act if they doing the right thing and not because of they have less controlled in performing their duties or any performance as defined in subparagraph 5.2 of this Order.</p> <p>5.3 Detain, Seizure and Freezing of Funds of Terrorism that associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction at any other sectors:</p> <p>Any natural person, legal persons or organizations shall apply initial regulation to stop and to detain such funds of terrorism as defined in subparagraph 2 of this Order immediately after found that any natural person, legal person or organizations who having co-operation, relationship in business or having any transaction which subject to designation list who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction or found that any natural person, legal person or organizations having any transaction that associated with such terrorism funds as defined in subparagraph 2 of this Order, shall immediately report to Ministry of Public Security and Anti-Money Laundering Intelligence Office (AMLIO).</p> <p>Through the case of the specific tasks, the consideration of financial intelligence or consideration of the notice received on suspected natural person, legal person or organizations after the suspected transaction was found as defined in subparagraph 2 of this Order, Ministry of Public Security is being authorized to co-operate with such natural person, legal persons or organizations and other relevant</p>	
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	<p>sectors to do an assessment to certify that funds is associated or not associated and resolving such issues as defined in subparagraph 6 of this Order, which shall be issued an order to detain or freezing of funds of terrorism immediately in case there is sufficient evidence to proof on such issues.</p> <p>Within thirty days, from the date of issued the order to seizure or freezing of funds of terrorism as defined in subparagraph 2 of this Order, Ministry of Public Security is being authorized to consider toward suspected person, and such funds as defined in subparagraph 6 of this Order. For the consideration toward suspected person and funds with complicated manner or shall be inspected or investigated in different sectors shall not exceeding sixty days. In term of requirement for inspecting and assembling evidences from aboard, it shall be done within ninety days.</p> <p>“Clause 2 (details stipulated in Rec.7.1).”</p> <p>6. Resolving of funds that subjected to detained, seizure and freezing of funds of Terrorism shall act as follows:</p> <p>6.1 Return the funds to the owner who are legally possessed, if such funds has been possessed by other persons or illegally use in any activities related to the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction;</p> <p>6.2 In case, there has been considered and seem like the condition is in the exemption in accordance with the Acts 1718 (2006) and the Acts 2231 (2015) shall being approved to be able to access to money or other assets as defined in those Acts.</p> <p>6.3 For any deposit account which being seized in accordance with the Acts 1718 (2006) and the Acts 2231 (2015) shall consider to allowed to have an increasing interest or other incomes for such accounts or allowed to have the settlement as defined in the contract or agreement or obligation that occurred before the date of such accounts with a condition that such interest including other incomes and settlement shall remained freezing.</p>	
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	<p>6.4 Freezing of Funds of Terrorism in accordance with the Acts 1737 (2006), which has been continue conducted by the Acts 2231 (2015) or conducting in accordance with the Acts 2231 (2015) shall not allow any natural person or legal person who appears under designation list to have exemption from its obligation of settlement as defined in the agreement issued prior the listed of such natural person or legal persons into the designation list with following conditions:</p> <p>6.4.1 Considered and found that the agreement is not associated to the list of prohibited objects, devices, products, technologies, aids, training, financial aids, investment, a broker or service provider as defined in the Acts 2231 (2015) and other Acts which continues from such Acts;</p> <p>6.4.2 Considered and found that such natural person or legal person have not yet received the payment whether by direct or indirect process as defined in the Acts 2231 (2015);</p> <p>6.4.3 There is a letter submitted in advance to UN Security Council to inform about intentional of settlement or recieving of such payment or intentionally to give the power of authority with appropriated reasons to cancel the freezing of such funds including financial assets or other business resources which will be used for this purpose, which shall submit the notice letter in advance for 10 official working days prior to such approval.</p> <p>6.5 Cancellation of seizure, freezing of Funds of Terrorism and return of Funds if such person has been removed from the list of person who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction ;</p> <p>6.6 In case, they are unable to identify the owner or the person who legally possessed of Funds, then such funds shall be nationalize or being destroyed according to the Law on State Assets or associated Laws of Lao PDR.</p> <p>Any natural, legal person or organizations who have been affected from detained, seizure and freezing of funds of Terrorism shall make a petition to People's Supreme</p>	
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	<p>Prosecutor Office to use any appropriated regulation to resolve the case as defined in subparagraph 6.1 to 6.5 of this Order.</p> <p>In case, People’s Supreme Prosecutor Office is considering about funds that has been seizure or freezing as defined in subparagraph 6.1 to 6.5 of this Order, People’s Supreme Prosecutor Office shall determine some necessary conditions to natural person, legal person or organizations to prevent from using such funds to support relevant activities that related to the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction, in case People’s Supreme Prosecutor Office has been considered and resolved an issue of such funds that being seizure or freezing as defined in subparagraph 6.2 to 6.4 of this order. People’s Supreme Prosecutor Office shall provide all document and necessary notice letter to relevant committees of UN Security Council to ask for an approval from relevant committees of UN Security Council through Ministry of Foreign Affairs prior to use of such funds.</p> <p>Funds on detained, seizure and freezing of funds shall remain on detained, seizure and freezing until there is any resolving measures take place as defined in subparagraph 6.1 to 6.6 of this Order.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.</p> <p>“Article 17 Reporting entities Reporting entities are legal persons and organisations which have the obligation to report information or suspicious activities of being money laundering and financing of terrorism to the Anti-Money Laundering Intelligence Office (herein after called “AMLIO”). Reporting entities which consists of financial institutions and DNFBPs as defined in subparagraph 7 and 8 of article 8.”</p> <p>“Article 8 Definitions</p> <p>7. Financial institutions shall mean commercial banks, micro-finance institutes, all forms of credit lending companies, pawnshops, leasing companies, money transfer service companies, currency exchange shops, insurance companies, securities companies, asset management companies, among others;</p>	
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<p>(b) The freezing obligation should extend to: (i) all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot or threat of proliferation; (ii) those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and (iii) the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as (iv) funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.</p> <p>(c) Countries should ensure that any funds or other assets are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of designated persons or entities unless licensed, authorised or otherwise notified in accordance with the relevant United Nations Security Council Resolutions.</p>	<p>8. Designated non-financial businesses and professions (herein after called “DNFBPs”) shall mean companies or agents that provide and manage financial payment tools, real estate trading agencies, valuable material and antique trading business, a bar association or a legal firm, notary public, external auditing firms, casinos or others;”</p> <p>(b). The freezing obligation was indicated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing (details stipulated in Rec.7.1);</p> <p>(c). The mechanism was stated in Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 5 (details stipulated in Rec.7.2(a)).</p>	
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<p>(d) Countries should have mechanisms for communicating designations to financial institutions and DNFBPs immediately upon taking such action, and providing clear guidance to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations in taking action under freezing mechanisms.</p> <p>(e) Countries should require financial institutions and DNFBPs to report to competent authorities any assets frozen or actions taken in compliance with the prohibition requirements of the relevant UN-SCRs, including attempted transactions.</p>	<p>(d). The mechanisms for communicating designations to financial institutions and DNFBPs was indicated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 3.5.1 and 3.5.2</p> <ul style="list-style-type: none"> ▪ Drafting the Order the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing <p>3.5 The designation list declaration process and proposal of adding or removing a name from the list of person who associated with Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction of UN Security Council shall act as follows:</p> <p>3.5.1 Assigned to Ministry of Foreign Affairs submitting the amended designation list of person who associated with Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction to Ministry of Public Security and Anti-Money Laundering Intelligence Office (AMLIO) immediately upon receiving the list from UN Organization;</p> <p>3.5.2 Assigned to AMLIO on reporting the amended designation list to Reporting entities immediately and appointing Ministry of Public Security to declare the relevant designation list to Postal enterprise and other relevant organizations immediately, and also publishing to Government’s website or website of relevant organizations regularly;</p> <p>(e). REs are obliged to report to relevant competent authorities as indicated in the freezing obligation was indicated in Drafting the Order On the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 5.1 (details stipulated in the Rec.7.2 (a));</p>	
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<p>(f) Countries should adopt measures which protect the rights of <i>bona fide</i> third parties acting in good faith when implementing the obligations under Recommendation 7.</p>	<p>(f) There is a measure applied with a bona fide third parties acting in good faith when implementing obligations was indicated in Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 6 (details stipulated in the Rec.7.2(a));</p>	
<p>7.3 Countries should adopt measures for monitoring and ensuring compliance by financial institutions and DNFBPs with the relevant laws or enforceable means governing the obligations under Recommendation 7. Failure to comply with such laws or enforceable means should be subject to civil, administrative or criminal sanctions.</p>	<p>There is a monitoring and inspection mechanism in place to ensure a full compliance with obligations conducted by RE's and there is also procedure on the use of measures under Rec.7, and in the even that REs failed to comply with the requirements then they will be penalized for criminal or civil offence as indicated in the the freezing obligation was indicated in Drafting the Order On the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 3.5.2.</p> <p>xxx</p> <p>“3.5.2 Assigned to AMLIO on reporting the amended designation list to Reporting entities immediately and appointing Ministry of Public Security to declare the relevant designation list to Postal enterprise and other relevant organizations immediately, and also publishing to Government's website or website of relevant organizations regularly;</p> <p>xxx</p> <p>Pursuance to the AMLIO's mandates which clear assigned an Inspector in responsible for conducting an on-site inspection on REs AML/CFT implementation as indicated in the Agreement on Organization and Operations of the Anti-Money Laundering Intelligence Office (Revised edition), Article 9 clause 2;</p> <p>▪ The Agreement on Organization and Operations of the Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 08 January 2020.</p> <p>Article 9 Inspection Division</p> <p>xxx</p> <p>“2. To have ordinary site inspection for Reporting Entities in order to implement legislations of Anti-Money Laundering and Counter-Financing of Terrorism regulations</p>	<ul style="list-style-type: none"> - The Agreement on Organization and Operations of the Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 08 January 2020; - Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing

	<p>according to Director General of AMLIO’s assignment;”</p> <p>xxx</p> <p>The REs has responsibilities to be implied whether civil or criminal liability in implementing their obligations as stipulated in Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing, clause 5.1 (last paragraph)</p> <p>5.1</p> <p>xxx</p> <p>Reporting entities will not responsible to any activities or not act if they doing the right thing and not because of they have less controlled in perform their duties or any perform as defined in subparagraph 5.1 of this Order.</p> <p>xxx</p>	
<p>7.4 Countries should develop and implement publicly known procedures to submit de-listing requests to the Security Council in the case of designated persons and entities that, in the view of the country, do not or no longer meet the criteria for designation²⁶. These should include:</p> <p>(a) enabling listed persons and entities to petition a request for de-listing at the Focal Point for de-listing established pursuant to UNSCR 1730, or informing designated persons or entities to petition the Focal Point directly;</p>	<p>(a). There is mechanism that enabling listed persons and entities to petition a request for de-listing at the Focal Point for de-listing established pursuant to UNSCR 1730, or informing designated persons or entities to petition the Focal Point directly was indicated in the Order On the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 4.</p> <p>▪ Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing.</p> <p>“4.The request amending of designation on the list who associated to the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction shall act as follow:</p>	<p>- Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing;</p>

<p>(b) publicly known procedures to unfreeze the funds or other assets of persons or entities with the same or similar name as designated persons or entities, who are inadvertently affected by a freezing mechanism (<i>i.e.</i> a false positive), upon verification that the person or entity involved is not a designated person or entity;</p>	<p>4.1 Natural person, legal person or organizations who have been affected by the listing in the name list who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction can make a petition to People’s Supreme Prosecutor Office to consider about such listing issues;</p> <p>4.2 People’s Supreme Prosecutor Office to co-operate with Ministry of Public Security and relevant entities to identify and investigate those evidences provided from natural person, legal person or organizations requesting for designation who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction. The steps and processes shall be act in accordance with the principle’s regulation that People’s Supreme Prosecutor Office set out;</p> <p>4.3 Request amending of designation list of person who involved in the Proliferation of Weapons of Mass Destruction or the financing to Proliferation of Weapons of Mass Destruction which under the UN Security Council’s list shall be revised as defined in subparagraph 3.5.3 and 3.5.4 of this Order. Ministry of Public Security shall notify relevant natural person, legal person or organizations who are listed in the designation list that associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction in the list of UN Security Council to have an acknowledge about the possibility to make a request for removing such name list by sending a petition directly to Independent Auditor Office of UN Organization”</p> <p>(b). It is indicated in Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 4 (details stipulated in Rec.7.4 (a));</p>	
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<p>(c) authorizing access to funds or other assets, where countries have determined that the exemption conditions set out in UNSCRs 1718 and 2231 are met, in accordance with the procedures set out in those resolutions; and</p> <p>(d). mechanisms for communicating de-listings and unfreezing's to the financial sector and the DNFBPs immediately upon taking such action, and providing guidance to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations to respect a de-listing or unfreezing action.</p>	<p>(c). It is indicated in Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 6.2 (details stipulated in Rec.7.4 (a));</p> <p>6. Resolving of Funds that subjected to detained, seizure and freezing of funds of Terrorism shall act as follows:</p> <p>xxx</p> <p>“6.2 In case, there has been considered and seem like the condition is in the exemption in accordance with the Resolutions 1718 (2006) and the Resolution 2231 (2015) shall being approved to be able to access to money or other assets as defined in those Resolutions.”</p> <p>xxx</p> <p>(d). The mechanisms for communicating de-listings and unfreezings was indicated in the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 3.5.1-3.5.2 (details indicated in Rec.7.2 (d)) and paragraph.3 of clause 5.1-5.2; paragraph 1 of clause 5.3;</p> <p>5.1</p> <p>xxx</p> <p>“In case, if there is a proof that such funds are not related or associated with a person who listed in the designation list that associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction, Ministry of Public Security shall give a notice in writing to reporting entities to acknowledge and terminate the use of such preliminary measures.”</p> <p>5.2</p> <p>xxx</p> <p>“In case, if there is a proof that such funds are not related or associated with a person who listed in the list that associated with the Proliferation of Weapons of Mass Destruc-</p>	
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	<p>tion or financing to the Proliferation of Weapons of Mass Destruction, Ministry of Public Security shall give a notice in writing to Postal enterprise to acknowledge and terminate the use of such preliminary measures.”</p> <p>xxx</p> <p>5.3</p> <p>xxx</p> <p>“Any natural person, legal person or organizations shall apply the preliminary measures to stop and to detain such funds of terrorism as defined in subparagraph 2 of this Order immediately after found that any natural person, legal person or organizations who having co-operation, relationship in business or having any transaction which subject to determine in the designation list who associated with the Proliferation of Weapons of Mass Destruction or financing to the Proliferation of Weapons of Mass Destruction or found that any natural person, legal person or organizations having any transaction that associated with such terrorism funds as defined in subparagraph 2 of this Order, must immediately report to Ministry of Public Security and Anti-Money Laundering Intelligence Office (AMLIO).”</p> <p>xxx</p>	
<p>7.5 With regard to contracts, agreements or obligations that arose prior to the date on which accounts became subject to targeted financial sanctions:</p> <p>(a) countries should permit the addition to the accounts frozen pursuant to UNSCRs 1718 or 2231 of interests or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that any such interest, other earnings and payments con-</p>	<p>(a) Interest determination, earning or any transaction will be included in the freezing properties list as indicated in Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 6.3.</p> <p>▪ Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing</p> <p>“6. Seizure and freezing of funds of Terrorism shall act as follows:</p> <p>xxx</p> <p>6.3 For any deposit account which being seized in accordance with the</p>	<p>- Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing;</p>

<p>tinue to be subject to these provisions and are frozen; and</p> <p>(b) freezing action taken pursuant to UNSCR 1737 and continued by UNSCR 2231, or taken pursuant to UNSCR 2231 should not prevent a designated person or entity from making any payment due under a contract entered into prior to the listing of such person or entity, provided that: (i) the relevant countries have determined that the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in UNSCR 2231 and any future successor resolutions; (ii) the relevant countries have determined that the payment is not directly or indirectly received by a person or entity subject to the measures in paragraph 6 of Annex B to UNSCR 2231; and (iii) the relevant countries have submitted prior notification to the Security Council of the intention to make or receive such payments or to authorise, where</p>	<p>Resolution 1718 (2006) and the Resolution 2231 (2015) shall consider to allowed to have an increasing interest or other incomes for such accounts or allowed to have the settlement as defined in the contract or agreement or obligation that occurred before the date of such accounts with a condition that such interest including other incomes and settlement shall remained freezing.</p> <p>xxx</p> <p>(b) It is indicated in Drafting the Order on the Withholding, Freezing or Seizure of Funds Relating to Proliferation Financing clause 6.4.1;</p> <p>6. To resolve the Freezing or Seizure of Funds are as follow:</p> <p>xxx</p> <p>6.4.1 After consideration and there is a reasonable ground to believe that the agreement is not associated to the list of prohibited objects, devices, products, technologies, aids, training, financial aids, investment, a broker or service provider as defined in the Resolution 2231 (2015) and other Resolution which continues from such Resolutions;</p> <p>xxx</p>	
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appropriate, the unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorisation.		
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RECOMMENDATION 8

8. Non-profit organizations *

<p>8.1 Countries should:</p> <p>(a) Without prejudice to the requirements of Recommendation 1, since not all NPOs are inherently high risk (and some may represent little or no risk at all), identify which subset of organizations fall within the FATF definition of NPO, and use all relevant sources of information, in order to identify the features and types of NPOs which by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse;</p> <p>(b) identify the nature of threats posed by terrorist entities to the</p>	<p>(a). By law, a non-profit organization operating within the Lao PDR is considered as a civil society organization, of which comprise of two types (1) foundation and (2) association as determined in the Decree on Foundation, Article 2 and in the Decree on Association, Article 2.</p> <ul style="list-style-type: none"> ▪ The Decree on Foundation No.149/PM, dated 19 May 2011. <p>“Article 2: Foundation</p> <p>A foundation is a non-profit seeking social organization registered as a legal entity with its own capital and assets working for public interest in cultural, educational, environmental, health, sports, scientific, charity, humanitarian and other purposes.”</p> <ul style="list-style-type: none"> ▪ The Decree on Association No.238/Gov, dated 11 August 2017. <p>“Article 2: Association</p> <p>1. Associations that are established and operate under this Decree refer to civil society organizations established on a voluntary basis, have regular operation, non-profit intention, provide mutual assistance, protect the legitimate rights and interests of the associations, members of associations or communities, and contribute to country’s socio-economic development.</p> <p>2. Associations can bear different names: federal association, confederation, clubs or other names, hereby called ‘Associations’ which are membership-based civil society organizations (except for profitable incorporated business groups)”.</p> <p>(b). The identification of the nature of threats conducted by terrorist organizations to the CSOs within the Lao PDR was identified relied on the NRA outcome, which is focused</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - The Decree on Foundation No.149/PM, dated 19 May 2011. - The Decree on Association No.238/Gov, dated 11 August 2017. - National Money Laundering and Terrorist Financing Risk Assessment Report of the Lao PDR;
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<p>NPOs which are at risk as well as how terrorist actors abuse those NPOs;</p> <p>(c) review the adequacy of measures, including laws and regulations, that relate to the subset of the NPO sector that may be abused for terrorism financing support in order to be able to take proportionate and effective actions to address the risks identified; and</p> <p>(d) periodically reassess the sector by reviewing new information on the sector's potential</p>	<p>on actual cases, as well as statistics to which the consequence shows on the result in terms of financing of terrorism is demonstrated at a low level of risk. However, as the main objective of CSOs sector is to be part of the country development and poverty alleviation therefore, the sector might be at risk of being abused by natural person, legal persons or organizations within the country or abroad in a form of donations through legitimate or illegitimate sources.</p> <p>(c). There is a mechanism, procedure and prudential supervisory control in place as well as identified dedicated supervisor for foundation and association as defined in the Decree on foundations No.149/PM, dated 19 May 2011 and the decree on Association No.238/Gov, dated 11 August 2017.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; <p>“Article 36 Operations of non-profit organisations Granted establishment and business operation in the Lao PDR shall strictly comply with this law and relevant regulations and be monitored on a regular basis to avoid them being exploited for money laundering and financing of terrorism.”</p> <p>“Article 37 Transparency of legal persons, organisations and non-profit organisations Legal persons, organisations and non-profit organisations must operate within the scope of their rights and duties especially on supplying data on ownership, real beneficiaries, and data on their internal management while ensuring transparency, clarity, completeness and accuracy in each period. Competent authorities which grant licenses to legal entities, organisations and non-profit organisations shall maintain such records as stipulated in article 28 of this law. Investigative authorities, reporting entity regulators, AMLIO, and other competent authorities can have access to such records at any time.”</p> <p>(d). The reviewing of information was identified in the Law on AML/CFT Article 37 (details as identified in clause 8.1 (c)).</p>	
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vulnerabilities to terrorist activities to ensure effective implementation of measures.		
<p>8.2 Countries should:</p> <p>(a) have clear policies to promote accountability, integrity, and public confidence in the administration and management of NPOs;</p>	<p>(a) The Lao PDR set out a provisions and conditions on the propose establishment of foundation and association as stipulated in the Decree on Charity, Article 6 and 12 and the Decree on Association, Article 4 and 7.</p> <ul style="list-style-type: none"> ▪ The Decree on Foundations No. 149/PM, dated 19 May 2011. <p>“Article 6 Government Policy towards Foundations The government’s policy towards foundations provides for:</p> <ol style="list-style-type: none"> 1. Guaranteed Lao citizens’ right of freedom to set up foundations consistently with the laws and regulations; 2. Conditions for foundations’ activities for public interest in culture, education, environment, health, sports, sciences, charity, humanitarian or other purposes of public benefit; 3. Increasing transfer of public services to foundations accompanied by appropriate actions to encourage and promote foundations in providing public services for social welfare and poverty eradication; 4. Organization of fund-raising events by foundations; 5. Acceptance of donations in cash and assets from persons, juristic entities and organizations, whether domestic and foreign, in compliance with laws and regulations; 6. Reduction or exemption of duties, taxes, fees and charges on foundations as stipulated in relevant laws.” <p>“Article 12: Foundation Licensing Rules and Procedures The establishment of a foundation shall follow the below described regulations and procedures:</p> <ol style="list-style-type: none"> 1. The promoter(s) of a foundation compile proper and complete documentations as required under Article 13 of this Decree and submit the file to the province governor, mayor of the capital or President of the Public Administration and Civil Service 	<ul style="list-style-type: none"> - The Decree on Foundations No. 149/PM, dated 19 May 2011; - Decree on Association No. 238/Gov, dated 11 August 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.

Authority for approval on the basis of opinions from relevant ministries or line agencies;
 2. Within sixty days from receiving the application for the foundation's establishment, the authoritative agency shall issue a decision adopting the foundation's bylaws or refusing to issue a license for the foundation;
 3. The foundation is formally established upon the issuance of a decision adopting its bylaws by the authoritative agency as stipulated under Articles 38.1 and 38.4 of this Decree."

▪ **Decree on Association No. 238/Gov, dated 11 August 2017.**

"Article 4 The Government's policy on associations

The Government applies the following policies to the associations:

1. The Government approves the official establishment of the associations and only the Government's agencies have the right to approve the establishment of the association;
2. The Government encourages the associations to undertake public services, extend assistance to the society and address people's poverty with kindness;
3. The Government approves the mobilizations and acceptance of donations, assets from individuals, entities and domestic and foreign organizations in accordance with the laws, the Government's regulations and the association's charter;
4. The Government approves the interactions, cooperation with international organizations to carry out programs, assistance projects in compliance with the laws, the Government's regulations and the association's charter;
5. The Government provides advice and assistance through the Ministries, ministry-equivalent agencies, sectors, and relevant local authorities in order to ensure effective operations of the associations in line with the Party's policies, laws and the Government's regulations;
6. The Government issues legal instruments to be used as references for the association's proper activities."

"Article 7 Criteria for the establishment of associations

The establishment of an association requires to meet the following criteria:

1. To have clear objectives and clearly defined areas of activities which are not in conflict with the national constitution, laws and fine national, local and ethnic traditions,

<p>(b) encourage and undertake outreach and educational programmes to raise and deepen awareness among NPOs as well as the donor community about the</p>	<p>not to represent any threat to national security, social order and individual's freedom;</p> <p>2. To have the proposed association's mobilizing committee which consists of at least 3 members appointed by the proposed association's founder and one of the three members of the mobilizing committee shall have certified professional qualifications or work permit relevant the activities of the association;</p> <p>3. Founders, founding committee, mobilizing committee, board, inspection committee and directors shall be Lao nationals, aged minimum 18 years old and have no criminal record;</p> <p>4. The name of the proposed association shall not be duplicated with the names of other registered associations that are already established in the same region. The name shall be in Lao, clear, easy to understand, not rude and, if necessary, the name can be translated into foreign languages;</p> <p>5. The office of the proposed association shall be located in Lao PDR certified by a village authority for its location. The proposed association shall have a property certificate or lease agreement in accordance with the laws;</p> <p>6. The proposed association shall have its charter in accordance with the form provided by the Government</p> <p>7. The proposed association shall have a sufficient number of registered members who voluntary join the association, as follows: 7.1 At least twenty-five members for the association operated at the national level;</p> <p>7.2 At least fifteen members for the association operated at the provincial level, capital city;</p> <p>7.3 At least ten members for the association operated at district, municipal, village;</p> <p>For associations that will operated in economic field or in a specific region, sectors, professions or locality, the number of its members shall be considered on a case-by-case basis.</p> <p>(b). Lao PDR has clearly categorized the determination of right and duties of the Public Administration and Civil Service Authority, Prime Minister's Office in the Decree on Foundations Article 39-42; and the Decree on Association, Article 60, especially on the provision to conduct an outreach to CSOs for raising awareness in area of AML/CFT, as</p>	
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<p>potential vulnerabilities of NPOs to terrorist financing abuse and terrorist financing risks, and the measures that NPOs can take to protect themselves against such abuse;</p>	<p>well as for capacity building purpose.</p> <ul style="list-style-type: none"> ▪ The Decree on Foundations No. 149/PM, dated 19 May 2011; <p>“Article 39 Rights and Duties of the Public Administration and Civil Service Authority, Prime Minister’s Office The Public Administration and Civil Service Authority, Prime Minister’s Office, has the right and duty to:</p> <ol style="list-style-type: none"> 1. Lead coordination with stakeholders in studying, drafting and submitting policies and the law on foundations to higher authorities for consideration and promulgation; 2. Disseminate and advise on the implementation of policies, laws and regulations pertaining to foundations; 3. Examine and consider authorizing the establishment, approve the merger, separation or dissolution of foundations designated in Article 9 of this Decree. 4. Monitor, review, inspect the organization and activities of foundations designated in Article 9 of this Decree; 5. Advise ministries, equal ranking central agencies and province and district administrative authorities in the management of foundations and review of their activities; 6. Examine and consider resolving petitions, complaints and proposals within the scope of its authority.” <p>“Article 40 Rights and Duties of the Ministry of Finance In the management of foundations, the Ministry of Finance has the right and duty to:</p> <ol style="list-style-type: none"> 1. Lead coordination with agencies concerned in issuing regulations governing foundations’ financial management and advise local finance agencies in such regulations’ implementation; 2. Organize reviews, inspections and supervisions of foundations’ financial activities; resolve petitions, complaints and breaches to financial discipline.” <p>“Article 41 Rights and Duties of Ministries and Line Agencies Ministries and line agencies have the right and duty to:</p> <ol style="list-style-type: none"> 1. Review and present opinions on applications for the establishment, merger, separation 	
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	<p>and dissolution of foundations relating to the field and sector of activities under their perusal;</p> <ol style="list-style-type: none"> 2. Disseminate and advise foundations on the implementation of policies, laws and regulations relevant to their functions; 3. Advise, facilitate, monitor and review foundations' activities to ensure such activities' proper alignment with their objectives and roles; 4. Propose licensing authorities or the government to award foundations with prominent achievements in contributing to development and social welfare in sectors under their perusal." <p>“Article 42 Rights and Duties of Province/Capital Administrative Authorities Province/capital administrative authorities have the right and duty to:</p> <ol style="list-style-type: none"> 1. Consider approval for the establishment, merger, separation or dissolution of foundations designated in Articles 10 and 11 of this Decree; 2. Disseminate and advise on the implementation of policies, laws and regulations pertaining to foundations; 3. Advise, facilitate, monitor and review foundations' activities to ensure their efficient and proper performance in line with their objectives and role; 4. Examine and resolve petitions, complaints and proposals within the scope of their authorities; 5. Award or propose the authoritative government agencies to award foundations with prominent achievements in contributing to development and social welfare in their jurisdiction." <p>▪ Decree on Association No. 238/Gov, dated 11 August 2017.</p> <p>“Article 60 Rights and duties of ministries, ministry-equivalent agencies The ministries, ministry-equivalent agencies have the following rights and duties:</p> <ol style="list-style-type: none"> 1. To examine, provide comments or consider the establishment, merging, separation and dissolution of the associations that are related to areas and sectors under their responsibilities; 2. To coordinate with other relevant ministries, ministry-equivalent agencies, local authorities and provincial departments to manage, monitor, inspect organizations, 	
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<p>(c) work with NPOs to develop and refine best practices to address terrorist financing risk and vulnerabilities and thus protect them from terrorist financing abuse; and</p> <p>(d) encourage NPOs to conduct transactions via regulated financial channels, wherever feasible, keeping in mind the varying capacities of financial sectors in different countries and in different areas of urgent charitable and humanitarian concerns.</p>	<p>activities of the associations in the sectors under their responsibilities;</p> <p>3. To examine and consider the approval of programs, projects of the association and to encourage the implementation of the projects;</p> <p>4. To coordinate with line ministries, ministry-equivalent agencies to monitor and manage programs and projects of the association;</p> <p>5. To examine and consider to respond to the association’s proposals within the scope of their rights;</p> <p>6. To disseminate policies, laws and regulations of their sectors to associations;</p> <p>7. To advise, facilitate associations to conduct activities in accordance with their objectives and roles;</p> <p>8. To approve or propose to relevant agencies or the Government to award the associations that have outstanding contribution to the social development and assistance related their sectors;</p> <p>9. To exercise other rights and perform other duties in accordance with the laws and the Government’s regulations.”</p> <p>(c). AMLIO in cooperation with State Administration and Development Department, Ministry of Public Security as the CSOs supervisory bodies conducted the NRA on ML/TF to identify a potential vulnerability and threat that might associate with terrorist financing activities in Lao PDR, as well as took place an action plan including CSOs risk mitigate mechanism in form of workshop in order to raise awareness and to impede from being abused by terrorist organizations.</p> <p>(d). The foundations and associations registered as legal persons within Lao PDR are compulsory to an account open with regulated financial institutions as details stipulated in the Decree on Foundations Article 3 clause 1 and the Decree on Association, Article 3, clause 6.</p> <p>▪ The Decree on Foundations No. 149/PM, dated 19 May 2011.</p> <p>“Article 3 Definitions</p> <p>xxx</p>	
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	<p>Wordings used in this Decree have the following meanings:</p> <p>1. Foundations registered as legal entities refer to foundations established under this Decree and operating continuously with their own capital, assets, bylaws, office, seal and bank accounts in compliance with the laws and regulations; xxx”.</p> <p>▪ Decree on Association No. 238/Gov, dated 11 August 2017.</p> <p>“Article 3 Definitions xxx</p> <p>6. Association with entity status refers to an officially established association that conducts regular operations, has a charter, an office, a seal and proper bank account in accordance with the laws and regulations;” xxx</p>	
8.3 Countries should take steps to promote effective supervision or monitoring such that they are able to demonstrate that risk-based measures apply to NPOs at risk of terrorist financing abuse.	<p>CSOs are effectively supervised and monitored to avoid falling into FT scheme as identified in Article 38, with regards to the right and duties under the responsibilities of supervisory bodies was set out in the Decree on Foundations, Article 39-42 including provision on inspection of CSOs under Article 45 and the Decree on Association, Article 59-60 and 74-75.</p> <p>In addition to that, the monitoring and inspections provision on CSOs operations are also set out in the Law on AML/CFT Article 36.</p> <p>▪ The Decree on Foundations No. 149/PM, dated 19 May 2011;</p> <p>“Article 38 Foundations Managing Agencies The government ensures the centralized and countrywide unified management of foundations by assigning the following agencies to assist in such management:</p> <ol style="list-style-type: none"> 1. The Public Administration and Civil Service Authority, Prime Minister’s Office; 2. The Ministry of Finance; 3. Ministries and sectoral agencies concerned; 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Decree on Foundations No. 149/PM, dated 19 May 2011; - Decree on Association No. 238/Gov, dated 11 August 2017.

	<p>4. Province/capital administrative authorities.”</p> <p>“Article 39-42 (details stipulated in Rec.8.2(b))”;</p> <p>“Article 45 Inspection of Foundations Foundations inspecting agencies have the duty to review the organization and activities of foundations within the scope of their respective authority as follows:</p> <ol style="list-style-type: none"> 1. Verify the personal résumés of promoter(s), director and president of a foundation’s management board; 2. Examine a foundation’s objectives stated in its bylaws; 3. Examine annual reports on the organization and activities performed by foundations; 4. Verify foundations’ annual financial statements; 5. Verify potential breaches to foundations’ bylaws, laws and regulations.” <p>▪ Decree on Association No. 238/Gov, dated 11 August 2017.</p> <p>“Article 59 Management agencies The government shall manage the associations centrally and consistently nationwide by delegate the responsibilities to the following government agencies to directly manage the associations:</p> <ol style="list-style-type: none"> 1. Relevant ministries, sectors; 2. Ministry of Home Affairs; 3. Ministry of Finances; 4. Ministry of Public Security; 5. Ministry of Foreign Affairs; 6. Lao Front for National Construction; 7. Provincial, Vientiane Capital authorities; 8. Provincial, Vientiane Capital departments; 9. Provincial, Vientiane Capital Home Affairs Departments; 10. District, municipal, city authorities; 11. District, municipality, city offices; 12. District, municipal, city Home Affairs Office; 	
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	<p>13. Village authorities.”</p> <p>“Article 60 Rights and duties of ministries, ministry-equivalent agencies The ministries, ministry-equivalent agencies have the following rights and duties:</p> <ol style="list-style-type: none"> 1. To examine, provide comments or consider the establishment, merging, separation and dissolution of the associations that are related to areas and sectors under their responsibilities; 2. To coordinate with other relevant ministries, ministry-equivalent agencies, local authorities and provincial departments to manage, monitor, inspect organizations, activities of the associations in the sectors under their responsibilities; 3. To examine and consider the approval of programs, projects of the association and to encourage the implementation of the projects; 4. To coordinate with line ministries, ministry-equivalent agencies to monitor and manage programs and projects of the association; 5. To examine and consider to respond to the association’s proposals within the scope of their rights; 6. To disseminate policies, laws and regulations of their sectors to associations; 7. To advise, facilitate associations to conduct activities in accordance with their objectives and roles; 8. To approve or propose to relevant agencies or the Government to award the associations that have outstanding contribution to the social development and assistance related their sectors; 9. To exercise other rights and perform other duties in accordance with the laws and the Government’s regulations.” <p>“Article 74 Inspection agencies for Associations The inspection agencies for Associations are the following:</p> <ol style="list-style-type: none"> 1. Management agencies as prescribed in Article 59 of this Decree; 2. State’s Audit Organization; 3. Independent Audit.” <p>“Article 75 Association Inspection</p>	
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	<p>The inspection agencies for the associations have the duties to inspect the organizations and activities of the association within the scope of their rights as follow:</p> <ol style="list-style-type: none"> 1. To examine personal data of the association’s founders, mobilizing committee and board’s members; 2. To examine the association’s objectives as described in the association’s charter; 3. To examine the annual report on the organization and activities of the association; 4. To examine annual report on revenue-expenditures of the association; 5. To examine any violations of the association’s charter, laws and the Government’s regulations.” <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p> <p>“Article 36 (details stipulated in R8.1))”.</p>	
<p>8.4 Appropriate authorities should:</p> <p>(a) monitor the compliance of NPOs with the requirements of this Recommendation, including the risk-based measures being applied to them under criterion 8.3; and</p>	<p>(a). The monitoring and inspection provision to ensure an operational of CSOs are compliance with the requirements was stated in the Law on AML/CFT Article 36 and 37, as well as stated in the Decree on Foundations Article 38-42 and the Decree on Association, Article 59, 74 and 75.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p> <p>“Article 36 (details stipulated in Rec.8.1))”;</p> <p>“Article 37 (details stipulated in Rec.8.1))”;</p> <p>▪ The Decree on Foundations No. 149/PM, dated 19 May 2011;</p> <p>“Article 38 (details stipulated in Rec.8.3))”;</p> <p>“Article 39 (details stipulated in Rec.8.2(b))”;</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Decree on Foundations No. 149/PM, dated 19 May 2011; - Decree on Association No. 238/Gov, dated 11 August 2017.

<p>(b) be able to apply effective, proportionate and dissuasive sanctions for violations by NPOs or persons acting on behalf of these NPOs.³¹</p>	<p>“Article 40 (details stipulated in Rec.8.3)”; “Article 41 (details stipulated in Rec.8.2(b))”; “Article 42 (details stipulated in Rec.8.2(b))”.</p> <p>(b). The sanction and warning provision for violations by CSOs or persons were stipulated in the Decree on Foundations, Article 47. And the Decree on Association, Article 47.</p> <ul style="list-style-type: none"> ▪ The Decree on Foundations No.149/PM dated 19 May 2011. <p>“Article 47 Sanctions Foundations breaching the stipulations of this Decree or other laws and regulations pertaining to foundations will be warned, educated, imposed disciplinary measures, fines or legal proceedings according to the nature of such breach.”</p> <ul style="list-style-type: none"> ▪ Decree on Association No. 238/Gov, dated 11 August 2017. <p>“Article 77 Measures against violators Associations, members of the associations who violate this Decree or laws and the Government’s regulations will subject to warning, suspension, dissolution or prosecution according to the laws.”</p>	
<p>8.5 Countries should: (a) ensure effective co-operation, co-ordination and information-sharing to the extent possible among all levels of appropriate authorities or organisations that hold relevant information on NPOs;</p>	<p>(a). The investigative bodies have the power to coordinate with all relevant agencies as indicated in Law on the Criminal Procedure Article 47 clause 7 and 49 clause 7 In addition, the CSOs supervisors (provincial and central level) put in place coordination mechanism as indicated in the Decree on Foundation, Article 43 and Decree on Association, Article 73.</p> <ul style="list-style-type: none"> ▪ Law on the Criminal Procedure No.37/NA, dated 14 Nov 2017; <p>“Article 47 Rights and Duties of the Investigation Organization Investigation organizations have the following rights and duties:</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014; - The Decree on Foundations No. 149/PM, dated 19 May 2011; - Decree on Association No. 238/Gov, dated 11 August 2017; - The Decree on Entrust and Re-

	<ol style="list-style-type: none"> 1. To accept and record complaints regarding offences; 2. To immediately report to the public prosecutor regarding offences; 3. To issue an order to open investigations, and send a copy of the order to the public prosecutor immediately; 4. To proceed to investigate; 5. To use coercive measures as provided in the laws, as well as to release any suspect who was detained, and to report in writing to the public prosecutor; 6. To appeal against the orders of lower-level public prosecutors to higher-level public prosecutors; 7. Cooperate other organizations 8. To summarize the investigation and prepare a case file to be submitted to the public prosecutor. <p>In the exercise of such rights and the performance of such duties, the investigation organizations shall carry out their activities within the scope of their authority as provided in the laws.”</p> <p>“Article 49 The Rights and Duties of the Office of the Public Prosecutor The Office of the Public Prosecutor has the following rights and duties:</p> <ol style="list-style-type: none"> 1. To monitor and inspect compliance with laws by investigation organizations; 2. Open investigation partly or entirely, as of the prescription in laws; 3. Bring in the accused persons before the court; 4. To monitor and inspect adherence to laws in court proceedings and judgment enforcement; 5. To monitor and inspect adherence to the court’s absolute decision; 6. To monitor and inspect adherence to laws in place of arrest, detainee education centres, and other places of enforcement judgment; 7. To cooperate with the investigation organizations and other concerned organizations that are working on prevention and stopping crimes or offenses, and other breaching of laws including the preventing of conditions which might be the causes the offenses; 8. To make an appeal under the rules of laws; 9. To exercise such other rights and performs such other duties as provided by the laws.” <p>▪ The Decree on Foundations No. 149/PM, dated 19 May 2011.</p>	<p>sponsibilities in Implementing the Activities of AML/CFT No. 127/Gove, dated 20 February 2020</p>
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	<p>“Article 43 Coordination</p> <p>Coordination between the Public Administration and Civil Service Authority and stakeholders is carried out as follows:</p> <ol style="list-style-type: none"> 1. The Public Administration and Civil Service Authority contacts and coordinates with ministries and sectoral agencies concerned prior to approving the establishment, merger, separation and dissolution of foundations designated in Article 9 of this Decree; 2. Ministries and sectoral agencies concerned notifies the status of activities carried out by foundations operating in the field and sector under their perusal to the Public Administration and Civil Service Authority; 3. The province/capital administrative authorities contact and coordinate with province level sectoral agencies concerned prior to approving the establishment, merger, separation and dissolution of foundations designated in Articles 10 and 11 of this Decree; 4. Local departments concerned notify the status of activities carried out by foundations operating in sectors under their perusal to the local administrative authorities.” <p>▪ Decree on Association No. 238/Gov, dated 11 August 2017.</p> <p>“Article 73 Coordination</p> <p>1. Coordination at the central level 1.1 The relevant ministries, sectors shall coordinate with the Ministry of Home Affairs in monitoring, inspecting and assessing the activities of the associations that operate in their respective sectors;</p> <p>1.2 The line ministries, ministry-equivalent agencies report to the Prime Minister through the Ministry of Home Affairs on the activities of the associations that operate in their respective areas, sectors on a semi-annual basis;</p> <p>1.3 In case of negative phenomena related to the associations, it is the duty of the authorized ministry or agency to take the lead in coordinating with relevant sectors to address or to propose to higher authorities to address the issues in accordance with laws and the Government’s regulations;</p> <p>1.4 The line ministries, ministry-equivalent agencies shall receive comments from relevant ministries and sectors prior to approving the establishment, merging, separation and dissolution of an association.</p> <p>2. Coordination at the local level</p>	
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<p>(b) have investigative expertise and capability to examine those NPOs suspected of either being exploited by, or actively supporting, terrorist activity or terrorist organisations;</p>	<p>2.1 Relevant provincial departments shall coordinate with provincial, Vientiane Capital Home Affairs Department and relevant sectors to facilitate and cooperate with the associations in the planning and implementation of activities in their respective localities; pay attention to monitoring, inspection and assessment the association that work in their sectors;</p> <p>2.2 In case of negative phenomena related to the associations, it is the duty of the relevant departments to take the lead in coordinating with provincial Home Affairs Department and relevant sectoral department to address or to propose to higher authorities to address the issues in accordance with laws and the Government's regulations;</p> <p>2.3 Relevant district, municipal and city offices shall coordinate with district, municipal and city Home Affairs Offices in monitoring, inspection of activities of the association in their respective localities.</p> <p>The information sharing platform was stipulated in the Law on AML/CFT, Article 37 (details stipulated in Rec.8.1).</p> <p>(b). Clearly designated competent authorities to explicitly dealing with the investigation on potential financing of terrorism acts which is under responsibilities of the Crime Prevention and Counter-Terrorism Division, MOPS that aligned with the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020, Article 11.</p> <p>“Article 11 The Responsibilities of Ministry of Public Security</p> <p>Besides the responsibilities that defined in paragraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, Ministry of Public Security also have other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Using techniques of Investigation that associated with its roles and mandates to investigate the predicate offences parallel with financial investigation in order to further prosecution of Money Laundering and Financing of Terrorism cases; 2. Study on mechanisms and procedures to designate a target for list of assets that associated with Money Laundering and/or Financing of Terrorism for Postal Enterprises and Reporting Entities; 	
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<p>(c) ensure that full access to information on the administration and management of particular NPOs (including financial and programmatic information) may be obtained during the course of an investigation; and</p> <p>(d) establish appropriate mechanisms to ensure that, when there is suspicion or reasonable grounds to suspect that a particular NPO: (1) is involved in terrorist financing abuse and/or is a front for fund raising by a terrorist organisation; (2) is being exploited as a conduit for terrorist financing, including for the purpose of escaping asset freezing measures, or other forms of terrorist support; or (3) is</p>	<ol style="list-style-type: none"> 3. Study on mechanisms and procedures to determine a target for internal designation list of terrorism and/or counter-financing of terrorism and disseminate those lists to Postal Enterprises upon receiving from Ministry of Foreign Affairs; 4. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 5. Review and consider a completeness and adequacy of information in Financial Intelligence Report (FIR), as well as having a feedback or recommendation to such FIR to be able to make a criminal proceeding in case of Money Laundering and always report a result of investigation to AMLIO; 6. Requesting information from Reporting Entities and AMLIO as well as providing information such as investigation predicate offences or money laundering statistics and others related activities of Anti-Money Laundering and Counter-Financing of Terrorism to relevant competent authorities”. <p>(c). The access to the information of CSOs administration and management was clearly stated in the Law on AML/CFT, Article 37 (details stipulated in Rec.8.1).</p> <p>(d). There is a reporting mechanism to AMLIO in the case of suspicion or reasonable grounds to suspect that there is an involvement, being exploited as a conduit for terrorist financing, or concealing diversion of funds which intended for FT as indicated in the Law on AML/CFT, Article 31 and 38.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.</p> <p>“Article 31 Suspicious transaction report</p> <p>In the case of a suspicion or a cause for a suspicion that a customer`s transaction may be a consequence of a predicate offence, relating or connecting to money laundering</p>	
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<p>concealing or obscuring the clandestine diversion of funds intended for legitimate purposes, but redirected for the benefit of terrorists or terrorist organisations, that this information is promptly shared with competent authorities, in order to take preventive or investigative action.</p>	<p>and financing of terrorism, reporting entities shall report such transaction to AMLIO within three working days. This reporting requirement extends to a customer`s attempt of transaction regardless of completion status and amount of money involved.”</p> <p>“Article 38 Application of provisional measures</p> <p>Competent authorities are eligible to apply provisional measures to seize or freeze funds in case they detect, find or suspect that there is an act of money laundering or financing of terrorism.</p> <p>Applying provisional measures must be in conformity with the relevant regulations and laws of the Lao PDR while protecting the rights and interests of the third party and ensuring no impacts on the operations of the financial and monetary system.</p> <p>The procedures for applying provisional measures are defined in a separate regulation.”</p>	
<p>Effective capacity to respond to international requests for information about an NPO of concern</p> <p>8.6 Countries should identify appropriate points of contact and procedures to respond to international requests for information regarding particular NPOs suspected of terrorist financing or involvement in other forms of terrorist support.</p>	<p>AMLIO has been designated as the main coordination body on both internal and international cooperation regarding AML/CFT aspect as indicated in the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 08 January 2020 Article 3 clause 12. In addition, Supreme People’s Prosecutor Office was determined as the main contact point regarding MLA as stipulated in the Drafting Law on Mutual Legal Assistance Article 44, clause 2.</p> <p>▪ The Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 08 January 2020.</p> <p>“Article 3 Duties</p> <p>xxx</p> <p>12. To cooperate and relative with international organization on Anti-Money Laundering and Counter-Financing of Terrorism;”</p> <p>xxx</p>	<ul style="list-style-type: none"> - The Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 08 January 2020; - Drafting Law on Mutual Legal Assistance;

▪ **Drafting Law on Mutual Legal Assistance.**

“Article 44 Rights and Duties of the Public Prosecutor Office

In managing the activities of international cooperation for mutual legal assistance in criminal matters, the Public Prosecutor Office as a focal coordination agency shall have the following rights and duties:

1. To research on the policies, laws and regulations about the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;
2. To coordinate with foreign organizations about the international cooperation for mutual legal assistance in criminal matters;
3. To receive the request of cooperation for mutual legal assistance in criminal matters from individuals, legal entities, and organizations;
4. To take the lead, guidance and inspecting the public prosecutor offices at all levels in executing the request for mutual legal assistance in criminal matters, such as: collecting the evidences, seizure, freezing assets and materials pursuant to the request;
5. To notify Ministry of Foreign Affairs on the execution of the request of international cooperation for mutual legal assistance in criminal matters from time to time or the urgent cases in order to coordinate with the requesting state;
6. To collect information, statistics on the international cooperation for mutual legal assistance in criminal matters in order to notify the relevant parties;
7. To participate in the negotiation and consultation on the bilateral or multilateral treaties on the international cooperation for mutual legal assistance in criminal matters;
8. To communicate and cooperate with foreign countries on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;
9. To summarize and report on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;
10. To use the rights and perform other duties as defined in the Laws.”

RECOMMENDATION 9

D. PREVENTIVE MEASURES

9. Financial Institution Secrecy Laws

<p>9.1 Financial institution secrecy laws should not inhibit the implementation of the FATF Recommendations</p>	<p>The provision on accessing of customers confidential information in financial institutions was stipulated in the Law on AML/CFT, Article 32 and 50 clause 5.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 32 Confidentiality The management and staffs of the reporting entities will not be disciplined or prosecuted on the ground of disclosing customers’ secrets, if the reporting or the provision of such information is done with good faith and in compliance with this law, and will not be held liable for any wrongdoing.”</p> <p>“Article 50 General prohibitions Natural persons, legal persons and organisations related to the AML/CFT are prohibited from the following behaviours:</p> <ol style="list-style-type: none"> 1. Having dealings related to, being involved in money laundering or financing of terrorism; 2. Maintaining relations in all forms and giving any type of assistance in money laundering or financing of terrorism; 3. Giving bribes to staff or competent authorities; 4. Falsifying documentation or official seals; 5. Concealing, disusing, threatening, impeding and obstructing the functions of competent authorities; 6. Opening or using anonymous accounts or accounts under the using name of natural persons, legal persons or intangible organisations; 7. Other activities that contravene laws and legal regulations;” 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Law on Commercial Bank (Amended version) No.56/NA, dated 07 December 2018; - Law on Insurance (Amended version) No.78/NA, dated 29 November 2019.
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In the case of insurance was indicated in the Insurance Law, Article 78, 80 and 81.

- **Law on Insurance (Amended version) No.78/NA, dated 29 November 2019.**

“Article 78 (New) Disclosure of Financial Information

The insurer must disclose their financial information through their website or other channel that the public can access and must have the appropriate mechanisms to notify their clients every time when have a disclosure of financial information as well as report to the Ministry of Finance.

The financial information subjected to disclosure consists of the following:

1. Quarterly report according to the regulations of the Ministry of Finance;
2. Annual report and comments of the audit company on that report according to the regulations of the Ministry of Finance;
3. Other information that will assist the public to be able to see the stability status of the insurer.

In the case where the insurer has a company in the group, the disclosure must cover the information of their company in the group for the public to see the policy overview, business plan and management, including the financial reporting documents of the company in the group.”

“Article 80 (New) Maintenance of Insurance Business Confidential Information

The Ministry of Finance must strictly maintain the confidentiality of information that will affect the insurer’s business operation except in the case as follows:

1. Disclosure to the relevant state organizations responsible for supervision of and/or law enforcement;
2. The information is derived from the insurance survey.”

“Article 81 (New) Disclosure of Insurance Business Information

To ensure the information that the insurer provided is not disclosed prior to receiving the permission as specified in Article 80 of this law, the Ministry of Finance will arrange an official or unofficial contract for information disclosure by cooperat-

	<p>ing with the relevant state organizations.</p> <p>The Ministry of Finance will arrange the official or unofficial contract on behalf of the government of Lao PDR to disclose the information by cooperating with the foreign government representatives which is responsible for financial institutions supervision.”</p> <p>In the case of commercial bank was indicated in the Law on Commercial Bank (Amended version) No.56/NA, dated 07 December 2018, Article 58.</p> <p>“Article 58 (Amended) confidential</p> <p>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 disclose 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.”</p>	
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RECOMMENDATION 10

CUSTOMER DUE DILIGENCE AND RECORD-KEEPING

10. Customer due diligence *

10.1 Financial institutions should be prohibited from keeping anonymous accounts or accounts in obviously fictitious names.

There is a provision set out on prohibition for REs to open anonymous accounts or account in obviously fictitious names under the Law on AML/CFT, Article 52 clause 3 and the Decision on Agreement on Know Your Customers and Customer Due Diligence, Article 27.

“Article 52 Prohibitions for reporting entities

Reporting entities are prohibited related to AML/CFT from the following behaviours:

1. Having dealings with anonymous banks, financial institutions, legal persons or organisations;
2. Having dealings with banks abroad that do not have regulations on AML/CFT;
3. Opening anonymous accounts;
4. Having business dealings or performing transactions with natural persons, legal persons or organisations on the United Nations security council list;
5. Other activities that contravene legal regulations.”

- **The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.**

“Article 27 Prohibited Products

It is forbidden for reporting units to serve, make transactions or create business relationships with customers who hide their real name, use false names or aliases or with unclear histories. It is forbidden for reporting units who can open accounts to open coded accounts and anonymous accounts for their clients.”

- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.

<p><i>When CDD is required</i></p> <p>10.2 Financial institutions should be required to undertake CDD measures when:</p> <p>(a) establishing business relations;</p>	<p>There is provision for reporting entities to implement the CDD measures when:</p> <p>(a). On boarding business relations with customers as indicated in the Law on AML/CFT, Article 22 clause 1 and The Agreement On Know Your Customers and Customer Due Diligence, Article 16 clause 1.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 22: Enhancing Customer Due Diligence Measures</p> <p>The reporting entities must apply CDD measures to customers for the following cases:</p> <ol style="list-style-type: none"> 1. Provide services or undertaking transactions for new customers; 2. Carrying out occasional, one-off or several suspicious transactions; 3. The transactions are complex, of high value, and show irregular characteristics; 4. The transactions are suspicious of money laundering or financing of terrorism; 5. The information identifying customers is not complete or suspected to be incorrect; <p>In addition, the reporting entities must pay continual attention on customers to ensure that the previously provided information is up to date and customers’ business operations are in accord with their profiles and their business operations’ historical records including knowing the sources their financing if necessary. The reporting entities must pay special attention on business dealings or transactions with natural persons, legal persons or organisations in a country where law on AML/CFT does not exist or exists but the enforcement of the law is not strict. The implementing mechanism of Customer Due Diligence measures is defined in a separate regulation.”</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016. <p>“Article 16 The Use of Measures for Customer Due Diligence During Service or Creating Business Relationships with the Customers</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21/07/2014; - Law on Commercial Bank Amended version) No.56/NA, dated 7 Dec 2018; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.
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<p>(b) carrying out occasional transactions above the applicable designated threshold (USD/EUR 15 000), including situations where the transaction is carried out in a single operation or in several operations that appear to be linked;</p> <p>(c). carrying out occasional transactions that are wire transfers in the circumstances covered by Recommendation 16 and its Interpretive Note;</p> <p>(d) there is a suspicion of ML/TF, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations; or</p>	<p>Reporting units must use measures for customer due diligence during service or creating business relationships with their customers in each situation as specified in Paragraph 1 of Article 22 of the Law on AML/CFT.</p> <p>In addition, reporting units must carry out Paragraph 1 of this Article but also use measures for customer due diligence in circumstances as follows:</p> <ol style="list-style-type: none"> 1. When creating business relationships with their clients; 2. Clients occasionally make transactions which have value of 100,000,000 kip (one hundred million kip) or more or equivalent; 3. Clients occasionally transfer funds which have a value of 8,000,000 kip (8 million kip) or more or equivalent; 4. There is information or suspicion that making a transaction or creating business relationships of the client is money laundering and financing terrorism.” <p>(b). The KYC/CDD implementation is applied to occasional transactions above the applicable designated threshold, irrespective of the transaction is carried out in a single operation or in several operations as indicated in the The Agreement On Know Your Customers and Customer Due Diligence, Article 16 clause 2 (details stipulated in the Rec.10.2(a)).</p> <p>(c). The KYC/CDD implementation is applied to occasional transactions that are wire transfers was stipulated in the Law on AML/CFT, Article 22 clause 2 (details stipulated in Rec.10.2(a)) and the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 16 clause 3 (details stipulated in Rec.10.2(a)).</p> <p>(d). When there is a suspicion of ML/TF, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations was indicated in the Law on AML/CFT, Article 22 clause 4 (details stipulated in Rec.10.2(a)) and the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016,</p>	
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<p>(e) the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data.</p>	<p>Article 16 clause 4 (details stipulated in Rec10.2(a)).</p> <p>(e). When the financial institution has doubts about sufficiency or adequacy of the previous customers information obtained was indicated in the Law on AML/CFT, Article 22 clause 5 (details stipulated in Rec.10.2(a)).</p> <p>In the case of commercial bank was indicated in the Law on Commercial Bank (Amended version) No.56/NA, dated 7 Dec 2018, Article 51.</p> <p>“Article 51 (Amended) combating the abuse of banking service</p> <p>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.”</p>	
<p><i>Required CDD measures for all customers</i></p> <p>10.3 Financial institutions should be required to identify the customer (whether permanent or occasional, and whether natural or legal person or legal arrangement) and verify that customer’s identity using reliable, independent source documents, data or information (identification data).</p>	<p>The CDD implementation will be applied to customer (whether permanent or occasional, and whether natural or legal person or legal arrangement) was stipulated in the The Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 15, 21 ,23 and 24.</p> <p>“Article 21 Measures for Customer Due Diligence for Individuals with Legal Agreement</p> <p>Reporting entities must identify, check verification and make understand the nature of business customers as legal entities or individuals have agreed legal including the structure of ownership and authority to control the business at least following:</p> <p>1. determine the customers that has identity for check information and evidence of legal entities or legal arrangement by document or evidence that have to consider as follow:</p> <p>1.1 the documentation or evidence that can confirm the true identity, name, other form that created by law as follows:</p> <ul style="list-style-type: none"> - certificate established enterprises; - certificate as financial enterprises; - documents confirmed on partnership; 	<ul style="list-style-type: none"> - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.

	<p>- documents or evidence from another source that can be trusted can prove name, model and real person customers as entities or individuals have agreed legal.</p> <p>1.2 the power for control and binding the legal entity or legal arrangement including - name of the person whose position as executive senior in the legal entity such as the memorandum of understanding, rules, regulations of the legal entity;</p> <p>1.3 address or location of the office as a registered document the establishment from the government. if it had different, they can use the information of current address or location of office.</p> <p>2. determine the customer must identity beneficial owner and establish appropriate measure to check the information and evidence that those customers by consider the following:</p> <p>2.1 for the legal arrangement must following:</p> <p>2.1.1 requesting the evidence of identity's beneficial owner and power in controlling that legal entity such as the person holds more than 25% (twenty five percent) in that legal entity.</p> <p>2.1.2 if had suspected as specified in no.2.1.1 of this article that individual has a power for controlling was a beneficial owner or if they did not identify the individual in no. 2.1.1 of this article must identity of individual whose have a power to control of that legal entity by other method;</p> <p>2.1.3 if they cannot identity the individual as specified in no. 2.1.1 and 2.1.2 of this article must identity and using appropriate measure in checking information and identity document of customer who has the high position in that legal entity.</p> <p>2.2 for the legal arrangement must following:</p> <p>2.2.1 to identify its founders, managers, supervisors, beneficial owners as agreements or contracts in which to later beneficial owners and the person with the power to control or ownership of funds or property which the legal arrangement that having power management, control, use the results and conducting on buy - sell or administration;</p> <p>2.2.2 if the customer or controller has been enterprise that registered in security exchange, which transparency and disclosure by relevant laws to identity by considering relevant information with the organization of government who has the duty on registered or registered enterprises in security exchange or other sources of information that can be</p>	
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trusted.”

“Article 23 Measures for Customer Due Diligence for occasional transaction

in the event of the reporting entities if had the relationship business or transactions with individuals, legal entities, organizations and legal arrangement, which did not used to take measures on customer due diligence to this customer like a occasional or many time as the character continued on the amount or funding, when combined with a high number or equivalent 100,000,000 kip (one hundred million kip) the reporting entities must following:

1. using the measures on customer due diligence as specified in Article 15 of this Agreement;
2. to examine the relationship business or transaction when they are servicing or when the end of the service and when they had suspected that is money laundering or funding terrorism must report to AMLIO immediately.”

“Article 24 Measures for Customer Due Diligence for Existing Clients

the reporting entities must consider to take the measure on customer due diligence as specified in article 15 of this agreement to existing customer in appropriate time on the basic of the significant and the level of customer's risk also consider when they should to take the measure on customer due diligence for exiting customer and the receiving information is enough.”

“Article 15 Measures for Customer Due Diligence

Reporting units must use measures for customer due diligence as specified in Paragraph 2 of this Article by referring to assessing and managing risk as specified in Article 12 of this agreement in order that it may be known or verified that the client that it is searching about as specified in Article 7 of this agreement uses information and evidence or documents that are correct or legal which are the client’s own and not someone else’s; actual beneficiary of the transaction or the creation of business relationships that the client is building or carrying out and clients that are unrelated, unconnected, unlinked to money laundering or financing of terrorism or other violations.

Reporting units must use measures for customer due diligence for their own clients as follows:

	<ol style="list-style-type: none"> 1. Identification of customers and checks to verify information and evidence or documents that the customer uses to verify themselves from reliable sources; 2. Identification of actual beneficiaries of clients and uses appropriate measures to check and verify the identity of actual beneficiaries for legal entities or individuals with legal agreement including ownership structures and supervising clients of legal entities or individuals that have such legal agreement; 3. Use of necessary measures in appropriate situations in order to request information on the objectives and type of business relationship; 4. Verify in order to know the facts regarding business relationships of clients continuously and verifying the making of transactions during the entire period of building their relationship in order to be able to know that the transaction made by the client is in accordance with existing information provided by the client; 5. In necessary circumstances, there should be a measure in order to know the source of funds or revenue of the client. <p>In addition to reporting units which must implement Clauses 1 through 5 of Paragraph 2 of this Article, reporting units must verify information of clients and actual beneficiaries of clients with information related to lists of individuals, legal entities or organizations as follows:</p> <ol style="list-style-type: none"> 1. Individuals, legal entities or organizations which are specified on lists of individuals, legal entities or organizations in resolutions of the Security Council of the United Nations regarding terrorism or financing or terrorism; 2. Individuals, legal entities or organizations which are specified on internal lists of the Lao PDR. <p>Reporting units must use measures for customer due diligence for people who will become customers or on existing customers with special care through the use of these measures so that the customer does not realize or know that they are facing measures for customer due diligence. In the event that it is found that their measures for customer due diligence are a warning to customers that they are facing such measures, reporting units may consider the ending of such measures for customer due diligence and report on transactions that are suspected of money laundering or financing terrorism to the AMLIO.”</p>	
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<p>10.4 Financial institutions should be required to verify that any person purporting to act on behalf of the customer is so authorised, and identify and verify the identity of that person.</p>	<p>The CDD implementation will be applied to customers who intend to act on behalf of other customer is so authorized as indicated in the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 19.</p> <p>“Article 19 Measures for Customer Due Diligence for those who make Transactions on Behalf of Customers</p> <p>the reporting entities must take measures of customer due diligence as specified in Article 15 of the Agreement This person claimed that the transaction represents a customer must be able to verify that the person is assigned by the client really all be identified and checking for identity document of those persons.”</p> <p>Article 15 (details stipulated in Rec.10.3).</p>	<p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.</p>
<p>10.5 Financial institutions should be required to identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner, using the relevant information or data obtained from a reliable source, such that the financial institution is satisfied that it knows who the beneficial owner is.</p>	<p>Financial institution is obliged to identify the beneficiary owner in consistent with the Law on AML/CFT, Article 24 (paragraph.2), and the Agreement on Know Your Customers and Customer Due Diligence, article 15 clause 2.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p> <p>“Article 24 Data Collection on customers’ transactions</p> <p>The reporting entities must collect data on customers` goals and objectives in using the services provided by or establishing business relations with their institutes.</p> <p>The reporting entities must find out whether their customers’ business relations are for themselves or on behalf of others in order to find the real beneficiaries such as, owners of funds including paid-in capitals for the establishment of an enterprise, or a person with a decision-making authority.”</p> <p>▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.</p>	<p>- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p> <p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.</p>

	<p>“Article 15 (details stipulated in Rec.10.3)”.</p>	
<p>10.6 Financial institutions should be required to understand and, as appropriate, obtain information on, the purpose and intended nature of the business relationship.</p>	<p>Financial institutions are required to understand and obtain information on the purpose and intended nature of the business relationship as stipulated in the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 15 clause 2 (details stipulated in Rec10.3).</p> <p>In the case of Securities sector was indicated in the Instruction on Indicators of Suspicious Transaction related to ML/TF of Securities Company No.0001/LSCO, dated 02 March 2018, Article 2.</p> <p>“Article 2 Indicators of Suspicious Transaction</p> <p>The indicators of suspicious transactions that could be money laundering and counter-financing of terrorism in the activities of Securities Company could be observed from these following behaviors:</p> <ol style="list-style-type: none"> 1. Unusual Transactions; 2. Transactions that do not conform with Customer’s Financial Positions; 3. The Unusual Activities on Securities Trading Account; 4. Customer’s Suspicious Behaviors; 5. Suspicious Behaviors of Staffs and Representatives of Securities Company.” 	<ul style="list-style-type: none"> – The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016; – The Instruction on Indicators of Suspicious Transaction related to ML/TF of Securities Company No.0001/LSCO, dated 02 March 2018;
<p>10.7 Financial institutions should be required to conduct ongoing due diligence on the business relationship, including:</p> <p>(a) scrutinizing transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the financial institution’s knowledge of the customer, their business and risk</p>	<p>(a) and (b). It is a compulsory under the responsibilities of REs to conduct on-going CDD in order to obtain information on business relationship and ensuring that documents, data or information collected under the CDD process is kept up-to-date and relevant, by undertaking reviews of existing records, particularly for higher risk categories of customers as stipulated in the Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21/07/2014; Article 22, paragraph 2</p>	<ul style="list-style-type: none"> - The Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014;

<p>profile, including where necessary, the source of funds; and</p> <p>(b) ensuring that documents, data or information collected under the CDD process is kept up-to-date and relevant, by undertaking reviews of existing records, particularly for higher risk categories of customers.</p>	<p>(details stipulated in Rec.10.2)”. </p>	
<p><u>Specific CDD measures required for legal persons and legal arrangements</u></p> <p>10.8 For customers that are legal persons or legal arrangements, the financial institution should be required to understand the nature of the customer’s business and its ownership and control structure.</p>	<p>(10.8) and (10.9) The CDD implementation on legal person or legal arrangement was stipulated in The Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016 Article 21 (details stipulated in Rec.10.3).</p>	<p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.</p>
<p>10.9 For customers that are legal persons or legal arrangements, the financial institution should be required to identify the customer and verify its identity through the following information:</p> <p>(a) name, legal form and proof of existence;</p> <p>(b) the powers that regulate and bind the legal person or arrangement, as well as the names of the relevant persons having a senior management position in the legal person or arrangement; and</p> <p>(c) the address of the registered office and, if different, a principal place of business.</p>		

<p>10.10 For customers that are legal persons³⁴, the financial institution should be required to identify and take reasonable measures to verify the identity of beneficial owners through the following information:</p> <p>(a) the identity of the natural person(s) (if any ³⁵) who ultimately has a controlling ownership interest ³⁶ in a legal person; and</p> <p>(b) to the extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest is the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural person(s) (if any) exercising control of the legal person or arrangement through other means; and</p> <p>(c) where no natural person is identified under (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.</p>	<p>10.10 It is a compulsory of FIs to identify and take reasonable measures to verify the identity of beneficial owners who are legal persons as stipulated in the Law on AML/CFT and the Agreement On Know Your Customers and Customer Due Diligence as below:</p> <p>(a). To prove an authenticity of natural person(s) who ultimately controls ownership interest on legal persons was stipulated in the Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014, Article 24 (details stipulated in Rec.10.3) and the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 21 (details stipulated in Rec.10.3).</p> <p>(b).To extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest is the beneficial owner(s) (if any) or where no natural person exerts control through ownership interests, the identity of the natural person(s) or legal arrangement as indicated in the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016 Article 15 clause 2 and 21 clause 2.2.2 (details stipulated in Rec.10.3).</p> <p>(c). Where no natural person is identified under (a) or (b) above, they are required to prove by providing the identity of the relevant natural person who holds the position of senior managing official as stipulated in the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 21 clause 2.1.3 (details stipulated in Rec.10.3).</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - The Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.
<p>10.11 For customers that are legal arrangements, the financial institution should be required to</p>	<p>For customers that are legal arrangements, the financial institutions are required to identify and take reasonable measures to verify the identity of beneficial owners as stipulated in the Agreement on Know Your Customers and Customer Due Diligence</p>	<ul style="list-style-type: none"> - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January

<p>identify and take reasonable measures to verify the identity of beneficial owners through the following information:</p> <p>(a) for trusts, the identity of the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries 37, and any other natural person exercising ultimate effective control over the trust (including through a chain of control/ownership);</p> <p>(b) for other types of legal arrangements, the identity of persons in equivalent or similar positions.</p>	<p>No.01/NCC dated 15 January 2016.</p> <p>(a). By far, there is neither such Trust company operating in Lao PDR nor legislation in place.</p> <p>(b). For customers that are legal arrangements, there is an appropriate measure applied as stipulated in the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 21 (details stipulated in Rec.10.3).</p>	<p>2016.</p>
<p><i>CDD for Beneficiaries of Life Insurance Policies</i></p> <p>10.12 In addition to the CDD measures required for the customer and the beneficial owner, financial institutions should be required to conduct the following CDD measures on the beneficiary of life insurance and other investment related insurance policies, as soon as the beneficiary is identified or designated:</p> <p>(a) for a beneficiary that is identified as specifically named natural or legal persons or legal arrangements – taking the name of the person;</p>	<p>(10.12) and (10.13). An appropriate measure is applied in order to identify for customers that are legal arrangements as stipulated in the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 22.</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016. <p>“Article 22 Measures for Customer Due Diligence for Final Beneficiaries of Insurance Contracts</p> <p>In the event of the reporting entities was establish the relationship business or transactions about life insurance or other contract of insurance. beside of using the measure on customer due diligence as specified in article 15 of this agreement, they also must perform the following:</p> <p>1. to identity the name of individual, legal entities, organizations and legal arrangement who was beneficial owner from contact of insurance or in the case of the beneficial owner has more than one must comply all name as clearly.</p>	<p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.</p>

<p>(b) for a beneficiary that is designated by characteristics or by class or by other means – obtaining sufficient information concerning the beneficiary to satisfy the financial institution that it will be able to establish the identity of the beneficiary at the time of the payout;</p> <p>(c) for both the above cases – the verification of the identity of the beneficiary should occur at the time of the payout.</p>	<p>2. to determine beneficial owner from contact of insurance by relevant information with the beneficial owner as enough that can identify the beneficial owner when required or other benefits stipulated in the contract of insurance as follows:</p> <ul style="list-style-type: none"> - In the event of to determine by special nature or status when they start to make an insurance contracts such as husband, wife, children, siblings, relatives or cousins; - In the event of to determine by other nature when make insurance contracts such as bequests or any conditions that not clear. <p>The reporting entities must determine in consider the information about beneficial owner from insurance contracts to be a factor in managing risks as following:</p> <p>1. if the beneficial owner from insurance contracts as defined in paragraph 1 of this article is a legal entity or legal arrangement has the risk on money laundering and financing terrorism must take measures on customer due diligence and conducting to determine the beneficial owner of legal entities or organizations or legal arrangement when required the payment or other benefits as specified in the contract of insurance;</p>	
<p>10.13 Financial institutions should be required to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable. If the financial institution determines that a beneficiary who is a legal person or a legal arrangement presents a higher risk, it should be required to take enhanced measures which should include reasonable measures to identify and verify the identity of the beneficial owner of the beneficiary, at the time of payout.</p>	<p>2. if the beneficial owner from insurance contracts as defined in paragraph 1 of this article is Politically exposed persons, they must examine the information about the relationship between insurance contract owner with beneficial owner from insurance contracts that is Politically exposed persons as strictly. after that they must inform to its senior manager and approved the payment of insurance contracts;</p> <p>3. if they had a suspicious when in conducting on no 1 and 2 of this paragraph. they have to consider and make a suspected transactions report on money laundering or financing terrorism to AMLIO.</p> <p>In the event of the insurance company cannot conduction on paragraph 1 and 2 of this article. the reporting entities must deny to establish the relationship, no transaction or stop the relationship business with customer and consider to make a suspected transactions report on money laundering or financing terrorism to AMLIO.</p> <p>The reporting entities must consider to determine the customer on ML/FT when the customers start to make a transaction as below:</p> <p>1. the life insurance with premiums amounting of insurance premiums annually is lower or equivalent 8,000,000 Kip (eight million kip) or pay premiums once is lower or equivalent 20,000,000 Kip (twenty million kip);</p>	

	<p>2. the Insurance for fund of pension or retirement that did not withdraw prematurely and contract insurance cannot be the stock guarantee;</p> <p>3. the life insurance of customer or beneficial owner of beneficial owner have the right to get payment or other benefits as insurance contracts upon the death, disability or paralysis permanently only without the collect money or dividends or interest with insurance life.</p> <p>4. to determine the conditions on the risk basic approach for lower customer as specified in article 14 of this agreement.”</p>	
<p><i>Timing of verification</i></p> <p>10.14 Financial institutions should be required to verify the identity of the customer and beneficial owner before or during the course of establishing a business relationship or conducting transactions for occasional customers; or (if permitted) may complete verification after the establishment of the business relationship, provided that:</p> <p>(a) this occurs as soon as reasonably practicable;</p> <p>(b) this is essential not to interrupt the normal conduct of business; and</p> <p>(c) the ML/TF risks are effectively managed.</p>	<p>(a) and (b). Financial institutions are required to verify the identity of the customer and beneficial owner before or during the course of on boarding a business relationship or conducting transactions for occasional customers as stipulated in the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016, Article 15 par 4 and Article 23 clause 2 (details stipulated in Rec.10.3).</p> <p>(c). The ML/TF risk management is done discreetly by REs as stipulated in the Law on AML/CFT, Article 20 and the Agreement on Know Your Customers and Customer Due Diligence, Article 12-14.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - The Agreement On Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.

“Article 20: Implementing risk assessment and risk-based management principles

The reporting entities shall implement risk assessment and risk-based management principles on money laundering and financing of terrorism by determining, assessing, monitoring and mitigating such risks.”

- **The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.**

“Article 12 Risk Management

Reporting units must uphold principles of assessing and managing risk of money laundering and financing of terrorism as specified in Article 20 in the Law on AMLCFT and should improve their own policies, principles, procedures or regulations per the standard conditions specified by the AMLIO periodically.

Reporting units must assess and manage risk on the basis of at least identifying, valuing, monitoring and reducing risk of money laundering and financing of terrorism which may arise in themselves, for instance existing or new products, existing or new methods for conducting business, methods or procedures in servicing or conducting business, the use of new technology in servicing or conducting business. If risks are found, there must be appropriate measures in order to reduce the risk of money laundering and financing of terrorism before servicing, conducting business and creating business relationships with new and old clients.

Reporting units must consider the intensity of measures for customer due diligence for all of their customers in accordance with the risk of money laundering and financing of terrorism of the client. If the client has a high level of risk, deep measures must be implemented for customer due diligence. If the client has a low level of risk, easy measures must be implemented for customer due diligence which must be counted as part of policy, procedures, principles or regulations in assessing and managing their risk. For information and evidence or identity verification documents of various clients which are considered in the management of risk of money laundering and financing of terrorism, which are stored, the information must be audited and improved to be current information through even implementation until cessation of relationship with the client.

Reporting units must carry out policies, procedures, principles or regulations in assessing

	<p>and managing their risk as specified in Paragraphs 2 to 3 of this Article while serving, processing transactions and creating business relationships or while ceasing the service, the processing of transactions and the creation of business relationships.</p> <p>“Article 13 Risk Management for Low Risk Customers</p> <p>the reporting entities must conduct the risk management as defined in Article 12 of the agreement and consider the risks on money laundering and financing terrorism as the risk factors as follows:</p> <p>1. Risk factors from customer must consider at least following:</p> <ul style="list-style-type: none"> - customers who conduct transactions or business relationship on behalf of organization or state enterprise as defined in no 1 of article 10 in this agreement as clearly; - customer who is organizations or state enterprises as defined in no 1 of article 10 in this agreement as clearly; - customer who was legal entities which is the public company, registered in the stock market and enough transparency; - legal entities who is establish business relationships which is the legal entities with a good performance on anti-money laundering and financing terrorism; - other natures that determined by AMLIO. <p>2. Risk factors on products and services, conducting transactions or channel of service must consider at least the following:</p> <ul style="list-style-type: none"> - the project on pension, retirement or fund of retirement or similar project for benefits of retirement of employees by cut the part of salary's staffs, wages and not allow members to transfer benefits to another person; - products or financial services are appropriate service and within the limits specific types of customer can access that services; - other natures that determined by AMLIO. <p>3. Risk factors from areas or countries must consider at least the following:</p> <ul style="list-style-type: none"> - areas or countries has been trust by assessment on money laundering and financing 	
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	<p>terrorism are effective from international organizations;</p> <ul style="list-style-type: none"> - areas or countries that have been assessed by international organizations can trust that corruption or other crime in low levels; - areas or countries was assessed or determined by AMLIO that the country has a good effective on money laundering and financing terrorism; - other natures that determined by AMLIO. <p>Reporting entities must consider that its customers have low risk on money laundering and financing terrorism for the purposes of audit data or evidence to verify its customers, but they have to take measures on customers due diligence and on-going monitoring the movement transactions.”</p> <p>“Article 14 Managing Risk for High Risk Customers</p> <p>The reporting entities must implement the risk management as specified in article 12 of this agreement and to consider the risks of money laundering and financing of terrorism as risk factors as follows:</p> <p>1. Risk factors that caused from customers to consider at least two cases as following:</p> <p>1.1. In case of identification or beneficial owner that indicates customers or beneficial owner has any features as follows:</p> <ul style="list-style-type: none"> - the structure of stakeholder is complex or unusual compared when compared with the nature of business; - the political exposed person; - conducting business or a profession with high risk; - conducting business or active transactions of customers using the cash which does not consistent to business customers; - no Lao nationality or not lives in Laos; - the legal entities or legal arrangement has settled other's funds. - the legal entities who was hold of shareholders or shares issued in the form of anonymous holder; - information is considered that evidence of customers is a high-risk customer; 	
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	<p>- other natures that determined by AMLIO.</p> <p>1.2. in the event of the result of audit was found that the transactions or business relationships of clients has conducted in a manner unusual.</p> <p>2. Risk factors on products and services, conducting transactions or channel of service must consider at least the following:</p> <p>2.1. Establishing the business relationships or transactions with legal entities who has no enterprise license or permission on conducting business but is not required by law;</p> <p>2.2. Establishing the business relationships or transactions that are not revealed real name;</p> <p>2.3. Establishing the relationships business or non-face to face operation;</p> <p>2.3. Transfer money from unknown people or not relevant third party;</p> <p>2.4. other natures that determined by AMLIO.</p> <p>3. Factors as risks from high risk areas or countries such as the client is temporary or permanent, occupation, source of income or active transactions in high risk areas or countries on money laundering and financing terrorism as defined by AMLIO and stakeholders in each period.</p> <p>The reporting entities must take the risk factors as defined in paragraph 1 of this article to consider the risk of clients as strictly in the case of reporting entities was assessed on risk factors with other information of customers, if it is possible in the paragraph 1 of this article that is a high risk customers must take measures on customer due diligence to those customers. the reporting entities may consider other factors such as channel providers, type of transaction, type of financial products and information of the customer's lists from other source to be a factor to determine high risk with the risk factors as set in paragraph 1 of this article.”</p>	
10.15 Financial institutions should be required to adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to	Financial institutions are required to adopt risk management procedures concerning the conditions under which a customer may utilize the business relationship prior to verification as stipulated in the Law on AML/CFT No.50/NA dated 21 July 2014, Article 20 (details stipulated in Rec.10.4) and the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 Jan 2016, Article 12-14 (details stipulated	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No 50/NA, dated 21 July 2014; - The Agreement on Know Your

verification.	in Rec.10.4).	Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.
<p><i>Existing customers</i></p> <p>10.16 Financial institutions should be required to apply CDD requirements to existing customers on the basis of materiality and risk, and to conduct due diligence on such existing relationships at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained.</p>	<p>Financial institutions are required to apply CDD requirements to existing customers on the basis of materiality and risk, and to conduct due diligence on such existing relationships at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained as stipulated in the Law on AML/CFT No.50/NA dated 21 July 2014, Article 22 (details stipulated in Rec.10.2) and the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 Jan 2016, Article 15 clause 4 and Article 24 (details stipulated in Rec.10.3).</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.
<p><i>Risk-Based Approach</i></p> <p>10.17 Financial institutions should be required to perform enhanced due diligence where the ML/TF risks are higher.</p>	<p>Financial institutions are required to perform enhanced due diligence where the ML/TF risks are higher as indicated in Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 Jan 2016, Article 14 (details stipulated in Rec.10.3) and Article 17.</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016. <p>“Article 17 Cursory Measures for Customer Due Diligence</p> <p>After the reporting entities had conducting the managing risk as specified in article 13 of this agreement, if they had known their customer has high risk in money laundering or financing terrorism the reporting entities must take measure of customer due diligence as least following:</p> <p>1. determine more the procedure or get more request information from customers such as the information or evidence in operation or activities of business, information sources of capital or income and information about the purpose of conducting transactions or</p>	<ul style="list-style-type: none"> - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.

	<p>relationship business. to determine the process to consider referring to the relationship of business with the reporting entities that reliable in anti-money laundering and financing of terrorism as a reason to request more information.</p> <p>2. determine the senior manager to approval in conducting transactions or relationships with business with high risk customers and approve the audit information procedures of customer due diligence in case of customers have high risk, which may cause that make reporting entities to fall in the necessary tools or source of money laundering and financing of terrorism. reporting entities to deny or terminate relationships in transactions or relationships with business customers such report transactions suspected of money laundering or the financing of terrorism to the AMLIO.</p> <p>3. determine the procedures to detect movement of financial high-risk customers as strictly by considering increasing frequency, step or track the relationship business and active in making transactions also more frequently check the identity and those beneficial owner of customer and reporting entities must conducting these steps as regularly.”</p>	
<p>10.18 Financial institutions may only be permitted to apply simplified CDD measures where lower risks have been identified, through an adequate analysis of risks by the country or the financial institution. The simplified measures should be commensurate with the lower risk factors, but are not acceptable whenever there is suspicion of ML/TF, or specific higher risk scenarios apply.</p>	<p>Financial institutions may only be permitted to apply simplified CDD measures where lower risks have been identified as stipulated in Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 Jan 2016, Article 12 (details stipulated in Rec.10.14) and Article 18.</p> <p>▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.</p> <p>“Article 18 Thorough Measures for Customer Due Diligence</p> <p>After the reporting entities has conducted the managing risk as defined in Article 14 of the agreement if the client has low risk in money laundering or the financing of terrorism to consider the level strictly monitoring information and take simply measures customer due diligence as least the following:</p> <p>1. downgraded the strictly to request information and evidence or documentation to verify its customers by considering the type of customer, transaction, product of financial, value of transactions, dynamic financial and operational relationship business;</p> <p>2. downgraded the strictly in testing the information of dynamic financial and operational</p>	<p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.</p>

	<p>relationship business of customer;</p> <p>3. downgraded the strictly in testing the information as current customers.</p> <p>In the event of consideration that customers have low risk with active transactions or activities in a manner that involved or related to money laundering or financing terrorism the reporting entities must improve the risk of customers to be a high-risk customer and conduct the measures customer due diligence immediately.”</p>	
<p><i>Failure to satisfactorily complete CDD</i></p> <p>10.19 Where a financial institution is unable to comply with relevant CDD measures: (a) it should be required not to open the account, commence business relations or perform the transaction; or should be required to terminate the business relationship; and (b) it should be required to consider making a suspicious transaction report (STR) in relation to the customer.</p>	<p>(a) and (b). Where a financial institution is unable to comply with relevant CDD measures then they are required to refer to the Law on AML/CFT No.50/NA dated 21 July 2014; Article 23 (paragraph 3) and the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 Jan 2016, Article 15 (details stipulated in Rec.10.3).</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p> <p>“Article 23 Collection of detailed data on customers</p> <p>The reporting entities must collect, prove and verify the data on natural person customers such as, names and surnames, dates of birth, nationalities, addresses and occupations of customers.</p> <p>For legal entity customers, the reporting entities must collect, prove and verify the data on names and addresses of companies, the identification document of directors, detailed information about shareholders, business operations and sizes.</p> <p>In case of failure to collect detailed data on customers as defined in paragraph one and two of this article, a reporting entity must cease its services provided to or any business relations with that customer and must regard as suspicious transaction and then report it to AMLIO as defined in article 30 and 31 of this Law.”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.

<p><i>CDD and tipping-off</i></p> <p>10.20 In cases where financial institutions form a suspicion of money laundering or terrorist financing, and they reasonably believe that performing the CDD process will tip-off the customer, they should be permitted not to pursue the CDD process, and instead should be required to file an STR.</p>	<p>In cases when financial institutions form a suspicion of ML/TF, and once they reasonably believe that the undertaking of CDD process will soon tip-off the customer and inhibit them from further obtaining customer's information then they should be permitted not to pursue the CDD process, and instead they must file an STR to AMLIO as indicated in the the Agreement On Know Your Customers and Customer Due Diligence, Article 28.</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016. <p>“Article 28 Tipping-off</p> <p>It is forbidden for employees, managers, supervisors, directors, board of directors, management assembly and those related to AML/CFT or the use of various measures as specified in this agreement of reporting units to reveal information or have behavior or actions or through other methods which will make the customer aware that he/she is facing measures of customer due diligence or reporting on transactions suspected of money laundering or financing terrorism or any reporting of information on the client to the AMLIO.”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.
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RECOMMENDATION 11

11. Record-keeping		
11.1 Financial institutions should be required to maintain all necessary records on transactions, both domestic and international, for at least five years following completion of the transaction.	<p>(11.1)-(11.4) Financial institutions are required to maintain all necessary records on transactions, both domestic and international as indicated in the AML/CFT Law, Article 28. Moreover, these requirements are also situated in the legislations of each supervisory sector details below:</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 28 Record-keeping The reporting entities shall carefully maintain records on customers, documents on business relations and transactions of customers for further supply to AMLIO and other concerned organisations. Record maintenance shall observe the following:</p> <ol style="list-style-type: none"> 1. Make copies identification documents of customers and beneficiaries of each transaction and keep them for at least ten years after the end of business relations with the customers; 2. Records on the transactions undertaken by customers shall be kept for at least five years from the date of transaction undertaking.” <ul style="list-style-type: none"> ▪ Law on Accounting (Amended) No.47/NA, dated 26 Dec 2013; <p>“Article 6 (Amended). Book-keeping obligations All implementing accounting entities shall strictly conduct bookkeeping and implement their accounting obligations, functions, and responsibilities in respect of the provisions in accordance with this law. An enterprise registered as a juristic entity shall carry out bookkeeping from the date of its registration.”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Law on Accounting (Amended) No.47/NA, dated 26 Dec 2013; - Law on Commercial Bank (Amended version) No.56/NA, dated 7 Dec 2018.
11.2 Financial institutions should be required to keep all records obtained through CDD measures, account files and business correspondence, and results of any analysis undertaken, for at least five years following the termination of the business relationship or after the date of the occasional transaction.		
11.3 Transaction records should be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity.		
11.4 Financial institutions should be required to ensure that all CDD information and transaction records are available swiftly to domestic competent authorities upon appropriate authority.		

	<p>“Article 50 (Amended). Duration and method maintenance</p> <p>Implementing accounting entities shall maintain records of all accounting documents for a minimum of 10 years. In the event that the accounting documents concern any contract, they shall be kept for another 10 years after contract completion. The maintenance of accounting documents shall be carried out as follows:</p> <ol style="list-style-type: none"> 1. Classify in numerical order, by the nature of the transaction, and in chronological order, and then file correctly; 2. Retain [the accounting documents] on the premises of the implementing accounting entity, to ensure their safety and accessibility; 3. Save the electronic accounting documents in the database that is linked to the database of the Ministry of Finance.” <p>▪ Law on Commercial Bank (Amended version) No.56/NA, dated 7 Dec 2018;</p> <p>“Article 68 (Amended) Store the document and transaction information</p> <p>Commercial bank shall store document and transaction information at the head office as:</p> <ol style="list-style-type: none"> 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 necessary as defined by the Bank of the Lao PDR. <p>For foreign bank branch shall store/keep the document and transaction information at bank branch locate in Lao PDR.</p> <p>Document, information including data base shall be store/keep at least 10 years.”</p>	
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RECOMMENDATION 12

ADDITIONAL MEASURES FOR SPECIFIC CUSTOMERS AND ACTIVITIES

12. Politically exposed persons *

<p>12.1 In relation to foreign PEPs, in addition to performing the CDD measures required under Recommendation 10, financial institutions should be required to:</p> <p>(a) put in place risk management systems to determine whether a customer or the beneficial owner is a PEP;</p> <p>(b) obtain senior management approval before establishing (or continuing, for existing customers) such business relationships;</p> <p>(c) take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs; and</p> <p>(d) conduct enhanced ongoing monitoring on that relationship.</p>	<p>(12.1) and (12.2). The definition of PEPs both domestic and international were indicated in the Law on AML/CFT, Article 25 and the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 Jan 2016, Article 20.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 25: Dealings with PEPs</p> <p>The reporting entities must have an appropriate risk management system to find out whether customers or beneficiaries are PEPs. In addition to articles 19 to 32 of this Law, the reporting entities shall also observe the followings:</p> <ol style="list-style-type: none"> 1. Report to their board of directors or their senior executive officers to request for permission to initiate or continue transactions with such customers; 2. Take appropriate measures to identify sources of funds or properties; 3. Monitor such customers` business relations and transactions continually.” <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No. 01/NCC, dated 15 January 2016. 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No. 01/NCC dated 15 January 2016.
<p>12.2 In relation to domestic PEPs or persons who have been entrusted with a prominent function by an international organisation, in addition to performing the CDD measures required under Recommendation 10, financial</p>	<p>“Article 20 Measures for Customer Due Diligence for Politically Exposed Persons</p> <p>In the event of the customers of reporting entities is politically exposed persons beside of the follow the second paragraph of Article 25 of AML/CFT law it also needs the following:</p> <ol style="list-style-type: none"> 1. determine the high-risk customers including take the measures of customer due diligence; 2. Identify the customer is which politically exposed persons as defined in Article 13, 14 	

institutions should be required to: (a) take reasonable measures to determine whether a customer or the beneficial owner is such a person; and (b) in cases when there is higher risk business relationship with such a person, adopt the measures in criterion 12.1 (b) to (d).	and 15 of AML/CFT law; 3. consider to make suspected transaction report of money laundering or financing terrorism to AMLIO immediately; 4. to take the measures to on-going monitoring as defined in Article 26 of this Agreement to the customer.”	
12.3 Financial institutions should be required to apply the relevant requirements of criteria 12.1 and 12.2 to family members or close associates of all types of PEP.	<p>The definition of family member and their closely associated of all type of PEPs are clearly defined in the Law on AML/CFT, Article 8 and 25 (details stipulated in Rec. 12.1). In addition to that Financial institutions are also required to apply the relevant requirements in particular to the use of CDD measures to their family members and parties associated with, to be in line with the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 Jan 2016, Article 20 (details stipulated in Rec.12.1).</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p> <p>“Article 8 Definitions xxx 12. Politically exposed persons (herein after called “PEPs”) shall mean foreign politicians, state officials, and officials of international organisations; 13. Foreign politicians shall mean persons who are or were in positions, trusted, and playing important roles in domestic and foreign affairs, extending to members of their families or persons with close connections to these people; 14. State officials shall mean persons who are or were in important positions, trusted and play a role in the Lao PDR, including members of the board of directors or the management of state-owned enterprises or state-holding joint venture, extending to their family members or those with close connections to them; xxx</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.
12.4 In relation to life insurance	In relation to life insurance policies, financial institutions are required to undertake	- The Agreement On Know Your

<p>policies, financial institutions should be required to take reasonable measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs. This should occur, at the latest, at the time of the payout. Where higher risks are identified, financial institutions should be required to inform senior management before the payout of the policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider making a suspicious transaction report.</p>	<p>reasonable measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs. This might occur at the latest, at the time of the payout. Where higher risks are identified, financial institutions are required to inform senior management prior to the payout of the policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider making a suspicious transaction report as defined in the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016, Article 22.</p> <p>“Article 22 Measures for Customer Due Diligence for Final Beneficiaries of Insurance Contracts</p> <p>In the event of the reporting entities was establish the relationship business or transactions about life insurance or other contract of insurance. beside of using the measure on customer due diligence as specified in article 15 of this agreement, they also must perform the following:</p> <ol style="list-style-type: none"> 1. to identity the name of individual, legal entities, organizations and legal arrangement who was beneficial owner from contact of insurance or in the case of the beneficial owner has more than one must comply all name as clearly. 2. to determine beneficial owner from contact of insurance by relevant information with the beneficial owner as enough that can identify the beneficial owner when required or other benefits stipulated in the contract of insurance as follows: <ul style="list-style-type: none"> - in the event of to determine by special nature or status when they start to make an insurance contracts such as husband, wife, children, siblings, relatives or cousins; - in the event of to determine by other nature when make an insurance contracts such as bequests or any conditions that not clear. <p>the reporting entities must determine in consider the information about beneficial owner from insurance contracts to be a factor in managing risks as following:</p> <ol style="list-style-type: none"> 1. if the beneficial owner from insurance contracts as defined in paragraph 1 of this article is a legal entity or legal arrangement has the risk on money laundering and financing terrorism must take measures on customer due diligence and conducting to determine the beneficial owner of legal entities or organizations or legal arrangement when required the payment or other benefits as specified in the contract of insurance; 	<p>Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.</p>
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	<p>2. if the beneficial owner from insurance contracts as defined in paragraph 1 of this article is Politically exposed persons, they must examine the information about the relationship between insurance contract owner with beneficial owner from insurance contracts that is Politically exposed persons as strictly. after that they must inform to its senior manager and approved the payment of insurance contracts;</p> <p>3. if they had a suspicious when in conducting on no 1 and 2 of this paragraph. they have to consider and make a suspected transactions report on money laundering or financing terrorism to AMLIO.</p> <p>in the event of the insurance company cannot conduction on paragraph 1 and 2 of this article. the reporting entities must deny to establish the relationship, no transaction or stop the relationship business with customer and consider to make a suspected transactions report on money laundering or financing terrorism to AMLIO.</p> <p>the reporting entities must consider to determine the customer on ML/FT when the customers start to make a transaction as below:</p> <ol style="list-style-type: none"> 1. the life insurance with premiums amounting of insurance premiums annually is lower or equivalent 8,000,000 Kip (eight million kip) or pay premiums once is lower or equivalent 20,000,000 Kip (twenty million kip); 2. the Insurance for fund of pension or retirement that did not withdraw prematurely and contract insurance cannot be the stock guarantee; 3. the life insurance of customer or beneficial owner of beneficial owner have the right to get payment or other benefits as insurance contracts upon the death, disability or paralysis permanently only without the collect money or dividends or interest with insurance life. 4. to determine the conditions on the risk basic approach for lower customer as specified in article 14 of this agreement”. 	
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RECOMMENDATION 13

13. Correspondent banking *

13.1 In relation to cross-border correspondent banking and other similar relationships, financial institutions should be required to:

- (a) gather sufficient information about a respondent institution to understand fully the nature of the respondent's business, and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a ML/TF investigation or regulatory action;
- (b) assess the respondent institution's AML/CFT controls;
- (c) obtain approval from senior management before establishing new correspondent relationships; and
- (d) clearly understand the respective AML/CFT responsibilities of each institution.

Financial institutions are required to undertake measures in the case where relevant to (a), (b) and (d) to correspondent banking and other similar relationships as defined in the Law on AML/CFT, Article 26 and to (c) as set out in the Agreement On Know Your Customers and Customer Due Diligence, Article 7 clause 2.

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;**

“Article 26: Dealings with corresponding banks

Financial institutions which maintain business relations or other similar relations with corresponding banks shall act as follow:

1. Review the legal person status of corresponding banks that they are doing business with;
2. Gather data on the nature of business operation of a corresponding bank;
3. Assess the creditability, management and audit of a corresponding bank based on the disclosed information;
4. Assess the implementation of AML/CFT of a corresponding bank;
5. Observe relevant laws and regulations relating to a business relation with corresponding banks.

If corresponding banks have business relations or transactions with shell banks or their subsidiary, the reporting entities shall not establish or continue business relations with such corresponding banks or their subsidiary.”

- **The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.**

- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.

	<p>“Article 17 Cursory Measures for Customer Due Diligence</p> <p>After the reporting entities had conducting the managing risk as specified in article 13 of this agreement, if they had known their customer has high risk in money laundering or financing terrorism the reporting entities must take measure of customer due diligence as least following:</p> <ol style="list-style-type: none"> 1. determine more the procedure or get more request information from customers such as the information or evidence in operation or activities of business, information sources of capital or income and information about the purpose of conducting transactions or relationship business. to determine the process to consider referring to the relationship of business with the reporting entities that reliable in anti-money laundering and financing of terrorism as a reason to request more information. 2. determine the senior manager to approval in conducting transactions or relationships with business with high risk customers and approve the audit information procedures of customer due diligence in case of customers have high risk, which may cause that make reporting entities to fall in the necessary tools or source of money laundering and financing of terrorism. reporting entities to deny or terminate relationships in transactions or relationships with business customers such report transactions suspected of money laundering or the financing of terrorism to the AMLIO. 3. determine the procedures to detect movement of financial high-risk customers as strictly by considering increasing frequency, step or track the relationship business and active in making transactions also more frequently check the identity and those beneficial owner of customer and reporting entities must conducting these steps as regularly.” 	
13.2 With respect to “payable-through accounts”, financial institutions should be required to satisfy themselves that the respondent bank: (a) has performed CDD obligations on its customers that	(a) and (b). Financial institutions will proceed to the “payable-through accounts” process once a certain level of satisfactions are met that the respondent bank has performed CDD obligations on its customers that have direct access to the accounts, and be able to provide information upon request as stipulated in the Agreement On Know Your Customers and Customer Due Diligence No.01/NCC dated 15 Jan 2016, Article 17 clause 1 (details stipulated in Rec.13.1).	- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.

have direct access to the accounts of the correspondent bank; and (b) is able to provide relevant CDD information upon request to the correspondent bank.		
13.3 Financial institutions should be prohibited from entering into, or continuing, correspondent banking relationships with shell banks. They should be required to satisfy themselves that respondent financial institutions do not permit their accounts to be used by shell banks.	<p>Financial institutions are prohibited from onboarding, or continuing, correspondent banking relationships with shell banks as indicated in the Law on AML/CFT, Article 52, clause 1.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p> <p>“Article 52 Prohibitions for reporting entities Reporting entities are prohibited related to AML/CFT from the following behaviours:</p> <ol style="list-style-type: none"> 1. Having dealings with anonymous banks, financial institutions, legal persons or organisations; 2. Having dealings with banks abroad that do not have regulations on AML/CFT; 3. Opening anonymous accounts; 4. Having business dealings or performing transactions with natural persons, legal persons or organisations on the United Nations security council list; 5. Other activities that contravene legal regulations.” 	<p>- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p>

RECOMMENDATION 14

14. Money or value transfer services *

<p>14.1 Natural or legal persons that provide MVTS (MVTS providers) should be required to be licensed or registered.</p>	<p>Natural or legal persons that provide (MVTS providers) are required to be licensed or registered as stated in the Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016, Article 5, and the procedure in obtaining business licence of MVTs was indicated in Drafting the Agreement on Settlement Service Provider, Article 11-15;</p> <ul style="list-style-type: none"> ▪ Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016; <p>“Article 5 Establishment of MVTS Natural persons, legal persons or organizations both local and foreign had purpose to establish MVTS have to submit the application letter to industry and commerce sector as specified in the Law of enterprise and the authorization from the Bank of the Lao PDR. Foreign investment may not hold more than 40% of the registered capital.”</p> <ul style="list-style-type: none"> ▪ Drafting the Agreement on settlement Service Provider. <p>“Article 11 Authorization Applicants who wish to be a Settlement Service Provider must meet the requirements and file documents according to the service type and authorization form by submitting a request to the Department of Payment Systems for consideration.”</p> <p>“Article 12 Form of Authorization</p>	<ul style="list-style-type: none"> - The Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016; - Drafting the Agreement on Settlement Service Provider.
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	<p>There are three forms of authorization:</p> <ol style="list-style-type: none"> 1. Settlement services required licensed; 2. Settlement services required registered; 3. Settlement services required notified.” <p>“Article 13 Settlement Services Required Licensed</p> <p>Settlement Services must be licensed as a payment service in the following manner:</p> <ol style="list-style-type: none"> 1. Settlement Services as defined in Article 5 of this Agreement, which have a wide range of services and have domestic and international impacts; 2. Provision of electronic money transfer services as defined in Article 19, Clause 2 of this Agreement, with an average six-month advance balance of more than ten billion kip.” <p>“Article 14 Requirements for Settlement Services Required Licensed</p> <p>Any person who intends to be a payment service provider as defined in Article 13 of this Agreement must meet the requirements set out in Article 31 of the Law on Payment System and has the following conditions:</p> <ol style="list-style-type: none"> 1. A company registered for the enterprise in Lao PDR; 2. Have the registered capital as specified in Article 16 of this Agreement; 3. Lao national holders that hold at least ten percent of the total shares; 4. There is at least one manager who is Lao nationality and has a residence in Lao PDR at least one person; 5. Have a business plan 6. Have a link system with sub-transaction payment system. 	
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	<p>Commercial banks are exempt from the conditions set forth in clause 2,3 and 4 of this Article.”</p> <p>“Article 15 Documentation of Settlement service providers that have to be licensed</p> <p>Those who wish to be a payment service provider as defined in Article 13 of this Agreement shall have the following required documentation:</p> <ol style="list-style-type: none"> 1. Printed Proposals by the Payment System Management Department; 2. The following documents are available in Lao language: <ol style="list-style-type: none"> 2.1 General Information <ol style="list-style-type: none"> 2.1.1 Curriculum Vitae (CV) of the Executive; 2.1.2 Address certificate of the Executive; 2.1.3 Certificate of Funding Source; 2.1.4 Copy of enterprise registration; 2.1.5 Copy of Company Rules as Printed; 2.1.6 Copy of Education Qualification Certificate and any Training Certificate of the Executive; 2.1.7 Criminal Records and/or Certificates from the People's Court not exceeding three months; 2.1.8 Copy of shareholders' registration list, Names of shareholders, Nationality and top ten shareholding ratios; 2.1.9 Structure of business group, Including companies or group companies with responsibilities and related relationship with the licensee; 2.1.10 Reports of business operations and financial statements one year backwards and before the year the application for authorization is 	
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	<p>granted, except for newly established companies</p> <p>2.2 Information of Settlement Services</p> <p>2.2.1 Organizational structure and administrative management to support business operations by showing the unit and staff that perform the duties, including identifying the responsibilities that govern the information technology system.</p> <p>2.2.2 Details of Settlement Services:</p> <ol style="list-style-type: none"> 1) Name s and types of services; 2) A description of the terms, types, and scope of services, such as user groups, types of goods, places and fees of services; 3) Details of the processes, methods and procedures for providing services, such as: operating system diagrams, a manual of detailed description of the technology used in the payment services and technologies used for securing the payment service system and other operational integration guidelines. <p>2.2.3 The number and list of persons involved in the payment service, such as agents, partners or shops, as well as a copy of the contract or commitment that states the responsibilities between the person who is intended as the payment service provider and the person involved in their service (if any);</p> <p>2.3 Regulations and standard on the information technology security system with at least the regulatory standard on Information technology security measures of the Bank of the Lao PDR;</p> <p>2.4 Plan for the operation of payment services over a three-year period, includ-</p>	
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	<p>ing investments in the system, revenues, expenses, amount of transactions, and services to be increased, source of funding, as well as a feasibility study that shows competitor analysis, markets, external and domestic environments and also specifying the assumptions used to create the plan and the estimated cost;</p> <p>2.5 Implementation plans for supporting business operated by showing the details prepared for each period (Timeline), if any.</p> <p>1.1 Risk management regulations, which include the main contents: main types of risk, risk assessment in the payment service, identification of the main risk indicators and responsibilities of stakeholders, including the administrative processes and management of main risk which govern how to identify, manage, monitor and manage the risk management services of the payment service provider;</p> <p>1.2 Business Impact Analysis (BIA) and Business Continuity Management (BCM) by assigning the responsible person and the business continuity management details to the type and complexity of the services provided, the following are:</p> <p>1.2.1 Establish a business continuity management (BCM) policy;</p> <p>1.2.2 Business Continuity Planning (BCP);</p> <p>1.2.3 Define guidelines for monitoring, valuation, and testing Business Continuity Planning;</p> <p>1.3 Internal control system, which covers the detection of defect items by specifying the responsibility of the unit involved in the management, control and monitoring of operations.</p> <p>1.4 Guidelines and details of services provided by third party service providers in place of information and technology systems related to payments, as well as systems having a significant impact on the payment services as follows:</p>	
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	<p>1.4.1 Duration, scope of service and responsibilities of stakeholders</p> <p>1.4.2 Principles for selecting, monitoring and evaluating the risks of using the Service;</p> <p>1.4.3 Service agreement from outsourcer;</p> <p>1.4.4 Business continuity planning for using outsourcer;</p> <p>1.5 Policies and measures of anti-money laundering and counter-financing of terrorism as defined by the Anti-Money Laundering Intelligence Office in each period;</p> <p>1.6 Regulations for the protection of service user, for example: Provisions for the storage of personal information of service users and dispute resolution;</p> <p>1.7 Documents certified of connection to the retail transaction payment system. Commercial banks are exempt from the supporting documents set forth in clause 2.1 of this Article.”</p>	
<p>14.2. Countries should take action, with a view to identifying natural or legal persons that carry out MVTs without a licence or registration, and applying proportionate and dissuasive sanctions to them.</p>	<p>An proportionate and dissuasive sanctions to those unlicensed or unregistered MVTs service provider owned by natural or legal persons was stated in the Decision on the supervision of Money Value Transfer Service, Article 19 (paragraph.4) and 23, and and Drafting the Agreement on Settlement Service provider.</p> <ul style="list-style-type: none"> ▪ Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 Dec 2016. <p>“Article 19 Prohibitions MVTs providers are prohibited from the following operation:</p> <ol style="list-style-type: none"> 1. Operating transactions without the authorization of Bank of the Lao PDR; 2. Define any specific conditions for the customers; 3. Extend the Agents without the authorization of Bank of the Lao PDR; 4. Operating businesses that is conflict with Lao law. 	<ul style="list-style-type: none"> - Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016; - Drafting the Agreement on Settlement Service Provider.

	<p>Natural persons, legal persons or organizations are prohibited to operates business or money transfer service without the authorization of Bank of the Lao PDR.”</p> <p>“Article 23 Measures against violators</p> <p>Natural persons, legal persons or organizations violating this decision and other relevant regulation which causes damage to public and the society shall be warned, educated, disciplined, fined or criminally punished in accordance with the severity of the violation, and shall pay compensation for damages incurred.”</p> <ul style="list-style-type: none"> ▪ Drafting the Agreement on Settlement Service provider. <p>“Article 56 Measure Against Violator</p> <p>Natural persons, legal persons and relevant agencies involved in settlement services which violation of this Agreement shall be subject to educated, warned, disciplined, fined, extra measures, pay compensation or criminal penalties depending on the gravity of the offence.”</p>	
14.3 MVTs providers should be subject to monitoring for AML/CFT compliance.	<p>MVTs service providers is categorized as one of RE and subject to be monitoring for AML/CFT compliance as stated in the Law on AML/CFT, Article 8 (clause 7), and the Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016, Article 17.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 8 Definitions</p> <p>xxx</p> <ol style="list-style-type: none"> 1. Financial institutions shall mean commercial banks, micro-finance institutes, all forms of credit lending companies, pawnshops, leasing companies, money transfer service companies, currency exchange shops, insurance companies, se- 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016;

	<p>curities companies, asset management companies, among others;”</p> <p>xxx</p> <ul style="list-style-type: none"> ▪ Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016; <p>“Article 17 Measures of AML/CFT</p> <p>MVTS providers and Agents shall comply with the obligations as defined in the AML/CFT law, such as KYC, CDD, STR of money laundering and terrorist financing and complied with relevant regulations.”</p>	
<p>14.4 Agents for MVTS providers should be required to be licensed or registered by a competent authority, or the MVTS provider should be required to maintain a current list of its agents accessible by competent authorities in the countries in which the MVTS provider and its agents operate.</p>	<p>The issuance of bussiness license or business registration of agents for MVTS providers was identified in the Decision on the Supervision of Money Value Transfer Service, Article 11 and 13; Instruction on MVTS Service Provider Transaction Report No.22/FISD, date 26 September 2018, clause 1.2 and Drafting the Agreement on Settlement Service provider, Article 37.</p> <ul style="list-style-type: none"> ▪ Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016. <p>“Article 11 Extension of the Agents</p> <p>The MVTS providers are able to extend the Agents in case of having fit and proper supervision system and regulations and shall be authorized by Bank of the Lao PDR.”</p> <p>“Article 13 Rights and obligations of the Agents</p> <p>Agents have the following rights and obligations:</p> <ol style="list-style-type: none"> 1. Transfer service with continence, quickly and safety; 2. Monitor and supervise risks that might occur, especially risk related to ML/FT; 3. Securing and protecting data loss of transfer service; 4. Amendments of business operation must authorize by MVTS Providers and Bank of the Lao PDR; 5. Implementation of the rights and obligations as defined in internal regulations and 	<ul style="list-style-type: none"> - Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016; - Drafting the Agreement on settlement service provider, - Instruction on MVTS Service Provider Transaction Report No.22/FISD, dated 26 September 2018;

	<p>other requirement of Bank of the Lao PDR and relevant laws.”</p> <ul style="list-style-type: none"> ▪ Instruction on MVTs Service Provider Transaction Report No.22/FISD, dated 26 September 2018. <p>“1.2. Collection information of the transfer</p> <p>The money value transfer service providers shall collect information of business operation on the money transfer in-out of Lao PDR such as: Western Union, Money Gram, Speed Send and money transfer product according the defined of the Bank of Lao PDR, the information to be collected are as follows:</p> <ol style="list-style-type: none"> 1) Name of the country; 2) Amount of transaction on remittance out; 3) Amount of money that remittance out; <ul style="list-style-type: none"> - Amount of money that remittance out of the Lao PDR as foreign currency and value equivalent to LAK according to exchange rate of that day; - Total income of the money transfer fees as foreign currency and value equivalent to LAK according to exchange rate of that day; - Total remittance fees that have to send to the destination agency that make the express money transfer service. 4) Amount of transaction of the remittance in; 5) Amount of money that remittance in: <ul style="list-style-type: none"> - Amount of money that remittance into the Lao PDR as foreign currency and value equivalent to LAK according to exchange rate of that day; - Total income of the money transfer fees that receive from the originator agent as foreign currency and evaluate equivalent to LAK according to exchange rate at that day. 6) Summary amount and value of all remittance transaction in-out.” <ul style="list-style-type: none"> ▪ Drafting the Agreement on Settlement Service Provider. <p>“Article 37 Appointment of agents</p>	
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	<p>Settlement service provider may appoint agents to provide services on their own behalf in accordance with the procedures of the Bank of the Lao PDR on appointment of agent.</p> <p>Appointment of settlement service agent is also the responsibility on the client as well as yourself service responsibility.”</p>	
<p>14.5 MVTs providers that use agents should be required to include them in their AML/CFT programmes and monitor them for compliance with these programmes.</p>	<p>The MVTs are obliged to conduct its obligation on AML/CFT implementation as indicated in the decision on the Supervision of Money Value Transfer Service, Article 17 and Instruction on MVTs Service Provider Transaction Report No.22/FISD, dated 26 September 2018 Clause 3.2.1</p> <ul style="list-style-type: none"> ▪ Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016. <p>“Article 17 Measures of AML/CFT” (details stipulated in Rec.14.3)</p> <ul style="list-style-type: none"> ▪ Instruction on MVTs Service Provider Transaction Report No.22/FISD, dated 26 September 2018 <p>“3.2. The obligation implementation on the Anti-Money Laundering and Counter-Financing of Terrorism</p> <p>3.2.1. The money value transfer service providers shall implementation its obligation on the Anti-Money Laundering and Counter-Financing of Terrorism as defined in Article 18 of the Law on Anti-Money Laundering and Counter-Financing of Terrorism, No. 50/NA, dated 21 July 2014 as follows:</p> <ol style="list-style-type: none"> 1. Develop plan according to Article 19 of the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 2. Know Your Customer and Customer Due Diligence according to the Agreement, No. 01/AMLIO, dated 15 January 2016; 3. Reporting of suspicious transaction on money laundering or terrorist financing according to the Decision, No. 13/AMLIO, dated 19 October 	<ul style="list-style-type: none"> - Decision on the Supervision of Money Value Transfer Service No.1058/BOL, dated 05 Dec 2016; - Instruction on MVTs Service Provider Transaction Report No.22/FISD, dated 26 September 2018;

	<p>2015;</p> <ol style="list-style-type: none"> 4. Reporting of cash transaction which values exceed the threshold as defined in Regulation No. 417/BOL, dated 5 June 2015; 5. Record the transaction of money transfer information according to the Decision No. 963/BOL, dated 27 November 2015; 6. Other obligations as defined in the relevant legislations. <p>3.2.2. Reporting suspicious transaction according to Clause 4, sub-clause 3 above, the money value transfer service provider shall maintain confidential, it is prohibited to disclosed to its customers to acknowledge weather in any consequence as well as it is prohibited to disclosed or have behavior or any behavior or weather any method to make its customer know the use of measurement according to defined in clause 3 of this instruction.”</p>	
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RECOMMENDATION 15

15. New technologies

<p>15.1 Countries and financial institutions should identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products.</p>	<p>Financial institution are quired to evaluate and undertake the ML/TF risks assessment that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products as stipulated in the Agreement on Know Your Customers and Customer Due Diligence, Article 12 and in the case of MVTs was indicated in the Drafting the Agreement on Settlement Service Provider, Article 33-34.</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016 <p>“Article 12 Risk Management</p> <p>Reporting units must uphold principles of assessing and managing risk of money laundering and financing of terrorism as specified in Article 20 in the Law on AMLCFT and should improve their own policies, principles, procedures or regulations per the standard conditions specified by the AMLIO periodically.</p> <p>Reporting units must assess and manage risk on the basis of at least identifying, valuing, monitoring and reducing risk of money laundering and financing of terrorism which may arise in themselves, for instance existing or new products, existing or new methods for conducting business, methods or procedures in servicing or conducting business, the use of new technology in servicing or conducting business. If risks are found, there must be appropriate measures in order to reduce the risk of money laundering and financing of terrorism before servicing, conducting business and creating business relationships with new and old clients.</p> <p>Reporting units must consider the intensity of measures for customer due diligence for all of their customers in accordance with the risk of money laundering and financing of terrorism of the client. If the client has a high level of risk, deep measures must be</p>	<ul style="list-style-type: none"> - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016; - Drafting the Agreement on Settlement Service provider.
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implemented for customer due diligence. If the client has a low level of risk, easy measures must be implemented for customer due diligence which must be counted as part of policy, procedures, principles or regulations in assessing and managing their risk. For information and evidence or identity verification documents of various clients which are considered in the management of risk of money laundering and financing of terrorism, which are stored, the information must be audited and improved to be current information through even implementation until cessation of relationship with the client. Reporting units must carry out policies, procedures, principles or regulations in assessing and managing their risk as specified in Paragraphs 2 to 3 of this Article while serving, processing transactions and creating business relationships or while ceasing the service, the processing of transactions and the creation of business relationships.”

In the event that it is found that their measures for customer due diligence are a warning to customers that they are facing such measures, reporting units may consider the ending of such measures for customer due diligence and report on transactions that are suspected of money laundering or financing terrorism to the AMLIO.”

▪ **Drafting the Agreement on settlement Service Provider.**

“Article 33 Risk and security management

The settlement service providers shall define the risk and security management of the settlement services in accordance with the form, size, volume of transaction and complexity of the type of settlement service in writing form and approval of the Administrator, which applies as follow:

1. Define a risk management policy;
2. Information technology security;
3. Usage of services from outsourcer service;
4. Appointment of agents;
5. Changes in business operations;
6. Temporary discontinuation or disruption in settlement services.”

	<p>“Article 34 Risk Management Policies</p> <p>The settlement service provider shall have the appropriate risk management system for its settlement services in relation to the risks that may arise in writing form as follows:</p> <ol style="list-style-type: none"> 1. Define the risk management processes such as risk identification, risk assessment and risk management to control or mitigate potential risks, as well as designate person responsible for risk management by reporting the outcome of the risk monitoring and management to the executive in periodical-ly. 2. Establish a Business Continuity Management (BCM) Policy and a Business Continuity Plan (BCP) to accommodate cases or incidents in accordance with the pattern, size, volume of transactions and complexity of the types of services to reduce the impact of the service that may occurred. 3. Set to have a back-check system.” 	
<p>15.2 Financial institutions should be required to:</p> <p>(a) undertake the risk assessments prior to the launch or use of such products, practices and technologies; and</p> <p>(b) take appropriate measures to manage and mitigate the risks.</p>	<p>(a) and (b). FIs are required to undertake the risk assessments before commencing or use of such products as stipulated in the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016 (details stipulated in Rec.15.1)</p> <p>In the case of MTVs was indicated in Drafting the Agreement on Settlement Service Provider, Article 33 and 34 (details stipulated in Rec.15.1)</p>	<ul style="list-style-type: none"> - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016; - Drafting the Agreement on Settlement Service Provider.
<p>Virtual assets and virtual asset service providers</p> <p>15.3 In accordance with Recommendation 1, countries should:</p> <p>(a) identify and assess the money laundering and terrorist financing risks emerging from virtual asset activities and the activities or</p>	<p>15.3-15.11 By far, Lao PDR is yet to perform risk assessment on virtual asset and VASPs, as due to an operating of such service remains prohibited. This can be referred to the Notice on prohibition of giving Service on Crypto Currencies No.382/BOL, dated 30 October 2018 and Notice on Crypto Currencies Trading No.314/BOL, dated 29 August 2018.</p>	<ul style="list-style-type: none"> - The Notice on prohibition on giving Service on Crypto Currencies No.382/BOL, dated 30 October 2018; - Notice on Crypto Currencies Trading No.314/BOL, dated 29 August 2018.

<p>operations of VASPs; (b) based on their understanding of their risks, apply a risk-based approach to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified; and (c) require VASPs to take appropriate steps to identify, assess, manage and mitigate their money laundering and terrorist financing risks, as required by criteria 1.10 and 1.11.</p>		
<p>15.4 Countries should ensure that: (a) VASPs are required to be licensed or registered at a minimum: (i) when the VASP is a legal person, in the jurisdiction(s) where it is created; and (ii) when the VASP is a natural person, in the jurisdiction where its place of business is located; and (b) competent authorities take the necessary legal or regulatory measures to prevent criminals or their associates from holding, or being the beneficial owner of, a</p>		

significant or controlling interest, or holding a management function in, a VASP.		
15.5 Countries should take action to identify natural or legal persons that carry out VASP activities without the requisite license or registration, and apply appropriate sanctions to them.		
15.6 Consistent with the applicable provisions of Recommendations 26 and 27, countries should ensure that: (a) VASPs are subject to adequate regulation and risk-based supervision or monitoring by a competent authority, including systems for ensuring their compliance with national AML/CFT requirements; (b) supervisors have adequate powers to supervise or monitor and ensure compliance by VASPs with requirements to combat money laundering and terrorist financing, including the authority to conduct inspections, compel the production of information and impose a range of disciplinary and financial sanctions, including the power to withdraw, restrict or suspend the VASP's license or registration, where applicable.		
15.7 In line with Recommendation 34, competent authorities and supervisors should establish guidelines, and provide feedback, which will assist		

VASPs in applying national measures to combat money laundering and terrorist financing, and, in particular, in detecting and reporting suspicious transactions.		
15.8 In line with Recommendation 35, countries should ensure that: (a) there is a range of proportionate and dissuasive sanctions, whether criminal, civil or administrative, available to deal with VASPs that fail to comply with AML/CFT requirements; and (b) sanctions should be applicable not only to VASPs, but also to their directors and senior management.		
15.9 With respect to the preventive measures, VASPs should be required to comply with the requirements set out in Recommendations 10 to 21, subject to the following qualifications: (a) R.10 – The occasional transactions designated threshold above which VASPs are required to conduct CDD is USD/EUR 1 000. (b) R.16 – For virtual asset transfers, countries should ensure that: (i) originating VASPs obtain and hold required and accurate originator information and		

<p>required beneficiary information on virtual asset transfers, submit the above information to the beneficiary VASP or financial institution (if any) immediately and securely, and make it available on request to appropriate authorities;</p> <p>(ii) beneficiary VASPs obtain and hold required originator information and required and accurate beneficiary information on virtual asset transfers, and make it available on request to appropriate authorities;</p> <p>(iii) other requirements of R.16 (including monitoring of the availability of information, and taking freezing action and prohibiting transactions with designated persons and entities) apply on the same basis as set out in R.16; and</p> <p>(iv) the same obligations apply to financial institutions when sending or receiving virtual asset transfers on behalf of a customer.</p>		
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<p>15.10 With respect to targeted financial sanctions, countries should ensure that the communication mechanisms, reporting obligations and monitoring referred to in criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e), 7.3 and 7.4(d) apply to VASPs.</p>		
<p>15.11 Countries should rapidly provide the widest possible range of international cooperation in relation to money laundering, predicate offences, and terrorist financing relating to virtual assets, on the basis set out in Recommendations 37 to 40. In particular, supervisors of VASPs should have a legal basis for exchanging information with their foreign counterparts, regardless of the supervisors' nature or status and differences in the nomenclature or status of VASPs.</p>		

RECOMMENDATION 16

16. Wire transfers *

Ordering financial institutions

16.1 Financial institutions should be required to ensure that all cross-border wire transfers of USD/EUR 1 000 or more are always accompanied by the following:

(a) Required and accurate⁴¹ originator information:

- (i) the name of the originator;
- (ii) the originator account number where such an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction; and
- (iii) the originator's address, or national identity number, or customer identification number, or date and place of birth.

(b) Required beneficiary information:

- (i) the name of the beneficiary; and
- (ii) the beneficiary account number where such an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction.

(a) and (b). It is a compulsory for FIs to gather and collect customer information of all cross-border wire transfers with the amount of equal valent 8 million kip or more as elaborated below:

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.**

“Article 27 Data collection on wire transfer

In each service of wire transfer, s financial institution must gather and check the information on name and surname, address, account number, and purpose of the transferor's transfer. In case of acting as an intermediary of the transfer, a financial institution must ensure that the information on the transferor and details about the transfer are correctly and completely recorded before further delivery to a beneficiary. In case a financial institution receives a transfer with no information or missing information on a transferor, it has to check and find the missing information from a transferring institute or a beneficiary. If the information is not provided, a financial institution receiving the transfer shall refuse the payment to a beneficiary and transfer the money back to a transferring financial institution and immediately report the case to AMLIO. The management of domestic and foreign transfer is defined in a separate regulation.”

- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
- Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015;

	<p>▪ Decision on the Reporting of Wire Transfers in exceeding the specified limit No. 963/BOL, dated 27 November 2015.</p> <p>“Article 5 Data Collection on international wire transfers Financial institutions that process international wire transfers must ensure that the transfers possess complete information as below:</p> <p>1. Funds Transfer Origination Information:</p> <p>1.1 Individuals:</p> <ul style="list-style-type: none"> - First and last name; - Date of birth; - Workplace and location; - Current address (village, district, province, house number and unit); - ID card number, passport number, or other number which may identify the client; - Account number (in the event that an account is used for wire transfer). - And other content necessary. <p>1.2 Legal person:</p> <ul style="list-style-type: none"> - Company name; - Enterprise registration number and date of issuance; - Business type; - Telephone number; - Current company address (village, district, province, house number and unit); - Account number (in the event that an account is used for wire transfer). - And other content necessary. <p>1.3 Organizations:</p> <ul style="list-style-type: none"> - Organization name; - Enterprise registration number and date of issuance; - Business type; - Telephone number; - Current company address (village, district, province, house number and unit); - Account number (in the event that an account is used for wire transfer). - And other content necessary. 	
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	<p>2. Beneficiary information:</p> <p>2.1 Individuals, Legal person or organizations:</p> <ul style="list-style-type: none"> - First and last name, company name or organization name; - Account number (in the event that an account is used to receive funds). <p>In the event that an account is not used in a wire transfer, the ordering financial institutions must collect a transaction reference number.”</p>	
<p>16.2 Where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, the batch file should contain required and accurate originator information, and full beneficiary information, that is fully traceable within the beneficiary country; and the financial institution should be required to include the originator’s account number or unique transaction reference number.</p>	<p>FIs are obliged to gather and collect each of customers information when conducting cross border wire transfers as stipulated in the Law on Anti-Money Laundering and Counter-Financing of Terrorism, Article 27 paragraph.1, and Decision on the Reporting of Wire Transfers in exceeding the specified limit.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 27 paragraph 1 (details stipulated in Rec.16.1).”</p> <ul style="list-style-type: none"> ▪ Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015; <p>“Article 5 (details stipulated in Rec.16.1).”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21/07/2014; - Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015.
<p>16.3 If countries apply a <i>de minimis</i> threshold for the requirements of criterion 16.1, financial institutions should be required to ensure that all cross-border wire transfers below any applicable <i>de minimis</i> threshold (no higher than USD/EUR 1 000) are always accompanied by the following:</p> <p>(a) Required originator</p>	<p>(a) and (b). FIs are obliged to gather and collect each of customers information when conducting all cross-border wire transfers lower than 8 million Kip and conduct other obligation stated in the Decision On the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015, Article 6 Paragraph 2.</p> <ul style="list-style-type: none"> ▪ Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015 <p>“Article 6 Responsibilities of the Ordering Financial Institutions</p>	<ul style="list-style-type: none"> - Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015.

<p>information:</p> <p>(i) the name of the originator; and</p> <p>(ii) the originator account number where such an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction.</p> <p>(b) Required beneficiary information:</p> <p>(i) the name of the beneficiary; and</p> <p>(ii) the beneficiary account number where such an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction</p>	<p>The ordering financial institutions must ensure that the wire transfer has complete information as defined in Article 5 of this decision for both the originator and beneficiary.</p> <p>The ordering financial institutions must ensure that the foreign wire transfer below the specified value has the name of the originator, the name of the beneficiary, account number or transaction reference number of both parties. The ordering financial institutions must keep information on the originator and beneficiary as specified in Article 28 of the Law on AML/CFT.”</p>	
<p>16.4 The information mentioned in criterion 16.3 need not be verified for accuracy. However, the financial institution should be required to verify the information pertaining to its customer where there is a suspicion of ML/TF.</p>	<p>FIs are obliged to pay deeper attention and verify for accuracy of information given by customer when there is a skeptic occurs, despite an amount of transfer proceeds is lower than 8 million Kip as indicated in Law on AML/CFT, Article 22.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014;</p> <p>“Article 22 Enhancing Customer Due Diligence Measures</p> <p>The reporting entities must apply CDD measures to customers for the following cases:</p> <ol style="list-style-type: none"> 1. Provide services or undertaking transactions for new customers; 2. Carrying out occasional, one-off or several suspicious transactions; 3. The transactions are complex, of high value, and show irregular characteristics; 4. The transactions are suspicious of money laundering or financing of terrorism; 5. The information identifying customers is not complete or suspected to be incorrect; <p>In addition, the reporting entities must pay continual attention on customers to</p>	<p>- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p>

	<p>ensure that the previously provided information is up to date and customers' business operations are in accord with their profiles and their business operations' historical records including knowing the sources their financing if necessary.</p> <p>The reporting entities must pay special attention on business dealings or transactions with natural persons, legal persons or organisations in a country where law on AML/CFT does not exist or exists but the enforcement of the law is not strict.</p> <p>The implementing mechanism of Customer Due Diligence measures is defined in a separate regulation.”</p>	
16.5 For domestic wire transfers, the ordering financial institution should be required to ensure that the information accompanying the wire transfer includes originator information as indicated for cross-border wire transfers, unless this information can be made available to the beneficiary financial institution and appropriate authorities by other means.	For domestic wire transfers, the ordering financial institution are obliged to ensure that the information accompanying the wire transfer with amount of 8 million Kip or equivalence and ensure the accuracy of the information obtained as stipulated in the Law on AML/CFT, Article 27 paragraph.1 (details stipulated in Rec.16.1) and the Decision On the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015, Article 5 (details stipulated in Rec.16.1).	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015;
16.6 Where the information accompanying the domestic wire transfer can be made available to the beneficiary financial institution and appropriate authorities by other means, the ordering financial institution need only be required to include the account number or a unique transaction reference number, provided that this number or identifier will permit the transaction to be traced back to the originator or the beneficiary. The ordering financial institution should be required to make the information available within three	<p>For domestic wire transfers, the ordering financial institutions are obliged to collect and ensure that the information accompanying the wire transfer with amount of 8 million Kip or equivalence is obtained correctly as stated in the Decision on the Reporting of Wire Transfers in exceeding the specified limit, Article 6 and 9.</p> <ul style="list-style-type: none"> ▪ Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015. <p>“Article 6 Responsibilities of the Ordering Financial Institutions</p> <p>The ordering financial institutions must ensure that the wire transfer has complete information as defined in Article 5 of this decision for both the originator and beneficiary. The ordering financial institutions must ensure that the foreign wire transfer below the specified value has the name of the originator, the name of the beneficiary, account number or transaction reference number of both parties. The ordering financial institutions</p>	<ul style="list-style-type: none"> - Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015.

business days of receiving the request either from the beneficiary financial institution or from appropriate competent authorities. Law enforcement authorities should be able to compel immediate production of such information.	<p>must keep information on the originator and beneficiary as specified in Article 28 of the Law on AML/CFT.”</p> <p>“Article 9 Reporting obligation</p> <p>Reporting Entities must collect all data of transaction about wire transfer transactions which exceed the value specified in Article 2 of this decision and report to the AMLIO as immediately upon request.”</p>	
16.7 The ordering financial institution should be required to maintain all originator and beneficiary information collected, in accordance with Recommendation 11.	<p>FIs are obliged to maintain all necessary information in line with the Law on AML/CFT, Article 28 and Decision on the Reporting of Wire Transfers in exceeding the specified limit, Article 6 paragraph 3</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. <p>“Article 28 Record-keeping</p> <p>The reporting entities shall carefully maintain records on customers, documents on business relations and transactions of customers for further supply to AMLIO and other concerned organisations. Record maintenance shall observe the following:</p> <ol style="list-style-type: none"> 1. Make copies identification documents of customers and beneficiaries of each transaction and keep them for at least ten years after the end of business relations with the customers; 2. Records on the transactions undertaken by customers shall be kept for at least five years from the date of transaction undertaking.” <ul style="list-style-type: none"> ▪ Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015 <p>“Article 6 (details stipulated in Rec.16.3)”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015.
16.8 The ordering financial institution should not be allowed to	In the event that customers are failed to provide sufficient information that complied with the criteria 16.1-16.7 then such FIs must end the transaction immediately as men-	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of

<p>execute the wire transfer if it does not comply with the requirements specified above at criteria 16.1-16.7.</p>	<p>tioned in the Law on AML/CFT, Article 23 paragraph 3 and Article 27.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. <p>“Article 23: Collection of detailed data on customers The reporting entities must collect, prove and verify the data on natural person customers such as, names and surnames, dates of birth, nationalities, addresses and occupations of customers. For legal entity customers, the reporting entities must collect, prove and verify the data on names and addresses of companies, the identification document of directors, detailed information about shareholders, business operations and sizes. In case of failure to collect detailed data on customers as defined in paragraph one and two of this article, a reporting entity must cease its services provided to or any business relations with that customer and must regard as suspicious transaction and then report it to AMLIO as defined in article 30 and 31 of this Law.”</p> <p>“Article 27 (details stipulated in Rec.16.1)”</p>	<p>Terrorism No. 50/NA, dated 21 July 2014;</p>
<p><i>Intermediary financial institutions</i> 16.9 For cross-border wire transfers, an intermediary financial institution should be required to ensure that all originator and beneficiary information that accompanies a wire transfer is retained with it.</p>	<p>For international wire transfer, an intermediary financial institution is required to ensure that all originator and beneficiary information that accompanies a wire transfer is retained adequately and accurately as indicated in the Law on AML/CFT, Article 27 and Decision on the Reporting of Wire Transfers in exceeding the specified limit, Article 8.</p> <ul style="list-style-type: none"> ▪ Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015. <p>“Article 8 Responsibilities of Intermediary Financial Institutions For international wire transfers, intermediary financial institutions must collect information on the originator and the beneficiary in order to send with the transfer. In the event that information is limited due to a technical issue, then all information sent from the originating financial institutions must be kept per Article 28 of the Law on AML/CFT. For international wire transfers without complete information on the originator or the beneficiary as specified, intermediary financial institutions must follow Article 27 of the</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015.

	<p>Law on AML/CFT.</p> <p>Intermediary financial institutions should have effective policies and procedures in the implementation of assessment measures and administration of risk in order to consider circumstances when denial and termination of wire transfers should occur or in order to specify measures in appropriate monitoring.”</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p> <p>“Article 27 paragraph 1 (details stipulated in Rec.16.1)”</p>	
16.10 Where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, the intermediary financial institution should be required to keep a record, for at least five years, of all the information received from the ordering financial institution or another intermediary financial institution.	Intermediary FIs are required to obtain both originator and beneficiary information. However, when there is a limitation in obtaining such information occurs then the said intermediary FI must follow the Decision On the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015, Article 8 paragraph 1 (details stipulated in Rec.16.9).	- Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015.
16.11 Intermediary financial institutions should be required to take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack required originator information or required beneficiary information.	In the event that intermediary FIs are unable to obtain sufficient information on originator and beneficiary then there is a condition to apply in accordance with the Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015, Article 8 paragraph 2 (details stipulated in Rec.16.9).	- Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated. 27 November 2015.
16.12 Intermediary financial institutions should be required to have risk-based policies and	Intermediary financial institutions are required to effectively conduct risk-based policies and procedures for determining execution, rejection, or suspend a wire transfer where appropriate as stipulated in the Decision on the Reporting of Wire Transfers in exceeding	- Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL,

procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action.	the specified limit No.963/BOL, dated 27 November 2015, Article 8 paragraph.3 (details stipulated in Rec.16.9).	dated. 27 November 2015.
<i>Beneficiary financial institutions</i> 16.13 Beneficiary financial institutions should be required to take reasonable measures, which may include post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack required originator information or required beneficiary information.	<p>Beneficiary financial institutions are obliged to take reasonable measures, which may include post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack required originator information or required beneficiary information as indicated in the Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015, Article 7 paragraph 1.</p> <p>“Article 7 Responsibilities of the Beneficiary Financial Institutions</p> <p>The beneficiary financial institutions, on receiving international wire transfers without complete information on the originator or the beneficiary, must follow Article 27 of the Law on AML/CFT.</p> <p>In the event that a wire transfer has complete information yet the beneficiary has never been examined or verified before, then the beneficiary financial institutions should examine and verify the beneficiary and keep information per Article 28 of the Law on AML/CFT.</p> <p>The beneficiary financial institutions should have effective policies and procedures in the implementation of assessment measures and administration of risk in order to consider circumstances when denial and termination of wire transfers should occur or in order to specify measures in appropriate monitoring.”</p>	<ul style="list-style-type: none"> - Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015.
16.14 For cross-border wire transfers of USD/EUR 1 000 or more ⁴³ , a beneficiary financial institution should be required to verify the identity of the beneficiary, if the identity has not been previously verified, and maintain this information in accordance with Recommendation 11.	For cross-border wire transfers of 8,000,000 Kip or more, a beneficiary financial institution must verify the identity of the beneficiary, if the identity has not been previously verified, then they must maintain this information in accordance with Recommendation 11 as indicated in the Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015, Article 7 paragraph 2 (details stipulatd in Rec.16.13).	<ul style="list-style-type: none"> - Decision on the Reporting of Wire Transfers in exceeding the specified limit No. 963/BOL, dated 27 November 2015.

16.15 Beneficiary financial institutions should be required to have risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action.	Beneficiary financial institutions must conduct inspection or verify identity of beneficiary including to have risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer and apply the appropriated follow-up action as stipulated in the Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015, Article 7 paragraph 3 (details stipulatd in Rec.16.13).	- Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015.
<i>Money or value transfer service operators</i> 16.16 MVTS providers should be required to comply with all of the relevant requirements of Recommendation 16 in the countries in which they operate, directly or through their agents.	MVTS providers must comply with all of the relevant requirements of Recommendation 16 in the countries in which they operate, directly or through their agents as stipulated in the Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016, Article 17. “Article 17 Measures of AML/CFT MVTS providers and Agents shall comply with the obligations as defined in the AML/CFT law, such as KYC, CDD, STR of money laundering and terrorist financing and complied with relevant regulations.”	- The Decision on the supervision of Money Value Transfer Service No 1058/BOL, dated 05 December 2016;
16.17 In the case of a MVTS provider that controls both the ordering and the beneficiary side of a wire transfer, the MVTS provider should be required to: (a) take into account all the information from both the ordering and beneficiary sides in order to determine whether an STR has to be filed; and (b) file an STR in any country affected by the suspicious wire transfer, and make relevant transaction information available to the Financial Intelligence Unit.	(a) and (b). It is an obligation of FIs to take into account all the information given by customers and to examine whether the transaction considered to be suspected for ML/TF if so, they must file a STR and submit to AMLIO as stipulated in Law on Anti-Money Laundering and Counter-Financing of Terrorism, Article 31; the Decision On Reporting Suspicious Transaction Related Money Laundering or Financing of Terrorism, Article 6 paragraph 1, and the Decision on the supervision of Money Value Transfer Service, Article 17. ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. “Article 31: Suspicious transaction report In the case of a suspicion or a cause for a suspicion that a customer`s transaction may be a consequence of a predicate offence, relating or connecting to money laundering and	- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Decision on the supervision of Money Value Transfer Service No.1058/BOL, dated 05 December 2016; - Decision on Reporting Suspicious Transaction Related Money Laundering or Financing of Terrorism No. 13/NCC, Dated 19 October 2015.

	<p>financing of terrorism, reporting entities shall report such transaction to AMLIO within three working days. This reporting requirement extends to a customer's attempt of transaction regardless of completion status and amount of money involved.”</p> <ul style="list-style-type: none"> ▪ Decision on Reporting Suspicious Transaction Related Money Laundering or Financing of Terrorism No.13/NCC, dated 19 October 2015. <p>“Article 6 Reporting</p> <p>In the case of suspicion or act of customer lead to suspicion and may from predicate offence, related and connected to money laundering and financing of terrorism, reporting entities shall report the transaction to the AMLIO as defined in article 31 of Law on AML/CFT.</p> <p>The suspicious transaction report shall complete accordance with the reporting format issued by the AMLIO, reporting format is annexed to this decision.</p> <p>AMLIO may issue guidelines for the internal procedures including the details of suspicious transaction reporting process.”</p> <ul style="list-style-type: none"> ▪ Decision on the supervision of Money Value Transfer Service No. 1058/BOL, dated 05 Dec 2016. <p>“Article 17 (details stipulated in Rec.16.16).”</p>	
<p><i>Implementation of Targeted Financial Sanctions</i></p> <p>16.18 Countries should ensure that, in the context of processing wire transfers, financial institutions take freezing action and comply with prohibitions from conducting transactions with designated persons and entities, as per obligations set out in the relevant UNSCRs relating to the</p>	<p>FIs are prohibited to conduct business relationship with person or organization under the UNSCR designation lists as stipulated in the Law on AML/CFT, Article 52 paragraph 4, including REs are also obliged to conduct preliminary measures on ending and freezing assets or fund related to terrorist in accordance with the UN Resolution 1627 and 1373 as indicated in the Law on AML/CFT, Article 40. In addition to that, there is a specific preliminary measure on Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (Revised) clause 5.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (Revised) No.03/PM, dated 11 February

<p>prevention and suppression of terrorism and terrorist financing, such as UNSCRs 1267 and 1373, and their successor resolutions.</p>	<p>“Article 52 Prohibitions for reporting entities Reporting entities are prohibited related to AML/CFT from the following behaviours:</p> <ol style="list-style-type: none"> 1. Having dealings with anonymous banks, financial institutions, legal persons or organisations; 2. Having dealings with banks abroad that do not have regulations on AML/CFT; 3. Opening anonymous accounts; 4. Having business dealings or performing transactions with natural persons, legal persons or organisations on the United Nations security council list; 5. Other activities that contravene legal regulations.” <p>“Article 40 Seizure, Freezing of funds of terrorists Funds of natural persons and a legal entity including groups of terrorism financiers and international terrorist organizations stipulated in resolutions S/RES/1267 (1999), S/RES/1373 (2001) and their successors of the UN Security Council shall be immediately seized and frozen. The implementing procedures for seizing, freezing funds of terrorists are to observe a specific legislation.”</p> <ul style="list-style-type: none"> ▪ Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism (Revised) No.03/PM, dated 11 February 2016. <p>“5. Withholding, freezing or seizing funds which are associated with terrorism or the financing of terrorism shall observe the followings, 5.1 Reporting entities as defined in Article 17 of the Law on AML/CFT</p> <ul style="list-style-type: none"> - Must regularly monitor their clients that take actions or are related to funds and properties as defined in Section 2 of this Order, and immediately inspect them upon receiving notification regarding the lists of those associated with terrorism or the financing of terrorism from AMLIO; - Reporting entities must use preliminary measures to stop and withhold such funds and properties immediately when their client is found to be on the lists of those 	<p>2016</p>
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	<p>associated with terrorism or the financing of terrorism or making transactions that relate to funds defined in Section 2 of this Order; in the meantime, must report immediately to the Ministry of Public Security and AMLIO;</p> <ul style="list-style-type: none"> - The Ministry of Public Security will issue an order to freeze or seize the funds and properties immediately when receiving a report from a reporting entity. <p>An order to freeze or seize funds and properties shall remain in effect until the prosecution comes to an end or till there is a court's decision.</p> <p>Within thirty days, from the issuance date of the order to freeze or seize funds and properties defined in Section 2 of this Order, the Ministry of Public Security has the duty to consider a suspect, funds and properties as per Section 6 of this Order. For the consideration of s suspect, the funds and properties which are complex or require auditing, inspection in many places, it shall not exceed sixty days. In the event an audit and consolidation of evidence abroad is required, it shall not exceed ninety days from the issuance date of the freezing or seizure order.</p> <p>In the event that such funds and properties are not related or associated with those on lists of those associated with terrorists or the financing of terrorism, the Ministry of Public Security shall inform a reporting entity in writing for their acknowledgement and cancellation of the applied preliminary measures.</p> <p>Reporting entities shall not be liable for anything done or omitted to be done in good faith and without negligence in compliance or purported compliance with Sub-section 5.1 of this Oder.</p> <p>5.2 Withholding, freezing, seizing funds transferred, sent through and serviced by the post office:</p> <ul style="list-style-type: none"> - Postal enterprises shall regularly monitor and immediately inspect postal products, postal packages or mailbags after receiving notification regarding the lists of those associated with terrorists or the financing of terrorism from the Ministry of Public Security; - Postal enterprises shall use preliminary measures to immediately terminate and withhold such funds and properties when finding out that a customer is on the lists of those associated with terrorism or financing of terrorism or makes a transaction 	
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	<p>associated with funds defined in Section 2 of this Order, and in the meantime immediately report to the Ministry of Public Security and the AMLIO;</p> <ul style="list-style-type: none"> - The Ministry of Public Security shall issue an order to freeze, seize funds and properties immediately upon receiving a report from s postal enterprise; - The event of presence and urgency, the Ministry of Public Security shall issue an order to freeze, seize funds and properties immediately within forty-eight hours if postal products, postal packages or mailbags sent from the Lao PDR to foreign countries or from foreign countries to the Lao PDR found to contain or have funds defined in Section 2 of this Order, and the Ministry of Public Security must open or inspect in order to establish the facts. <p>An order to freeze or seize funds and properties shall remain in effect until the prosecution comes to an end or till there is a court`s decision. 6</p> <p>Within thirty days, from the issuance date of the order to freeze or seize funds and properties associated with financing of terrorism found in postal products, postal packages or mailbags, the Ministry of Public Security has the duty to consider a suspect, funds and properties as per Section 6 of this Order. For the consideration of s suspect, the funds and properties which are complex or require auditing, inspection in many places, it shall not exceed sixty days. In the event an audit and consolidation of evidence abroad is required, it shall not exceed ninety days from the issuance date of the freezing or seizure order.</p> <p>In the event that such funds and properties are not related or associated with those on lists of those associated with terrorists or the financing of terrorism, the Ministry of Public Security shall inform a reporting entity in writing for their acknowledgement and cancellation of the applied preliminary measures.</p> <p>Reporting entities shall not be liable for anything done or omitted to be done in good faith and without negligence in compliance or purported compliance with Sub-section 5.1 of this Oder.</p> <p>5.3 Withholding, freezing, seizing funds and properties associated with terrorism or the financing of terrorism in other sectors:</p>	
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	<p>A natural person, legal entity and organization must use preliminary measures to stop and withhold funds and properties defined in section 2 immediately when finding out that their counterparty of business relation or transaction, a natural person, legal entity and organization, is on the lists of those associated with terrorism or the financing of terrorism or making transactions that relate to funds and properties defined in Section 2 of this Order, and immediately report to the Ministry of Public Security and the AMLIO; In the event that there is a sufficient evidence as a results of professional actions, intelligence analysis or a report by a natural persons, legal entity or organization on a detection or encountering of funds and properties as defined in Section 2 of this Order, the Ministry of Public Security shall coordinate with the natural person, legal entity, organization and other relevant sectors to establish the facts, verify that whether or not such funds and properties are associated with terrorists or financing of terrorism, then take action as per Section 6 of this Order. If there is sufficient evidence suggesting of any connection, the ministry of public security shall issue the order to seize or freeze such funds and properties immediately.</p> <p>Within thirty days, from the issuance date of the order to freeze, seize funds and properties defined in Section 2 of this Order, the Ministry of Public Security has the duty to consider a suspect, funds and properties as per Section 6 of this Order. For the consideration of s suspect, the funds and properties which are complex or require auditing, inspection in many places, it shall not exceed sixty days.</p>	
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RECOMMENDATION 17

RELIANCE, CONTROLS AND FINANCIAL GROUPS

17. Reliance on third parties *

<p>17.1 If financial institutions are permitted to rely on third-party financial institutions and DNFBPs to perform elements (a)-(c) of the CDD measures set out in Recommendation 10 (identification of the customer; identification of the beneficial owner; and understanding the nature of the business) or to introduce business, the ultimate responsibility for CDD measures should remain with the financial institution relying on the third party, which should be required to:</p> <p>(a) obtain immediately the necessary information concerning elements (a)-(c) of the CDD measures set out in Recommendation 10;</p> <p>(b) take steps to satisfy itself that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay;</p> <p>(c) satisfy itself that the third party is regulated, and supervised or monitored for, and has measures in place for compliance with, CDD</p>	<p>(a) FIs are obliged to obtain information as defined in component (a) of CDD measures set out in Rec.10 as stipulated in the Agreement on Know Your Customers and Customer Due Diligence Article 14;</p> <p>(b) The implementation of a third party identification and related authenticity of document is identified in the Agreement On Know Your Customers and Customer Due Diligence, Article 15 (Paragraph 3) clause 1.</p> <p>(c) FIs are obliged to ensure that the third party is regulated, and supervised or monitored by undertaking the measures given as indicated in the CDD and record-keeping requirements in line with Recommendations 10 and 11 as stated in the Agreement on Know Your Customers and Customer Due Diligence, Article 19.</p>	<p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016;</p>
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<p>and record-keeping requirements in line with Recommendations 10 and 11.</p>	<p>The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.</p> <p>“Article 14 Managing Risk for High Risk Customers</p> <p>The reporting entities must implement the risk management as specified in article 12 of this agreement and to consider the risks of money laundering and financing of terrorism as risk factors as follows:</p> <p>1. Risk factors that caused from customers to consider at least two cases as following:</p> <p>1.1. In case of identification or beneficial owner that indicates customers or beneficial owner has any features as follows:</p> <ul style="list-style-type: none"> - the structure of stakeholder is complex or unusual compared when compared with the nature of business; - the political exposed person; - conducting business or a profession with high risk; - conducting business or active transactions of customers using the cash which does not consistent to business customers; - no Lao nationality or not lives in Laos; - the legal entities or legal arrangement has settled other's funds. - the legal entities who was hold of shareholders or shares issued in the form of anonymous holder; - information is considered that evidence of customers is a high-risk customer; - other natures that determined by AMLIO. <p>1.2. in the event of the result of audit was found that the transactions or business relationships of clients has conducted in a manner unusual.</p> <p>2. Risk factors on products and services, conducting transactions or channel of service must consider at least the following:</p>	
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	<p>2.1. Establishing the business relationships or transactions with legal entities who has no enterprise license or permission on conducting business but is not required by law;</p> <p>2.2. Establishing the business relationships or transactions that are not revealed real name;</p> <p>2.3. Establishing the relationships business or non-face to face operation;</p> <p>2.3. Transfer money from unknown people or not relevant third party;</p> <p>2.4. other natures that determined by AMLIO.</p> <p>3. Factors as risks from high risk areas or countries such as the client is temporary or permanent, occupation, source of income or active transactions in high risk areas or countries on money laundering and financing terrorism as defined by AMLIO and stakeholders in each period.</p> <p>the reporting entities must take the risk factors as defined in paragraph 1 of this article to consider the risk of clients as strictly in the case of reporting entities was assessed on risk factors with other information of customers, if it is possible in the paragraph 1 of this article that is a high risk customers must take measures on customer due diligence to those customers.</p> <p>the reporting entities may consider other factors such as channel providers, type of transaction, type of financial products and information of the customer's lists from other source to be a factor to determine high risk with the risk factors as set in paragraph 1 of this article.</p> <p>“Article 15 Measures for Customer Due Diligence</p> <p>Reporting units must use measures for customer due diligence as specified in Paragraph 2 of this Article by referring to assessing and managing risk as specified in Article 12 of this agreement in order that it may be known or verified that the client that it is searching about as specified in Article 7 of this agreement uses information and evidence or documents that are correct or legal which are the client’s own and not someone else’s; actual beneficiary of the transaction or the creation of business relationships that the client is building or carrying out and clients that are unrelated, unconnected, unlinked to money laundering or financing of terrorism or other violations. Reporting units must use measures for customer due diligence for their own clients as follows:</p>	
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	<ol style="list-style-type: none"> 1. Identification of customers and checks to verify information and evidence or documents that the customer uses to verify themselves from reliable sources; 2. Identification of actual beneficiaries of clients and uses appropriate measures to check and verify the identity of actual beneficiaries for legal entities or individuals with legal agreement including ownership structures and supervising clients of legal entities or individuals that have such legal agreement; 3. Use of necessary measures in appropriate situations in order to request information on the objectives and type of business relationship; 4. Verify in order to know the facts regarding business relationships of clients continuously and verifying the making of transactions during the entire period of building their relationship in order to be able to know that the transaction made by the client is in accordance with existing information provided by the client; 5. In necessary circumstances, there should be a measure in order to know the source of funds or revenue of the client. <p>In addition to reporting units which must implement Clauses 1 through 5 of Paragraph 2 of this Article, reporting units must verify information of clients and actual beneficiaries of clients with information related to lists of individuals, legal entities or organizations as follows:</p> <ol style="list-style-type: none"> 1. Individuals, legal entities or organizations which are specified on lists of individuals, legal entities or organizations in resolutions of the Security Council of the United Nations regarding terrorism or financing or terrorism; 2. Individuals, legal entities or organizations which are specified on internal lists of the Lao PDR. <p>Reporting units must use measures for customer due diligence for people who will become customers or on existing customers with special care through the use of these measures so that the customer does not realize or know that they are facing measures for customer due diligence. In the event that it is found that their measures for customer due diligence are a warning to customers that they are facing such measures, reporting units may consider the ending of such measures for customer due diligence and report on transactions that are suspected of money laundering or financing terrorism to the AMLIO.”</p>	
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	<p>“Article 19 Measures for Customer Due Diligence for those who Make Transactions on Behalf of Customers</p> <p>the reporting entities must take measures of customer due diligence as specified in Article 15 of the Agreement This person claimed that the transaction represents a customer must be able to verify that the person is assigned by the client really all be identified and checking for identity document of those persons.”.</p>	
<p>17.2 When determining in which countries the third party that meets the conditions can be based, countries should have regard to information available on the level of country risk.</p>	<p>When FIs determining in which countries the third party that meets the conditions can be based, FIs are obliged to have regard to information available on the level of country risk as indicated in the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016, Article 12 (clause 3) and Article 14.</p> <p>“Article 12 Risk Management</p> <p>Reporting units must uphold principles of assessing and managing risk of money laundering and financing of terrorism as specified in Article 20 in the Law on AML/CFT and should improve their own policies, principles, procedures or regulations per the standard conditions specified by the AMLIO periodically.</p> <p>Reporting units must assess and manage risk on the basis of at least identifying, valuing, monitoring and reducing risk of money laundering and financing of terrorism which may arise in themselves, for instance existing or new products, existing or new methods for conducting business, methods or procedures in servicing or conducting business, the use of new technology in servicing or conducting business. If risks are found, there must be appropriate measures in order to reduce the risk of money laundering and financing of terrorism before servicing, conducting business and creating business relationships with new and old clients.</p> <p>Reporting units must consider the intensity of measures for customer due diligence for all of their customers in accordance with the risk of money laundering and financing of terrorism of the client. If the client has a high level of risk, deep measures must be implemented for customer due diligence. If the client has a low level of risk, easy measures must be implemented for customer due diligence which must be counted as part of policy, procedures, principles or regulations in assessing and managing their risk. For information and evidence or identity verification documents of various clients which</p>	<p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.</p>

	<p>are considered in the management of risk of money laundering and financing of terrorism, which are stored, the information must be audited and improved to be current information through even implementation until cessation of relationship with the client. Reporting units must carry out policies, procedures, principles or regulations in assessing and managing their risk as specified in Paragraphs 2 to 3 of this Article while serving, processing transactions and creating business relationships or while ceasing the service, the processing of transactions and the creation of business relationships.”</p> <p>“Article 14 Managing Risk for High Risk Customers</p> <p>xxx</p> <p>3. Factors as risks from high risk areas or countries such as the client is temporary or permanent, occupation, source of income or active transactions in high risk areas or countries on money laundering and financing terrorism as defined by AMLIO and stakeholders in each period.”</p> <p>xxx</p>	
<p>17.3 For financial institutions that rely on a third party that is part of the same financial group, relevant competent authorities may also consider that the requirements of the criteria above are met in the following circumstances:</p> <p>(a) the group applies CDD and record-keeping requirements, in line with Recommendations 10 to 12, and programmes against money laundering and terrorist financing, in accordance with Recommendation 18;</p> <p>(b) the implementation of those CDD and record-keeping requirements and AML/CFT</p>	<p>(a) The financial group undertaking CDD and record-keeping as identified in Rec.10-12 and AML/CFT programmed in which consistent with Rec.18 on the FIs that rely on a third party as part of the same financial group such as branch and their affiliate in both domestic and abroad are obliged to comply with the Law on AML/CFT, Article 18;</p> <p>(b) the implementation of those CDD and record-keeping, as well as the AML/CFT programmed under the supervision of competent authority are stated in the Law on AML/CFT Article 18, clause 1, 3, 4, 5, 6 and 10, and the Decree on Entrust and Re-</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Decree on Entrust and Responsibilities in Implementing the Activities of Anti-Money Laundering and Counter-financing of Terrorism No. 127/Gov, dated 20 February 2020.

<p>programmes is supervised at a group level by a competent authority; and</p> <p>(c) any higher country risk is adequately mitigated by the group's AML/CFT policies.</p>	<p>sponsibilities in Implementing the Activities of Anti-Money Laundering and Counter-financing of Terrorism No. 127/Gov, dated 20 February 2020.</p> <p>(c) The use of the AML/CFT policies are adequately enable to mitigate a higher country risk as stipulated in AML/CFT Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p> <p>“Article 18 Rights and Obligations of reporting entities The reporting entities have the following rights and obligations:</p> <ol style="list-style-type: none"> 1. Developing AML/CFT Programme; 2. Implementing risk assessment and risk-based management principles; 3. Implementing Know Your Customer measures; 4. Enhancing Customer Due Diligence measures; 5. Gathering detailed information on customers; 6. Gathering information about customers' transactions; 7. Dealing with PEPs; 8. Dealing with corresponding banks; 9. Collecting data on wire transfer; 10. Maintaining records; 11. Postponing transactions; 12. Reporting; 13. Reporting suspicious transactions; 14. Maintaining reporting confidentiality. <p>Overseas branches and subsidiaries in the group of the reporting entities are obliged to observe articles 19 to 32 of this law.”</p>	
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RECOMMENDATION 18

18. Internal controls and foreign branches and subsidiaries *

18.1 Financial institutions should be required to implement programmes against ML/TF, which have regard to the ML/TF risks and the size of the business, and which include the following internal policies, procedures and controls:

(a) compliance management arrangements (including the appointment of a compliance officer at the management level);

(a) Compliance management arrangements (including the appointment of a compliance officer at the management level) is identified in the Instruction On Suspected Transactions Reporting on Money Laundering Or Financing Terrorism, Article 3 (Paragraph 3)

- **Instruction on Suspected Transactions Reporting on Money Laundering or Financing Terrorism No.42/AMLIU, dated 12 January 2016.**

“Article 3 Responsibilities

Administrative assemblies, the board of directors, managers and committee of international branch managers of reporting entities need to create and organize various internal policies, plans, procedures, principles, systems and regulations regarding AML/CFT to be efficient and effective.

If the reporting entities have enough conditions must establish specific department or division for responsible to AML/CFT in the head office, including staffs at least 3 persons and for the branch must appoint the compliance officer at least 2 persons as follow:

- Instruction on Suspected Transactions Reporting on Money Laundering or Financing Terrorism No.42/AMLIU, dated 12 January 2016;
- The AML/CFT On-site Inspection Manual dated 08 August 2018.

<p>(b) screening procedures to ensure high standards when hiring employees;</p> <p>(c) an ongoing employee training programme; and</p> <p>(d) an independent audit function to test the system.</p>	<p>1. The compliance officer at the head office level it is called: Anti-Money Laundering Compliance Officer of the Head Office “AMLCO” or in English: Anti-Money Laundering Compliance Officer who must be at the level of director or senior employee with good qualifications;</p> <p>2. The compliance officer at the branch office level it is called: Branch Anti-Money Laundering Officer “BAMLO” or in English “Branch Anti-Money Laundering Officer who should be at the manager or deputy manager level or acting branch manager, in the event of a foreign branch, it should be at the level of director or manager or deputy manager or acting manager.</p> <p>If reporting entities did not have enough conditions must appoint compliance officer for responsible to AML/CFT at least 2 persons.</p> <p>The compliance officer of each reporting entities who was appointed must be in charge of the organization of AML/CFT activities, so must have basic responsibilities as specified in Article 19, Paragraph 1 of the Law on AML/CFT and as additionally specified by the AMLIO.”</p> <p>(b) The FIs operating within the Lao PDR are to ensure a level of high standard in terms of staff recruitment procedure is applied in consistent with the Law on AML/CFT, Article 19 clause 1.</p> <p>(c) including an ongoing staff training programs on AML/CFT is in place, Article 19, clause 2.</p> <p>(d) The internal inspection staff can freely conduct its role and function on performance appraisal to evaluate and ensure effectiveness as identified in Law on AML/CFT, Article 19, clause 3 and the AML/CFT On-site Inspection Manual dated 08 August 2018, Clause 14 (2nd dash);</p> <p>“14. Internal inspection</p> <p>The inspectors shall make the assessment of the AML/CFT activities of the financial institutions to be in consistent with the relevant legislations as fol-</p>	
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	<p>low:</p> <ul style="list-style-type: none"> • The inspectors shall inspect to see if the heads of the inspection units have clearly set up the inspection plan of each year and such plans have or not been approved in term of scope and contents for inspection, to see if are there such topics of AML/CFT activities to be subject of the yearly inspection, such as, the number of the inspected customers, the inspection pursuant to such forms issued by AMLIO, • The inspectors shall inspect to see whether the internal inspectors are or not independent in conducting the inspection of AML/CFT activities, • The inspectors shall inspect to see whether the internal inspectors of the financial institutions have or have not conducted the inspection and made the timely report on the same; if not, such time of inspection shall be extended in reasonable manner, • The inspectors shall inspect to see whether the financial institutions have or have not set the requirements of AML/CFT activities of the internal inspection and have they been trained, • The inspectors shall inspect to see whether the internal inspectors have or have not conducted the activities of the customer service units to see if such units are fully complied with the regulations and orders issued by the financial institutions and with the rules and order of the AMLIO and NACAML, • The inspectors shall follow up the implementation of the results of the previous inspections to see if such results have been resolved or are there any issues to be resolved. • The inspectors shall make observation of the internal inspectors of the financial institutions to see if they are conducted other inspections.” <p>“Article 19 AML/CFT Programme Development</p> <p>The reporting entities must develop and implement AML/CFT programmes as follow:</p> <ol style="list-style-type: none"> 1. Developing AML/CFT policies and procedures, and internally auditing the qualified staff selection procedure; 2. Developing AML/CFT training programs, and undertaking on-going training for staffs; 3. Internally auditing the implementation of this Law and other related laws and regulations; 	
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	<p>4. Evaluating their AML/CFT efforts.</p> <p>The reporting entities must appoint a qualified information gathering and reporting staff with AML/CFT experiences at the management or senior level to take charge of the work stipulated in paragraph 1 of this article, who will also serve as a coordinator with AMLIO.”</p>	
<p>18.2 Financial groups should be required to implement group-wide programmes against ML/TF, which should be applicable, and appropriate to, all branches and majority-owned subsidiaries of the financial group. These should include the measures set out in criterion 18.1 and also:</p> <p>(a) policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management;</p> <p>(b) the provision, at group-level compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes. This should include information and analysis of transactions or activities which appear unusual (if such analysis was done)⁴⁵. Similarly branches and subsidiaries should receive such information from these group-level functions when relevant and appropriate to risk management ; and</p> <p>(c) adequate safeguards on the</p>	<p>(a), (b) and (c) The financial group including all branches and its affiliate is obliged to effectively undertaking the obligations of REs as identified in the Law on AML/CFT No. 50/NA, dated 21 July 2014, Article 18.</p> <p>“Article 18 Rights and Obligations of reporting entities</p> <p>The reporting entities have the following rights and obligations:</p> <ol style="list-style-type: none"> 1. Developing AML/CFT Programme 2. Implementing risk assessment and risk-based management principles; 3. Implementing Know Your Customer measures; 4. Enhancing Customer Due Diligence measures; 5. Gathering detailed information on customers; 6. Gathering information about customers’ transactions; 7. Dealing with PEPs; 8. Dealing with corresponding banks; 9. Collecting data on wire transfer; 10. Maintaining records; 11. Postponing transactions; 	<p>- Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p>

<p>confidentiality and use of information exchanged, including safeguards to prevent tipping-off.</p>	<p>12. Reporting; 13. Reporting suspicious transactions; 14. Maintaining reporting confidentiality.</p> <p>Overseas branches and subsidiaries in the group of the reporting entities are obliged to observe articles 19 to 32 of this law.</p> <p>In case the laws of the country where the branches subsidiaries in the group of the reporting entities are located do not allow the application of these obligations, the reporting entities shall notify their supervisory authorities.</p>	
<p>18.3 Financial institutions should be required to ensure that their foreign branches and majority-owned subsidiaries apply AML/CFT measures consistent with the home country requirements, where the minimum AML/CFT requirements of the host country are less strict than those of the home country, to the extent that host country laws and regulations permit.</p> <p>If the host country does not permit the proper implementation of AML/CFT measures consistent with the home country requirements, financial groups should be required to apply appropriate additional measures to manage the ML/TF risks, and inform their home supervisors.</p>	<p>An entire FIs and its affiliate is obliged to undertake the AML/CFT standard, in the event that the host country does not permit the proper implementation of AML/CFT measures consistent with the home country requirements, then financial groups must apply appropriate additional measure as identified in the Law on AML/CFT, Article 18 (details stipulated in Rec18.2).</p>	<p>- Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.</p>

RECOMMENDATION 19

19. Higher-risk countries *

<p>19.1 Financial institutions should be required to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.</p>	<p>FIs are obliged to apply enhanced due diligence as stated in the Law on Anti-Money Laundering and Counter-Financing of Terrorism, Article 20 and The Agreement On Know Your Customers and Customer Due Diligence, Article 14 (clause 3) and Article 17.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. <p>“Article 20 Implementing risk assessment and risk-based management principles The reporting entities shall implement risk assessment and risk-based management principles on money laundering and financing of terrorism by determining, assessing, monitoring and mitigating such risks. The mechanism to implement risk assessment and risk-based management principles is defined in a separate regulation.”</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016. <p>Article 14 Managing Risk for High Risk Customers The reporting entities must implement the risk management as specified in article 12 of this agreement and to consider the risks of money laundering and financing of terrorism as risk factors as follows: 1. Risk factors that caused from customers to consider at least two cases as following: 1.1. In case of identification or beneficial owner that indicates customers or beneficial owner has any features as follows: - the structure of stakeholder is complex or unusual compared when compared with the nature of business;</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016;
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	<ul style="list-style-type: none"> - the political exposed person; - conducting business or a profession with high risk; - conducting business or active transactions of customers using the cash which does not consistent to business customers; - no Lao nationality or not lives in Laos; - the legal entities or legal arrangement has settled other's funds. - the legal entities who was hold of shareholders or shares issued in the form of anonymous holder; - information is considered that evidence of customers is a high-risk customer; - other natures that determined by AMLIO. <p>1.2. in the event of the result of audit was found that the transactions or business relationships of clients has conducted in a manner unusual.</p> <p>2. Risk factors on products and services, conducting transactions or channel of service must consider at least the following:</p> <p>2.1. Establishing the business relationships or transactions with legal entities who has no enterprise license or permission on conducting business but is not required by law;</p> <p>2.2. Establishing the business relationships or transactions that are not revealed real name;</p> <p>2.3. Establishing the relationships business or non-face to face operation;</p> <p>2.3. Transfer money from unknown people or not relevant third party;</p> <p>2.4. other natures that determined by AMLIO.</p> <p>3. Factors as risks from high risk areas or countries such as the client is temporary or permanent, occupation, source of income or active transactions in high risk areas or countries on money laundering and financing terrorism as defined by AMLIO and stakeholders in each period.</p> <p>The reporting entities must take the risk factors as defined in paragraph 1 of this article to consider the risk of clients as strictly in the case of reporting entities was assessed on risk factors with other information of customers, if it is possible in the paragraph 1 of this article that is a high risk customers must take measures on customer due diligence to</p>	
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	<p>those customers. the reporting entities may consider other factors such as channel providers, type of transaction, type of financial products and information of the customer's lists from other source to be a factor to determine high risk with the risk factors as set in paragraph 1 of this article.</p> <p>“Article 17 Cursory Measures for Customer Due Diligence</p> <p>After the reporting entities had conducting the managing risk as specified in article 13 of this agreement, if they had known their customer has high risk in money laundering or financing terrorism the reporting entities must take measure of customer due diligence as least following:</p> <ol style="list-style-type: none"> 1. determine more the procedure or get more request information from customers such as the information or evidence in operation or activities of business, information sources of capital or income and information about the purpose of conducting transactions or relationship business. to determine the process to consider referring to the relationship of business with the reporting entities that reliable in anti-money laundering and financing of terrorism as a reason to request more information. 2. determine the senior manager to approval in conducting transactions or relationships with business with high risk customers and approve the audit information procedures of customer due diligence in case of customers have high risk, which may cause that make reporting entities to fall in the necessary tools or source of money laundering and financing of terrorism. reporting entities to deny or terminate relationships in transactions or relationships with business customers such report transactions suspected of money laundering or the financing of terrorism to the AMLIO. 3. determine the procedures to detect movement of financial high-risk customers as strictly by considering increasing frequency, step or track the relationship business and active in making transactions also more frequently check the identity and those beneficial owner of customer and reporting entities must conducting these steps as regularly.” 	
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<p>19.2 Countries should be able to apply countermeasures proportionate to the risks: (a) when called upon to do so by the FATF; and (b) independently of any call by the FATF to do so.</p>	<p>(a) and (b) The counter measures and the prohibition of REs was clearly stipulated in the Law on AML/CFT, Article 52. Besides, it also stipulated in the Agreement on Know Your Customers and Customer Due Diligence, Article 14 clause 3, 17</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. <p>“Article 52 Prohibitions for reporting entities Reporting entities are prohibited related to AML/CFT from the following behaviours: Unofficial Translation</p> <ol style="list-style-type: none"> 1. Having dealings with anonymous banks, financial institutions, legal persons or organisations; 2. Having dealings with banks abroad that do not have regulations on AML/CFT; 3. Opening anonymous accounts; 4. Having business dealings or performing transactions with natural persons, legal persons or organisations on the United Nations security council list; 5. Other activities that contravene legal regulations.” <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence. <p>“Article 14 and 17 (details stipulated in Rec.19.1)</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.
<p>19.3 Countries should have measures in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries.</p>	<p>The AMLIO had issued a Notification Letter to all REs on the enable of accessing the AMLIO Information, this can be done electronically through AMLIO’s website, which is also REs can further get access to more broadly via international organization information namely UN, APG and FATF’s website in order for REs to get up to date on AML/CFT risk situation of other jurisdictions.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.

RECOMMENDATION 20

REPORTING OF SUSPICIOUS TRANSACTIONS		
20. Reporting of suspicious transactions *		
20.1 If a financial institution suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to TF, it should be required to report promptly its suspicions to the Financial Intelligence Unit.	<p>20.1 and 20.2 By Law, it is an obligation of all REs to report to AMLIO promptly in the event of suspect or has reasonable ground to suspect that the transaction of such funds are the proceeds of criminal and involve financing of terrorism activities, including an attempt to conduct transaction by customer for both completed or incomplete transaction irrespective of the volume of funds as indicated in the Law on AML/CFT, Article 31.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 31 Suspicious transaction report In the case of a suspicion or a cause for a suspicion that a customer’s transaction may be a consequence of a predicate offence, relating or connecting to money laundering and financing of terrorism, reporting entities shall report such transaction to AMLIO within three working days. This reporting requirement extends to a customer’s attempt of transaction regardless of completion status and amount of money involved.”</p> <p>Moreover, Lao PDR has also sub-legislations related to suspicious transaction reports in place as follow:</p> <ul style="list-style-type: none"> - Decision on Reporting Suspicious Transaction Related Money Laundering or Financing of Terrorism No.13/NCC, dated 19 October 2015; - Instruction on Suspected Transactions Reporting on Money Laundering or Financing Terrorism No.42/AMLIU, dated. 12 January 2016; - Instruction on Indicators of Transactions Suspected of Money Laundering or Financing Terrorism No.41/AMLIU, dated 12 January 2016. 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decision on Reporting Suspicious Transaction Related Money Laundering or Financing of Terrorism No. 13/NCC, dated 19 October 2015; - Instruction on Suspected Transactions Reporting on Money Laundering or Financing Terrorism No 42/AMLIU, dated 12 January 2016; - Instruction on Indicators of Transactions Suspected of Money Laundering or Financing Terrorism No. 41/AMLIU, dated 12 January 2016.
20.2 Financial institutions should be required to report all suspicious transactions, including attempted transactions, regardless of the amount of the transaction.		

RECOMMENDATION 21

21. Tipping-off and confidentiality

<p>21.1 Financial institutions and their directors, officers and employees should be protected by law from both criminal and civil liability for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith to the FIU. This protection should be available even if they did not know precisely what the underlying criminal activity was, and regardless of whether illegal activity actually occurred.</p>	<p>By Law, financial institutions and their directors, officers and employees who working on AML/CFT task are protected by law from both criminal and civil liability for breach of any restriction on disclosure of information imposed by contract, which can refer to the Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014, Article 11 and 32 (last Paragraph);</p> <p>“Article 11 Protection</p> <p>Staffs and officers working on AML/CFT including those participating in this work such as informants, information processors, witnesses, experts and their families, shall be protected in accordance with laws against revenge and threats against life, health, freedom and damage to their dignities, reputations or private properties.”</p> <p>“Article 32 Confidentiality</p> <p>The management and staffs of the reporting entities shall maintain a confidentiality of transaction report in suspicious of money laundering or financing of terrorism or other information reported to AMLIO.</p> <p>A clause on maintaining customers’ confidentiality by the reporting entities as defined in their internal regulation or agreement shall comply with this law.</p> <p>The management and staffs of the reporting entities will not be disciplined or prosecuted on the ground of disclosing customers’ secrets, if the reporting or the provision of such information is done with good faith and in compliance with this law, and will not be held liable for any wrongdoing.”</p>	<p>- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.</p>
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<p>21.2 Financial institutions and their directors, officers and employees should be prohibited by law from disclosing the fact that an STR or related information is being filed with the Financial Intelligence Unit. These provisions are not intended to inhibit information sharing under Recommendation 18.</p>	<p>By Law, financial institutions and their directors, officers and employees who working on AML/CFT are prohibited to trigger the fact that STR is being filed and send to the FIU including related information, which can be referred to the Agreement On Know Your Customers and Customer Due Diligence, Article 28 and the Law on Anti-Money Laundering and Counter-Financing of Terrorism, Article 32.</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016. <p>“Article 28 Tipping-off It is forbidden for employees, managers, supervisors, directors, board of directors, management assembly and those related to AML/CFT or the use of various measures as specified in this agreement of reporting units to reveal information or have behaviour or actions or through other methods which will make the customer aware that he/she is facing measures of customer due diligence or reporting on transactions suspected of money laundering or financing terrorism or any reporting of information on the client to the AMLIO.”</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. <p>“ Article 32 (details stipulated in Rec.21.1)”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.
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RECOMMENDATION 22

DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS

22. DNFBPs: customer due diligence *

<p>22.1 DNFBPs should be required to comply with the CDD requirements set out in Recommendation 10 in the following situations:</p> <p>(a) Casinos – when customers engage in financial transactions equal to or above USD/EUR 3 000.</p> <p>(b) Real estate agents – when they are involved in transactions for a client concerning the buying and selling of real estate .</p> <p>(c) Dealers in precious metals and dealers in precious stones – when they engage in any cash transaction with a customer equal to or above USD/EUR 15,000.</p> <p>(d) Lawyers, notaries, other independent legal professionals and accountants when they prepare for, or carry out, transactions for their client concerning the following activities:</p> <ul style="list-style-type: none"> - buying and selling of real estate; - managing of client money, securities or other assets; 	<p>(b), (d) and (e) REs are obliged to undertake CDD when on boarding business relationship with customer as stipulated in the Law on AML/CFT, Article 22, and as per to (a) and (c) can be referred to the Agreement On Know Your Customers and Customer Due Diligence, Article 16 clause 2.</p> <p>Moreover, Lao PDR has plan to establish and amend legislations on KYC/CDD for REs in responding to business characteristics of each sector.</p> <p>In addition to (e) recently, Trust company is yet to operate in Lao PDR.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 22: Enhancing Customer Due Diligence Measures</p> <p>The reporting entities must apply CDD measures to customers for the following cases:</p> <ol style="list-style-type: none"> 1. Provide services or undertaking transactions for new customers; 2. Carrying out occasional, one-off or several suspicious transactions; 3. The transactions are complex, of high value, and show irregular characteristics; 4. The transactions are suspicious of money laundering or financing of terrorism; 5. The information identifying customers is not complete or suspected to be incorrect; <p>In addition, the reporting entities must pay continual attention on customers to ensure that the previously provided information is up to date and customers’ business operations are in accord with their profiles and their business operations` historical records including knowing the sources their financing if necessary.</p> <p>The reporting entities must pay special attention on business dealings or transactions with natural persons, legal persons or organisations in a country where law</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016; - Work Plan on Drafting Agreement on KYC/CDD, dated 10 February 2020.
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<ul style="list-style-type: none"> - management of bank, savings or securities accounts; - organisation of contributions for the creation, operation or management of companies; - creating, operating or management of legal persons or arrangements, and buying and selling of business entities. <p>(e) Trust and company service providers when they prepare for or carry out transactions for a client concerning the following activities:</p> <ul style="list-style-type: none"> - acting as a formation agent of legal persons; - acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons; - providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement; - acting as (or arranging for another person to act as) a trustee of an express trust or performing the equivalent function for another form of legal arrangement; - acting as (or arranging for another person to act as) a 	<p>on AML/CFT does not exist or exists but the enforcement of the law is not strict.</p> <p>The implementing mechanism of Customer Due Diligence measures is defined in a separate regulation.”</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016. <p>“ Article 16 The Use of Measures for Customer Due Diligence During Service or Creating Business Relationships with the Customers</p> <p>Reporting units must use measures for customer due diligence during service or creating business relationships with their customers in each situation as specified in Paragraph 1 of Article 22 of the Law on AML/CFT.</p> <p>In addition, reporting units must carry out Paragraph 1 of this Article but also use measures for customer due diligence in circumstances as follows:</p> <ol style="list-style-type: none"> 1. When creating business relationships with their clients; 2. Clients occasionally make transactions which have value of 100,000,000 kip (one hundred million kip) or more or equivalent; 3. Clients occasionally transfer funds which have a value of 8,000,000 kip (8 million kip) or more or equivalent; 4. There is information or suspicion that making a transaction or creating business relationships of the client is money laundering and financing terrorism.” <p>In addition to (e) recently, Trust company is yet to operate in Lao PDR.</p>	
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nominee shareholder for another person.		
22.2 In the situations set out in Criterion 22.1, DNFBPs should be required to comply with the record-keeping requirements set out in Recommendation 11.	<p>By law, DNFBPs are considered as REs, which are obliged to maintain record keeping as indicated in Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014, Article 28.</p> <p>“Article 28 Record-keeping</p> <p>The reporting entities shall carefully maintain records on customers, documents on business relations and transactions of customers for further supply to AMLIO and other concerned organisations.</p> <p>Record maintenance shall observe the following:</p> <ol style="list-style-type: none"> 1. Make copies identification documents of customers and beneficiaries of each transaction and keep them for at least ten years after the end of business relations with the customers; 2. Records on the transactions undertaken by customers shall be kept for at least five years from the date of transaction undertaking.” 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.
22.3 In the situations set out in Criterion 22.1, DNFBPs should be required to comply with the PEPs requirements set out in Recommendation 12.	<p>An entire DNFBPs are obliged to comply with PEPs requirements as set out in the Law on AML/CFT, Article 25, and the The Agreement on Know Your Customers and Customer Due Diligence, Article 20.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 25 Dealings with PEPs</p> <p>The reporting entities must have an appropriate risk management system to find out whether customers or beneficiaries are PEPs.</p> <p>In addition to articles 19 to 32 of this Law, the reporting entities shall also observe the followings:</p> <ol style="list-style-type: none"> 1. Report to their board of directors or their senior executive officers to request for permission to initiate or continue transactions with such customers; 2. Take appropriate measures to identify sources of funds or properties; 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.

	<p>3. Monitor such customers` business relations and transactions continually”</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016. <p>“Article 20 Measures for Customer Due Diligence for Politically Exposed Persons In the event of the customers of reporting entities is politically exposed persons beside of the follow the second paragraph of Article 25 of AML/CFT law it also needs the following:</p> <ol style="list-style-type: none"> 1. determine the high-risk customers including take the measures of customer due diligence; 2. Identify the customer is which politically exposed persons as defined in Article 13, 14 and 15 of AML/CFT law; 3. consider to make suspected transaction report of money laundering or financing terrorism to AMLIO immediately; 4. to take the measures to on-going monitory as defined in Article 26 of this Agreement to the customer. 	
22.4 In the situations set out in Criterion 22.1, DNFBPs should be required to comply with the new technologies requirements set out in Recommendation 15.	<p>An entire DNFBPs are obliged to comply with the management as in the Agreement on Know Your Customers and Customer Due Diligence, Article 12 (clause 2).</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016 <p>“Article 12 Risk Management Reporting units must uphold principles of assessing and managing risk of money laundering and financing of terrorism as specified in Article 20 in the Law on AMLCFT and should improve their own policies, principles, procedures or regulations per the standard conditions specified by the AMLIO periodically. Reporting units must assess and manage risk on the basis of at least identifying, valuing, monitoring and reducing risk of money laundering and financing of terrorism which may arise in themselves, for instance existing or new products, existing or new</p>	<p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.</p>

	<p>methods for conducting business, methods or procedures in servicing or conducting business, the use of new technology in servicing or conducting business. If risks are found, there must be appropriate measures in order to reduce the risk of money laundering and financing of terrorism before servicing, conducting business and creating business relationships with new and old clients.</p> <p>Reporting units must consider the intensity of measures for customer due diligence for all of their customers in accordance with the risk of money laundering and financing of terrorism of the client. If the client has a high level of risk, deep measures must be implemented for customer due diligence. If the client has a low level of risk, easy measures must be implemented for customer due diligence which must be counted as part of policy, procedures, principles or regulations in assessing and managing their risk. For information and evidence or identity verification documents of various clients which are considered in the management of risk of money laundering and financing of terrorism, which are stored, the information must be audited and improved to be current information through even implementation until cessation of relationship with the client.</p> <p>Reporting units must carry out policies, procedures, principles or regulations in assessing and managing their risk as specified in Paragraphs 2 to 3 of this Article while serving, processing transactions and creating business relationships or while ceasing the service, the processing of transactions and the creation of business relationships.”</p>	
<p>22.5 In the situations set out in Criterion 22.1, DNFBPs should be required to comply with the reliance on third-parties requirements set out in Recommendation 17.</p>	<p>An entire DNFBPs are obliged to perform and to ensure consistency KYC/CDD principle as stipulated in the Agreement on Know Your Customers and Customer Due Diligence, Article 19.</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016. <p>“Article 19 Measures for Customer Due Diligence for those who Make Transactions on Behalf of Customers</p> <p>the reporting entities must take measures of customer due diligence as specified in Article 15 of the Agreement This person claimed that the transaction represents a customer must be able to verify that the person is assigned by the client really all be identified and checking for identity document of those persons.”</p>	<p>- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.</p>

RECOMMENDATION 23

23. DNFBPs: Other measures *

23.1 The requirements to report suspicious transactions set out in Recommendation 20 should apply to all DNFBPs subject to the following qualifications:

(a) Lawyers, notaries, other independent legal professionals and accountants⁵¹ – when, on behalf of, or for, a client, they engage in a financial transaction in relation to the activities described in criterion 22.1(d).

(b) Dealers in precious metals or stones – when they engage in a cash transaction with a customer equal to or above USD/EUR 15,000.

(a). Lawyers, notaries, other independent legal professionals including accountants are obliged to file STR when there is a suspicion related to ML/TF incure to the AMLIO as stipulated in the Law on AML/CFT, Article 31.

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014.**

“Article 31 Suspicious transaction report

In the case of a suspicion or a cause for a suspicion that a customer`s transaction may be a consequence of a predicate offence, relating or connecting to money laundering and financing of terrorism, reporting entities shall report such transaction to AMLIO within three working days.

This reporting requirement extends to a customer`s attempt of transaction regardless of completion status and amount of money involved.”

(b) The precious metals and stones entrepreneurs are considered as RE and obliged to report to AMLIO when engage cash transaction exceeded threshold as stipulated in the Law on AML/CFT, Article 30, and the Agreement on Know Your Customers and Customer Due Diligence, Article 16.

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014**

- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
- The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.

<p>(c) Trust and company service providers – when, on behalf or for a client, they engage in a transaction in relation to the</p>	<p>“Article 30 Reporting</p> <p>The reporting entities must report to AMLIO in case a customer request to do the following transactions:</p> <ol style="list-style-type: none"> 1. Cash Transaction more than a threshold; 2. Wire Transfer more than a threshold; 3. Other transactions as defined by AMLIO. <p>The Bank of the Lao PDR is responsible for setting thresholds for cash transaction, wire transfer which are required for reporting, and issuing legislations on reporting.”</p> <ul style="list-style-type: none"> ▪ The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016. <p>“Article 16 The Use of Measures for Customer Due Diligence During Service or Creating Business Relationships with the Customers</p> <p>Reporting units must use measures for customer due diligence during service or creating business relationships with their customers in each situation as specified in Paragraph 1 of Article 22 of the Law on AML/CFT.</p> <p>In addition, reporting units must carry out Paragraph 1 of this Article but also use measures for customer due diligence in circumstances as follows:</p> <ol style="list-style-type: none"> 1. When creating business relationships with their clients; 2. Clients occasionally make transactions which have value of 100,000,000 kip (one hundred million kip) or more or equivalent; 3. Clients occasionally transfer funds which have a value of 8,000,000 kip (8 million kip) or more or equivalent; 4. There is information or suspicion that making a transaction or creating business relationships of the client is money laundering and financing terrorism. <p>(c). Trust company is not yet existing in the Lao PDR.</p>	
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activities described in criterion 22.1(e).		
23.2 In the situations set out in criterion 23.1, DNFBPs should be required to comply with the internal controls requirements set out in Recommendation 18.	<p>An entire DNFBPs are considered as REs to which stated in the Law on AML/CFT, Article 17 that obliged to undertake an internal controls requirement including its foreign branch and their affiliate as indicated in the Recommendation 18.</p> <p>“Article 17 Reporting entities</p> <p>Reporting entities are legal persons and organisations which have the obligation to report information or suspicious activities of being money laundering and financing of terrorism to the Anti-Money Laundering Intelligence Office (herein after called “AMLIO”). Reporting entities which consists of financial institutions and DNFBPs as defined in subparagraph 7 and 8 of article 8.”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.
23.3 In the situations set out in criterion 23.1, DNFBPs should be required to comply with the higher-risk countries requirements set out in Recommendation 19.	<p>An entire DNFBPs are considered as REs to which stated in Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014, Article 17 that obliged to undertake an higher risk requirements as indicated in the Recommendation 19.</p> <p>“Article 17 (details stipulated in Rec.23.2)</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
23.4 In the situations set out in criterion 23.1, DNFBPs should be required to comply with the tipping-off and confidentiality requirements set out in Recommendation 21.	<p>An entire DNFBPs are considered as REs to which stated in the Law on AML/CFT, Article 17 that obliged to undertake an higher risk requirements as indicated in the Recommendation 21.</p> <p>“Article 17 (details stipulated in Rec.23.2)</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.

RECOMMENDATION 24

E. TRANSPARENCY AND BENEFICIAL OWNERSHIP OF LEGAL PERSONS AND ARRANGEMENTS

24. Transparency and beneficial ownership of legal persons *

24.1 Countries should have mechanisms that identify and describe: (a) the different types, forms and basic features of legal persons in the country; and

(a). By law, legal persons are defined as an enterprise owned by natural person or legal person that constitutes of name, capital, nature of business, premises and registered under the Law on Enterprise. There are four types of enterprise in Lao PDR namely: Private enterprise, State enterprise, mixed enterprise and cooperative enterprise. Form of enterprise is the business organization that is the basis of establishing and operating all types of enterprise.

There are three forms of enterprise as shown such as individual enterprise, partnership, company. Each type has its own unique starts up with private enterprise implied a business that solely owned and operated under one single person; mixed enterprise implied a business that establish under contract basis signed together from minimum of two people or more, which the proportion of dividend for each member is depend on contribution of capital; and company established under the same contribution of capital by each member to which a shareholders will bear a company's dept based on the actual remaining shareholder in the company.

The above types of enterprises are vary based on its own business objectives, which can be seen in the Law on Enterprise, Article 2, 3, 10 and 11.

- **The Enterprise Law (Amended) No. 46/NA, dated 26 December 2013.**

“Article 2 (Amended) Enterprise

Enterprise means a business organization of a person or juristic person that has its own name, assets, management system and office, and that is registered in compliance with this Law. Enterprise is also called a “Business unit”.

“Article 3 (Amended) Interpretation of terms

- Law on Enterprise (Amended version) No. 46/NA, dated 26 December 2013;
- Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014;
- Law on Commercial Bank No.56/Na, dated 07 December 2018;
- Law on Insurance (Amended version) No.78/NCC, dated 29 November 2019;
- Law on Securities (Amended version) No.79/NA, dated 03 December 2019;
- The Law on Accounting (Amended) No.47/NA, dated 26 December 2013;
- Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;

	<p>Defined terms used in the law shall be interpreted as follows:</p> <ol style="list-style-type: none"> 1. Business means an activity operating in one or all stages of an investment process starting from the stage of production to the provision of services, aiming to gain profits and utilize the benefits for the public interest; 2. Negative List is the list of business activities with high sensitivity, mainly for national security, public order, traditions and environment that are required to have inspection by relevant sectoral agencies prior to the registration of an enterprise; 3. Individual enterprise is a form of enterprise created by one person. Individual enterprise conducts business in the interests of an owner. The owner is solely and unlimitedly responsible for the enterprise's liabilities; 4. Partnership is a form of enterprise created on the basis of a contract of at least two or more investors for mobilization of capital, with a view to jointly conducting business and sharing the profits; 5. Ordinary partnership is a type of partnership conducting business jointly by its partners based on trust between themselves and all partners are unlimitedly responsible for the enterprise's liabilities; 6. Limited partnership is a type of partnership in which some of its partners are unlimitedly responsible for the enterprise's liability, called "general partners", and others whose liability is limited, are called "limited partners"; 7. Company is a form of enterprise created by dividing capital into shares of equal value. The shareholders are responsible for the company's liabilities up to the value of the unpaid portion of their shares; 8. Limited company is a type of company having as shareholders at least two persons but not exceeding thirty persons except in the case described in paragraph one, Article 90, of this Law and a limited company with one shareholder, the so called "sole limited company"; 9. Public company is a type of company having as founding shareholders at least nine persons, with free transferability of shares and entitlement to openly sell the shares; 	
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	<ol style="list-style-type: none"> 10. Openly sell the shares means offering to the public to sell the shares of the public company in the stock market or outside the stock market in accordance with to the relevant law or regulation; 11. Share is the partnership's or company's capital divided into portions of non-equal or equal value depending on the type of partnership or company as specified in this Law; 12. Common share is a type of share that the owner of the share cannot redeem; 13. Preferred share is a type of share that the owner of the share can redeem and has rights and duties different from common shares; 14. Share certificate is a legal document showing the portion of partner's or shareholder's right and ownership in a partnership or company; 15. Debenture is an unsecured debt security such that the debenture holders have legal rights as guaranty to get paid back their money with interest as agreed; 16. Dividend is an amount of money distributed to partners or shareholders deriving from the partnership's or company's net profit after deducting initial capital, costs and debts; 17. Quorum means the minimum number of meeting attendees that legally allows the meeting to open; 18. Trade secret means important information concerning the methodology of an enterprise's production, business or services that, if it is disclosed, causes serious damage to the enterprise's stability and financial status; 19. Liquidator is a person who has been appointed by the court or a dissolved or bankrupt enterprise to carry out rights and the duties regarding asset mobilization, in order to liquidate the assets to the enterprise's creditors and to the owners, partners or shareholders for the remaining portion of assets. <p>“Article 10 (Amended) Type of enterprise In the Lao PDR, there are four types of enterprise, namely, private enterprise, State enterprise, mixed enterprise and cooperative enterprise.</p>	
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	<p>Private enterprises may establish and operate their businesses by applying the forms and the kinds of enterprise as identified in Part III, Part IV and Part V of this Law.</p> <p>State enterprises and mixed enterprises may establish and operate their businesses as stipulated in Part VI and Part VII of this Law.</p> <p>Establishment and operations of cooperatives are governed by separate regulations.”</p> <p>“Article 11 Forms of enterprise</p> <p>Form of enterprise is the business organization that is the basis of establishing and operating all types of enterprise.</p> <p>There are three forms of enterprise as shown below:</p> <ol style="list-style-type: none"> 1. Individual enterprise; 2. Partnership; 3. Company.” <p>In the case of commercial bank was indicated in the Law on Commercial Bank No.56/NA, dated 07 December 2018, Article 13.</p> <p>“Article 13 (amended) investing and shareholding in commercial bank</p> <p>The investment in commercial bank include:</p> <ol style="list-style-type: none"> 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. <p>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.</p> <p>Person and entity can be shareholder in the commercial bank as shareholding ratio regulation set up by the Bank of the Lao PDR.</p> <p>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</p>	
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<p>(b) the processes for the creation of those legal persons, and for obtaining and recording of basic and beneficial ownership information. This information should be publicly available.</p>	<p>Lao PDR.”</p> <p>In the case of Insurance was stipulated in the Law on Insurance (Amended version) No.78/NA, dated 29 November 2019, Article 37.</p> <p>“Article 39 (Amended) Registered Capital</p> <p>The registered capital for the operation of the insurance and reinsurance business can include money and property according to the Enterprise Law.</p> <p>The registered capital of the insurer that must be in money form which has the minimum levels as follows:</p> <ol style="list-style-type: none"> 1. Thirty billion kip for a life insurance business; 2. Thirty billion kip for a non-life insurance business; 3. Sixty billion kip for a life reinsurance business; 4. Sixty billion kip for a non-life reinsurance business; <p>During the insurance business operational period the insurer must maintain the registered capital in money form not less than minimum level as specified above.</p> <p>Regarding the registered capital in property form, those properties must be used in the operation of the insurance business and must be valued by an asset’s assessment company according to the agreement from the Ministry of Finance.</p> <p>Registered capital in property form includes real state and/or chattels in Lao PDR.</p> <p>The government can change the registered capital but not less than minimum level specified above.”</p> <p>(b). For natural person who intend to create a business will have to propose an application for enterprise registration to relevant registrar of industry and commerce sector unless otherwise provided as stipulated in the Law on Enterprise, Article 15-16.</p> <p>▪ The Enterprise Law (Amended) No. 46/NA, dated 26 December 2013.</p> <p>“Article 15 (Amended) Notification of enterprise registration</p> <p>A person having the intention to conduct business shall give notice by submitting an application for enterprise registration to the relevant registrar of industry and commerce sector unless otherwise provided.”</p>	
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	<p>“Article 16 (Amended) Steps for consideration of enterprise registration</p> <p>After receiving an application for enterprise registration, the registrar concerned shall verify whether the business activity that the applicant intends to carry on is in the Negative List or not.</p> <p>If the business activity is not included in the Negative List, the registrar concerned shall consider the application.</p> <p>In case the business activity is included in the Negative List, the registrar concerned shall immediately submit the application to the relevant sectoral agency.”</p> <p>Thereafter, an issuer who granted of business licence to such natural person, legal persons or organization must maintain those records as stipulated in the Law on AML/CFT, Article 28, and the Law on Accounting, Article 50.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 28 Record-keeping</p> <p>The reporting entities shall carefully maintain records on customers, documents on business relations and transactions of customers for further supply to AMLIO and other concerned organisations.</p> <p>Record maintenance shall observe the following:</p> <ol style="list-style-type: none"> 1. Make copies identification documents of customers and beneficiaries of each transaction and keep them for at least ten years after the end of business relations with the customers; 2. Records on the transactions undertaken by customers shall be kept for at least five years from the date of transaction undertaking. 3. Save the electronic accounting documents in the database that is linked to the database of the Ministry of Finance.” <ul style="list-style-type: none"> ▪ The Law on Accounting (Amended) No.47/NA, dated 26 December 2013. <p>“Article 50 (Amended). Duration and method maintenance</p> <p>Implementing accounting entities shall maintain records of all accounting documents for a minimum of 10 years. In the event that the accounting documents concern any contract,</p>	
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	<p>they shall be kept for another 10 years after contract completion.</p> <p>The maintenance of accounting documents shall be carried out as follows:</p> <ol style="list-style-type: none"> 1. Classify in numerical order, by the nature of the transaction, and in chronological order, and then file correctly; 2. Retain [the accounting documents on the premises of the implementing accounting entity, to ensure their safety and accessibility; 3. Save the electronic accounting documents in the database that is linked to the database of the Ministry of Finance.” <p>BO’s identification information must be maintained and should be available for competent authorities when requested as indicated in the Law on AML/CFT, Article 37 paragraph 3 and the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT No.147/Gov dated 20 February 2020, Article 4 clause 3.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 37 Transparency of legal persons, organisations and non-profit organisations</p> <p>Legal persons, organisations and non-profit organizations must operate within the scope of their rights and duties especially on supplying data on ownership, real beneficiaries, and data on their internal management while ensuring transparency, clarity, completeness and accuracy in each period.</p> <p>Competent authorities which grant licences to legal entities, organisations and non-profit organisations shall maintain such records as stipulated in article 28 of this law.</p> <p>Investigative authorities, reporting entity regulators, AMLIO, and other competent authorities can have access to such records at any time.”</p> <ul style="list-style-type: none"> ▪ The Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT No. 127/Gov, dated 20 February 2020. <p>“Article 4 The Responsibilities of Ministries, Organizations for implementing the</p>	
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Activities of Anti-Money Laundering and Counter-Financing of Terrorism

Ministries, Organizations have a responsibility for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism as following:

1. Macro-Management for the Activities of Anti-Money Laundering and Counter-Financing of Terrorism in the area of its responsibility;
2. Supervise its entities which is under its management to focus on implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism in order to comply with Laws and other Relevant Regulations effectively;
3. Auditing and Requesting relevant and necessary information from Reporting Entities which is under its management such as sources of fund, shareholders, directors, and beneficial owner prior and/or after issuing Business Registration in order to collect and provide to relevant competent authorities;
4. Developing and implementing programs for monitoring and auditing the activities' implementation of Anti-Money Laundering and Counter-Financing of Terrorism of Reporting Entities which is under its management;
5. Be in charge in studying and issuing legislations, risks assessment and risk-based approach, supervision, monitoring and inspection the implementation of its obligations through activities of Anti-Money Laundering and Counter-financing of Terrorism for Reporting Entities which is under its management;
6. Publishing Laws and Regulations that related to activities of Anti-Money Laundering and Counter-financing of Terrorism to Relevant Organizations and Reporting Entities which is under its management within the nationwide;
7. Collecting, studying and evaluating the activities' implementation of Anti-Money Laundering and Counter-financing of Terrorism then report to the government;
8. Also, other responsibilities as defined in the Laws.”

Moreover, registered enterprise record could be accessed by natural person, legal persons through National Enterprise Database by logging into www.ned.gov.la

In the case of Commercial Banks are indicated in the Law on Commercial bank, Article 13.

	<p>▪ The Law on Commercial Bank No.56/NA, 7 December 2018.</p> <p>“Article 13 (amended) investing and shareholding in commercial bank</p> <p>The investment in commercial bank include:</p> <ol style="list-style-type: none"> 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. <p>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.</p> <p>Person and entity can be shareholder in the commercial bank as shareholding ratio regulation set up by the Bank of the Lao PDR.</p> <p>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.”</p> <p>In case securities sector was indicated in the Law on Securities, Article 56</p> <p>▪ The Law on Securities (Amended version) No.79/NA, 3 December 2019.</p> <p>“Article 56 (Amended) Application Documents for operating the Securities Business</p> <p>Application Documents for operating the Securities Business are as follows:</p> <ol style="list-style-type: none"> 1. An application pursuant to the form of the SC; 2. An establishment and joint venture agreements; 3. Article of Incorporation; 4. Copies of enterprise registration, certificate of tax payments and rules of legal entities requesting for the establishment; 5. Copies of education qualification, certificate of criminal record, brief biographies, copies of identification cards or passports of members of Executive Board and board of directors; 6. A list of shareholders more than five percent, brief biographies, copies of identification cards or passports of a shareholder who has legal entities to requesting for the establishment; 	
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	<p>7. The financial statement of the legal entity requesting for the establishment, which has been verified by auditing company certified by parties concerned, for individuals must be verified by the parties concerned.</p> <p>8. List of names and securities business professional certificate;</p> <p>9. A business plan at least for the first three years after the incorporation;</p> <p>10. Other documents as prescribed by laws.”</p>	
24.2 Countries should assess the ML/TF risks associated with all types of legal person created in the country.	Lao PDR has completed its National Risk Assessment on ML/TF to identify threats, vulnerabilities and sectoral risks related to potential ML/TF to which the outcome indicated in the NRA’s report.	- National Money Laundering and Terrorist Financing Risk Assessment Report of the Lao PDR;
<p><i>Basic Information</i></p> <p>24.3 Countries should require that all companies created in a country are registered in a company registry, which should record the company name, proof of incorporation, legal form and status, the address of the registered office, basic regulating powers, and a list of directors. This information should be publicly available.</p>	<p>All domestic enterprise operating within the Lao PDR are obliged to be registered with details including enterprise’s name, proof of incorporation, legal form and status, the address of the registered office, basic regulating powers, and a list of directors. Besides, that information must be publicly available as stipulated in the Law on Enterprise, Article 14 and 24, and the Law on AML/CFT, Article 28, 37, and the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT No.127/Gov dated 20 February 2020, Article 4.</p> <p>▪ The Enterprise Law (Amended) No. 46/NA, dated 26 December 2013.</p> <p>“Article 14 (Amended) Enterprise registration Enterprise registration is the approval of legitimate establishment of an enterprise. Conducting business shall be registered as an enterprise unless otherwise provided. Enterprise registration is done once for the whole business duration of an enterprise.”</p> <p>“Article 24 Disclosure of registered matters Any person or organization is entitled to see or copy the registration documents of enterprises filed with the registrar. These registration documents include all documents that the enterprises submit for their registration as stipulated in this Law. The person requesting copying must pay fees based on the relevant regulation. Other documents, in addition to the documents mentioned in paragraph 1 of this</p>	<p>- Law on Enterprise (Amended version) No. 46/NA dated 26 December 2013;</p> <p>- Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21/07/2014;</p> <p>- Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;</p>

	<p>Article, can be disclosed only with the permission of the relevant enterprises unless otherwise provided by law.”</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21/07/2014. <p>“Article 28 (details stipulated in R24.1)”;</p> <p>“Article 37: Transparency of legal persons, organisations and non-profit organisations</p> <p>Legal persons, organisations and non-profit organisations must operate within the scope of their rights and duties especially on supplying data on ownership, real beneficiaries, and data on their internal management while ensuring transparency, clarity, completeness and accuracy in each period.</p> <p>Competent authorities which grant licenses to legal entities, organisations and non-profit organisations shall maintain such records as stipulated in article 28 of this law.</p> <p>Investigative authorities, reporting entity regulators, AMLIO, and other competent authorities can have access to such records at any time.</p> <ul style="list-style-type: none"> ▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; <p>“Article 4 (details stipulated in Rec.24.1(b)).”</p>	
<p>24.4 Companies should be required to maintain the information set out in criterion 24.3, and also to maintain a register of their shareholders or members⁵⁵, containing the number of shares held by each shareholder and categories of shares (including the nature of the associated voting rights). This information should be maintained</p>	<p>All enterprise must maintain information as set out in criteria 24.3 and also to maintain a register of their shareholders or members, containing the number of shares held by each shareholder and categories of shares (including voting right), those information must be kept in where such company is located as stipulated in Instruction on Business Operating License for Industrial and Commerce Activities, clause 5.3.</p> <ul style="list-style-type: none"> ▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020. 	<ul style="list-style-type: none"> - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; - Instruction on Business Operating License for Industrial and Commerce Activities No.

<p>within the country at a location notified to the company registry⁵⁶.</p>	<p>“Article 4” clause 3 (details stipulated in Rec.24.1(b));</p> <ul style="list-style-type: none"> ▪ Instruction on Business Operating License for Industrial and Commerce Activities No. 0045/MOIC.DERM, dated 18 January 2019 <p>“5. Procedures and Time Period for Processing Applications and Issuance of Business Operating License</p> <p>Procedures and time period for processing applications and issuance of Business Operating License shall be as follows:</p> <p>5.1 Prepare documentation and submit them to the Department or Division of Industry and Commerce at Provincial, Vientiane Capital or the Industry and Commerce Office at District, Capital, based on the allocation of responsibilities for processing and issuance of license as defined in Article 3 of this Instruction;</p> <p>5.2 After receiving documentation, the enterprise registrar shall complete checking an accuracy of the documents and shall immediately notify the applicant according to each of the following cases:</p> <p>5.2.1 In case the application is complete and correct, the officer shall provide an acknowledgement of receipt. An acknowledgement of receipt shall include the date, time of receipt and date of receipt of Business Operating License not later than ten (10) working days from the date of issuing an acknowledgement of receipt;</p> <p>5.2.2 In case the application is incomplete or incorrect, the officer shall immediately notify the applicant and advise them to correct and improve it by indicating the points that are needed to be corrected or improved and shall sign such instruction form. After the application is completed and corrected, procedures and time period as defined in Clause 5.2.1 of this Instruction shall be applied.</p> <p>5.3 After the Business Operating License was issued, a relevant department shall enclose one original copied of business license and send to the relevant sector where such enterprise registration was issued, within 05 working days from the date of issuance of such license for the purpose of collecting information and</p>	<p>0045/MOIC.DERM, dated 18 January 2019</p>
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	<p>enter into the business registration database;</p> <p>5.4 In case of disagree, the officer shall immediately notify the applicant in writing within ten (10) working days from the date of receiving the documents and shall give a reason for such disagreed and notify the department where such license was issued to acknowledge and follow up.”</p>	
<p>24.5 Countries should have mechanisms that ensure that the information referred to in criteria 24.3 and 24.4 is accurate and updated on a timely basis.</p>	<p>There is mechanism in place for REs to ensure that the information referred to in criteria 24.3 and 24.4 is accurate and updated on a timely basis, which can be seen in the Enterprise Law, Article 23 and the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT No.127/Gov, dated 20 February 2020, article 4 clause 3 (details stipulated in Rec.24.1).</p> <p>▪ The Enterprise Law (Amended) No. 46/NA dated 26 December 2013.</p> <p>“Article 23 Alteration of registered matters of an enterprise</p> <p>Alteration of registered matters of an enterprise such as its objective or capital after registration shall be reported to the registrar concerned within one month from the date the altered matters are agreed on, except for the alteration of matters relating to business in the Negative List which shall be made in compliance with paragraph 3 Article 16 and paragraph 2 Article 17 of this Law.</p> <p>The enterprise that has registered matters in error or reported the alterations later than stipulated in the paragraph 1 of this Article, whether or not intentionally, cannot set up the untruth of such matters against, or cannot be exonerated from, liability to an innocent outside person.”</p>	<ul style="list-style-type: none"> - Law on Enterprise (Amended version) No. 46/NA, dated 26 December 2013; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;
<p><i>Beneficial Ownership Information</i></p> <p>24.6 Countries should use one or more of the following mechanisms to ensure that information on the beneficial ownership of a company is obtained by that company and available at a specified location in their country; or can be otherwise</p>	<p>(a)-(c). By law, REs are obliged to have mechanism in place to ensure the accuracy of the beneficial ownership information, and it must be accessible and available to competent authorities upon request as defined in the Law on AML/CFT, Article 37 and the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT No.127/Gov, dated 20 February 2020, Article 4 clause 3. (details stipulated in R24.1), Article 8, 9, 11 and 12.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21/07/2014; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT,

<p>determined in a timely manner by a competent authority:</p> <p>(a) requiring companies or company registries to obtain and hold up-to-date information on the companies' beneficial ownership;</p> <p>(b) requiring companies to take reasonable measures to obtain and hold up-to-date information on the companies' beneficial ownership;</p> <p>(c) using existing information, including: (i) information obtained by financial institutions and/or DNFBPs, in accordance with Recommendations 10 and 22; (ii) information held by other competent authorities on the legal and beneficial ownership of companies; (iii) information held by the company as required in criterion 24.3 above; and (iv) available information on companies listed on a stock exchange, where disclosure requirements ensure adequate transparency of beneficial ownership.</p>	<p>50/NA, dated 21 July 2014.</p> <p>“Article 37 (details stipulated in Rec.24.3)”</p> <ul style="list-style-type: none"> ▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020. <p>“Article 4 clause 3 (details stipulated in Rec.24.1)”</p> <p>“Article 8 The Responsibilities of Ministry of Finance</p> <p>Besides the responsibilities that defined in Article 4 of this Decree, Ministry of Finance also has other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Be in charge in Co-operating, Investigation violation in declaration fail or declare falsely of cash, precious metals and BNIs while entry or exit of Lao PDR and investigate the predicate offence of money laundering such as violation of tax and customs regulation and other offences which under its management; 2. Requesting, providing relevant and necessary information such as the statistics on cash transaction exceeding threshold, precious metals and BNIs while entry exit of Lao PDR, smuggling import-export of illegally Goods and others that associated with activities of Anti-Money Laundering and Counter-Financing of Terrorism, to relevant officers and AMLIO; 3. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 4. Requesting information from Reporting Entities and AMLIO and also providing information of payments for tax and customs from natural person, legal person or organizations who running businesses of goods import & export and goods through the border in order to report to AMLIO, Reporting Entities and other Relevant Organizations.” <p>“Article 9 The Responsibilities of Ministry of Agriculture and Forestry</p> <p>Besides the responsibilities that defined in Subparagraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, Ministry of Agriculture and Forestry also has other responsibilities as following:</p>	<p>No.127/Gov, dated 20 February 2020;</p>
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	<ol style="list-style-type: none"> 1. Using techniques of Investigation that associated with its roles and mandates to investigate the predicate offences such as environmental crime and others in order to further prosecution of Money Laundering and Financing of Terrorism cases; 2. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 3. Requesting information from reporting entities and AMLIO and providing relevant and necessary information such as the statistics on environmental crime and others that associated with activities of Anti-Money Laundering and Counter-Financing of Terrorism to relevant competent authorities and AMLIO regarding to a requested.” <p>“Article 11: The Responsibilities of Ministry of Public Security</p> <p>Besides the responsibilities that defined in paragraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, Ministry of Public Security also have other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Using techniques of Investigation that associated with its roles and mandates to investigate the predicate offences parallel with financial investigation in order to further prosecution of Money Laundering and Financing of Terrorism cases; 2. Study on mechanisms and procedures to designate a target for list of assets that associated with Money Laundering and/or Financing of Terrorism for Postal Enterprises and Reporting Entities; 3. Study on mechanisms and procedures to determine a target for internal designation list of terrorism and/or counter-financing of terrorism and disseminate those lists to Postal Enterprises upon receiving from Ministry of Foreign Affairs; 4. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 5. Review and consider a completeness and adequacy of information in Financial Intelligence Report (FIR), as well as having a feedback or recommendation to such FIR to be able to make a criminal proceeding in case of Money Laundering and always report a result of investigation to AMLIO; 6. Requesting information from Reporting Entities and AMLIO as well as providing information such as investigation predicate offences or money laundering statistics and others related activities of Anti-Money Laundering and Counter- 	
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	<p>Financing of Terrorism to relevant competent authorities”.</p> <p>“Article 12 The Responsibilities of State Audit Organization</p> <p>Besides the responsibilities that defined in Subparagraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, State Audit Organization also have other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Using techniques of Investigating - Interrogating that associated with its obligations to investigate and interrogate about the offences of money laundering such Abusing the authority, get a bribery, Give a bribery, and others that leading to the criminal proceeding in case of Money Laundering and Counter-Financing of Terrorism; 2. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 3. Requesting information from Reporting Entities and AMLIO, as well as providing relevant and necessary information such the Corruption behavior statistic at central level and local level per annual and others that associated with activities of Anti-Money Laundering and Counter-Financing of Terrorism to relevant Officers and AMLIO regarding to a requested.” 	
<p>24.7 Countries should require that the beneficial ownership information is accurate and as up-to-date as possible.</p>	<p>REs are obliged to obtain information on beneficial ownership accurately and hold up to date information as much as possible this can be referred to the Law on AML/CFT, Article 37 and Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020, Article 4 clause 3.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 37 (details stipulated in Rec.24.3)”</p> <ul style="list-style-type: none"> ▪ The Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT No... dated... <p>“Article 4 clause 3 (details stipulated in Rec.24.1)”.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;

<p>24.8 Countries should ensure that companies co-operate with competent authorities to the fullest extent possible in determining the beneficial owner, by:</p> <p>(a) requiring that one or more natural persons resident in the country is authorised by the company, and accountable to competent authorities, for providing all basic information and available beneficial ownership information, and giving further assistance to the authorities; and/or</p> <p>(b) requiring that a DNFBP in the country is authorised by the company, and accountable to competent authorities, for providing all basic information and available beneficial ownership information, and giving further assistance to the authorities; and/or</p> <p>(c) taking other comparable measures, specifically identified by the country.</p>	<p>(a)-(c). REs are obliged to assign one or more natural persons resident in the country who is eligible to provide basic information on beneficial ownership, or information on business owner, as well as authorize to provide cooperation with competent authorities as identified in the Law on AML/CFT, last paragraph of Article 19.</p> <p>“Article 19: AML/CFT Programme Development</p> <p>The reporting entities must develop and implement AML/CFT programmes as follow:</p> <ol style="list-style-type: none"> 1. Developing AML/CFT policies and procedures, and internally auditing the qualified staff selection procedure; 2. Developing AML/CFT training programs, and undertaking on-going training for staffs; 3. Internally auditing the implementation of this Law and other related laws and regulations; 4. Evaluating their AML/CFT efforts. <p>The reporting entities must appoint a qualified information gathering and reporting staff with AML/CFT experiences at the management or senior level to take charge of the work stipulated in paragraph 1 of this article, who will also serve as a coordinator with AMLIO.”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
<p>24.9 All the persons, authorities and entities mentioned above, and the company itself (or its administrators, liquidators or other persons involved in the dissolution of the company), should be required to maintain the information and records referred to for at least five years after the date on which the company is</p>	<p>By Law, it is compulsory for all the persons, authorities and entities mentioned above to maintain all necessary information as indicated in the Law on AML/CFT, Article 28; the Law on Accounting, Article 6 and the Law on Commercial bank, Article 68.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. <p>“Article 28 (details stipulated in Rec.24.1)”;</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - the Law on Accounting No.47/NA, dated. 26 December 2013; - The Law on Commercial bank

<p>dissolved or otherwise ceases to exist, or five years after the date on which the company ceases to be a customer of the professional intermediary or the financial institution.</p>	<ul style="list-style-type: none"> ▪ The Law on Accounting No.47/NA, Date 26 December 2013. <p>“Article 6 (Amended) Bookkeeping obligations All implementing accounting entities shall strictly conduct bookkeeping and implement their accounting obligations, functions, and responsibilities in respect of the provisions in accordance with this law. An enterprise registered as a juristic entity shall carry out bookkeeping from the date of its registration.”</p> <p>“Article 50 (details stipulated in Rec.24.1)”</p> <ul style="list-style-type: none"> ▪ The Law on Commercial Bank (amended version) No.56/NA, dated 7 December 2018. <p>“Article 68 (Amended) store the document and transaction information Commercial bank shall store document and transaction information at the head office as:</p> <ol style="list-style-type: none"> 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 necessary as defined by the Bank of the Lao PDR. <p>For foreign bank branch shall store/keep the document and transaction information at bank branch locate in Lao PDR.</p> <p>Document, information including data base shall be store/keep at least 10 years.”</p>	<p>(amended version) No.56/NA, dated 7 Dec 2018 .</p>
<p><i>Other Requirements</i> 24.10 Competent authorities, and</p>	<p>By law, competent authorities, and in particular law enforcement authorities are compel</p>	<p>- Law on Anti-Money Laun-</p>

in particular law enforcement authorities, should have all the powers necessary to obtain timely access to the basic and beneficial ownership information held by the relevant parties.	to get access and obtain all the necessary information, especially, information on beneficiary owner held by the relevant parties as indicated in the Law on AML/CFT, Article 37 (details stipulated in Rec.24.3) and Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; Article 4 clause 3 (details stipulated in Rec.24.1), Article 8, 9, 11 and 12 (details stipulated in Rec.24.6).	dering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;
24.11 Countries that have legal persons able to issue bearer shares or bearer share warrants should apply one or more of the following mechanisms to ensure that they are not misused for money laundering or terrorist financing: (a) prohibiting bearer shares and share warrants; or (b) converting bearer shares and share warrants into registered shares or share warrants (for example through dematerialisation); or (c) immobilising bearer shares and share warrants by requiring them to be held with a regulated financial institution or professional intermediary; or (d) requiring shareholders with a controlling interest to notify the company, and the company to record their identity; or (e) using other mechanisms identified by the country.	Legal entities that allow to issue share bearer without going to stock exchange is not permitted in Lao PDR;	
24.12 Countries that have legal persons able to have nominee		

<p>shares and nominee directors should apply one or more of the following mechanisms to ensure they are not misused:</p> <p>(a) requiring nominee shareholders and directors to disclose the identity of their nominator to the company and to any relevant registry, and for this information to be included in the relevant register;</p> <p>(b) requiring nominee shareholders and directors to be licensed, for their nominee status to be recorded in company registries, and for them to maintain information identifying their nominator, and make this information available to the competent authorities upon request; or</p> <p>(c) using other mechanisms identified by the country.</p>	<p>(a) Lao PDR determined shareholder representatives and manager disclosure information to registry office and also other relevant information as indicated in the Law on Securities No. 79/NA, dated 03 December 2019, Article 153.</p> <p>▪ Law on Securities No. 79/NA, dated 03 December 2019.</p> <p>“Article 153 (Amended) Disclosures</p> <p>The securities exchange, the issuance companies, corporate bonds, the listed companies, the securities companies, the mutual fund company and other concerned parties must implement the disclosure regime to the public based on the regulations. The disclosure shall be complete, accurate and timely.”</p> <p>(b) and (c). Lao PDR determined shareholder representatives or manager must have verification document that shows status for record keeping in representative section as indicated in Law on Securities Article 155 and the Law on AML/CFT, Article 37. (details stipulated in Rec.24.1)</p> <p>▪ Law on Securities No. 79/NA, dated 03 December 2019.</p> <p>“Article 155 (Amended) Safeguards information</p> <p>The securities exchange, the securities depository center, the issuance companies, corporate bonds, the listed companies, the securities intermediaries and other concerned parties shall keep information and documents about their main business activities, for example, securities transactions, securities information, shareholder information and financial statements at least ten years from the day ended of the activity onwards.”</p>	<ul style="list-style-type: none"> - Law on Securities No. 79/NA, dated 03 December 2019; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
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<p>24.13 There should be liability and proportionate and dissuasive sanctions, as appropriate for any legal or natural person that fails to comply with the requirements.</p>	<p>There is a criminal sanction apply to natural person and legal persons who fails to comply with the requirements set out in the Penal Code, Article 88-96 and Article 271-274.</p> <ul style="list-style-type: none"> ▪ Penal code No.26/NA, dated 17 May 2017; <p>“Article 88 Offence of Legal Person Offence of legal person is an offence committed by an organ or a representative of legal person.”</p> <p>“Article 89 Criminal Liability of Legal Person A legal person shall be liable for its offence if:</p> <ol style="list-style-type: none"> 1. That offence is act performed on its name; 2. That offence is act performed for its interest; 3. That offence is act performed under direction, management and decision of legal person. <p>Criminal liability of the legal person does not exclude criminal liability of the individual.”</p> <p>“Article 90 Prescription of Penalty on Legal Person Penalty imposed on legal person is a fine as principal penalty. Penalty imposed on legal person is double as prescribed in natural person. Beside penalty of fine for legal person, the court may decide to revoke legal person or to ban from running some kind business or to ban from mobilizing fund or ban from using cheque or credit card, to confiscate objects or undertake restoration.”</p> <p>“Article 91 Revoking Legal Person business. Revoking legal person is the court's measure imposed on legal person committing offences to stop running some kind of business when considering that letting the convicted legal person to do this kind of business or operate in such business may cause harm and danger to the society and environment.”</p> <p>“Article 92 Banning Legal Person from Running some Kind of Business Banning legal person from running some kind of business is suspension of</p>	<ul style="list-style-type: none"> – Penal code No.26/NA, dated 17 May 2017; – Law on Securities No. 79/NA, dated 03 December 2019; – Law on Enterprise (Amended version) No. 46/NA, dated 26 December 2013; – Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
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	<p>business relating the legal person's offence within one year to five years.”</p> <p>“Article 93 Banning Legal Person from Mobilizing Fund</p> <p>Banning legal person from mobilizing fund is banning from mobilizing fund from outside for not more than five years such as loan from bank, forbidding of distribution or of sailing shares, forbidding to create fund or foundation for mobilizing fund.”</p> <p>“Article 94 Banning Legal Person from Using Cheque or Credit Card</p> <p>Banning legal person from using cheque or credit card is banning from using cheque or credit card for not more than five years.”</p> <p>“Article 95 Confiscation of Legal Person's Objects</p> <p>Confiscation of legal person's object is applied in accordance with article 53 of this Penal Code.”</p> <p>“Article 96 Restoration</p> <p>The court may apply restoration measure as provided in article 56 of this Penal Code to legal persons who commit offences.”</p> <p>“Article 271 Market Manipulation</p> <p>Any person who commits an act that affects price or volume of traded Securities shall be punished from six months to three years of imprisonment and shall be fined from 300.000.000 kip to 500.000.000 Kip and asset shall be confiscated.</p> <p>Where such an offence is performed as a regular basis, as part of an organized group or causes substantial damage, the offender shall be punished from five to seven years of imprisonment and shall be fined from 500.000.000 kip to 700.000.000 kip and asset shall be confiscated.</p> <p>Any preparation, attempt to commit such an offence shall also be punished.”</p> <p>“Article 272 Insider Trading</p> <p>Any person who commits offence on provision, utilization, receipt, transmission, disclosure or dissemination of inside information for securities trading on behalf of</p>	
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	<p>oneself or others for interest of oneself or others on shall be punished from six months to three years of imprisonment and shall be fined from 300.000.000 kip to 500.000.000 Kip and asset shall be confiscated. Where such an offence is performed as a regular basis, as part of an organized group or causes substantial damage, the offender shall be punished from five to seven years of imprisonment and shall be fined from 500.000.000 kip to 700.000.000 kip and asset shall be confiscated.</p> <p>Any preparation, attempt to commit such an offence shall also be punished.”</p> <p>“Article 273 Inducement Customers to buy, sell Stock Exchange</p> <p>Any person who induces customers to buy, sell stock Exchange inappropriately for your own purpose or to promise for something from buying, selling stock exchange shall be punished from three months to one year and shall be fined from 30.000.000 kip to 50.000.000 Kip.”</p> <p>“Article 274 Creation and Provide untrue Data on Stock Market</p> <p>Any person who creates and provides untrue data on stock market which affect to the decision of investors and making instability of the stock market shall be punished from six months to three years and shall be fined from 300.000.000 kip to 500.000.000 Kip.”</p> <p>In addition, the sanction was also stipulated in the Law on securities, Article 202; the Law on Enterprise, Article 219, and the Law on AML/CFT, Article 64.</p> <ul style="list-style-type: none"> ▪ Law on Securities No. 79/NA, dated 03 December 2019. <p>“Article 202 (Amended) Sanctions</p> <p>Persons, juristic persons, organizations and investors who are in violation of this Law and other relevant laws and regulations resulting in damage to the government, the society, persons or juristic persons shall be educated, disciplined, fined, responsible for civil damages or sentenced to criminal offences as defined by laws.”</p> <ul style="list-style-type: none"> ▪ The Enterprise Law (Amended) No. 46/NA, dated 26 December 2013. 	
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	<p>“Article 219 Other violations</p> <p>Any person or organization violating this Law that causes damage to another person shall be responsible for compensation for such damage.</p> <p>In case the violation is a criminal offense, the violator shall be punished as specified in the Penal law.”</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.</p> <p>“Article 64 Fining Measures</p> <p>A natural person, legal person or any organization violating prohibition defined in article 50, 51 and 52 of this law, with an offense not considered as a criminal offence, will be fined accordingly. Fines for each violation case are defined in a separate regulation.”</p>	
<p>24.14 Countries should rapidly provide international co-operation in relation to basic and beneficial ownership information, on the basis set out in Recommendations 37 and 40. This should include:</p> <p>(a) facilitating access by foreign competent authorities to basic information held by company registries;</p> <p>(b) exchanging information on shareholders; and</p> <p>(c) using their competent authorities’ investigative powers, in accordance with their domestic law, to obtain beneficial ownership information on behalf of foreign counterparts.</p>	<p>Lao PDR can conduct a basic information exchange on beneficial ownership with an international organization by means of bilateral cooperation’s via MOUs. Moreover, the information can also be accessed through National Enterprise Database.</p> <p>Meanwhile, Lao PDR is extending its international cooperation network by applying for Egmont Group membership, which by far the process is underway.</p>	
<p>24.15 Countries should monitor the quality of assistance they receive from other countries in</p>	<p>There is monitoring and quality information mechanism in place in response to requests from international jurisdictions as indicated in the SOP clause 2.2, paragraph 6.</p>	<p>- The Standard Operating Procedure dated 15 January 2020.</p>

<p>response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.</p>	<p>“2.2 Information Exchange with International FIU”</p> <ul style="list-style-type: none"> - The main objectives is to create and strengthen international cooperation among the two FIU and toward effective outcome as well as ensure reciprocity by systematizes contents, method, confidentiality of mutual responsibility, without delay in order to support and improve its AML/CFT works toward international standard; - The scope of international cooperation is as following: to provide necessary information to both jurisdiction where appropriate in order support each other operation, confidentiality, responsibility for providing information and training; - The Lao FIU and its international FIU partner shall provide information to each other when: upon received of letter of request, where it is in need of providing information relating to ML/FT typology and other related information where involve with both jurisdiction upon mutual consents from time to time; - Request of information methods, report or providing of information shall be conducted in writing form signed by signatory authority(s) within the two FIU and shall be dispatched on paper base or electronically depends on other information exchange system during each period; - Upon the letter of request is received, the requested FIU shall promptly commence a search based on the information requested via diverse source such as FIU database, associated agencies database in both public and private (as authorized) and under the scope of the law that allows the AMLIO to get access to. On the other hand, the letter of request might get refusal in a case where such requested information is not consistent or alight on cooperation principle as defined in the MOU signed between the two FIU or other international cooperation principle that FIU is partied with; - Upon the information is confirmed or information is provided as requested, 	
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	<p>the receiving jurisdiction will effectively make use of such information into its own operation and provide feedback to the providing jurisdiction of how the information has been utilized in their operation from time to time or to provide feedback to the providing jurisdiction upon requested.</p> <p>Moreover, the Lao-FIU and its international FIU partner(s) shall conduct further operation regarding the exchange of information as defined in the MOU signed by both jurisdictions.”</p>	
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RECOMMENDATION 25

25. Transparency and beneficial ownership of legal arrangements *

<p>25.1 Countries should require:</p> <p>(a) trustees of any express trust governed under their law to obtain and hold adequate, accurate, and current information on the identity of the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust;</p> <p>(b) trustees of any trust governed under their law to hold basic information on other regulated agents of, and service providers to, the trust, including investment advisors or managers, accountants, and tax advisors; and</p> <p>(c) professional trustees to maintain this information for at least five years after their involvement with the trust ceases.</p>	<p>By law, Trust company and asset management company are considered as REs, which has obligations to comply with AML/CFT standards as stipulated in the Law on AML/CFT, Article 18-32, and also in the Agreement on Know Your Customers and Customer Due Diligence No.01/NCC dated 15 January 2016.</p> <p>Recently, this type of business is not existing in Lao PDR.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Agreement on Know Your Customers and Customer Due Diligence No.01/NCC, dated 15 January 2016.
<p>25.2 Countries should require that any information held pursuant to this Recommendation is kept accurate and as up to date as possible, and is updated on a timely basis.</p>		
<p>25.3 All countries should take measures to ensure that trustees disclose their status to financial</p>		

institutions and DNFBPs when forming a business relationship or carrying out an occasional transaction above the threshold.		
25.4 Trustees should not be prevented by law or enforceable means from providing competent authorities with any information relating to the trust; or from providing financial institutions and DNFBPs, upon request, with information on the beneficial ownership and the assets of the trust to be held or managed under the terms of the business relationship.		
25.5 Competent authorities, and in particular law enforcement authorities, should have all the powers necessary to be able to obtain timely access to information held by trustees, and other parties (in particular information held by financial institutions and DNFBPs), on the beneficial ownership and control of the trust, including: (a) the beneficial ownership; (b) the residence of the trustee; and (c) any assets held or managed by the financial institution or DNFBP, in relation to any trustees with which they have a business relationship, or for which they undertake an occasional transaction.		
25.6 Countries should rapidly provide international co-operation in relation to information,		

including beneficial ownership information, on trusts and other legal arrangements, on the basis set out in Recommendations 37 and 40. This should include: (a) facilitating access by foreign competent authorities to basic information held by registries or other domestic authorities; (b) exchanging domestically available information on the trusts or other legal arrangement; and (c) using their competent authorities' investigative powers, in accordance with domestic law, in order to obtain beneficial ownership information on behalf of foreign counterparts.		
25.7 Countries should ensure that trustees are either (a) legally liable for any failure to perform the duties relevant to meeting their obligations; or (b) that there are proportionate and dissuasive sanctions, whether criminal, civil or administrative, for failing to comply ⁶¹ .		
25.8 Countries should ensure that there are proportionate and dissuasive sanctions, whether criminal, civil or administrative, for failing to grant to competent authorities timely access to information regarding the trust referred to in criterion 25.1.		

RECOMMENDATION 26

F. POWERS AND RESPONSIBILITIES OF COMPETENT AUTHORITIES, AND OTHER INSTITUTIONAL MEASURES REGULATION AND SUPERVISION 26. Regulation and supervision of financial institutions *		
26.1 Countries should designate one or more supervisors that have responsibility for regulating and supervising (or monitoring) financial institutions' compliance with the AML/CFT requirements.	<p>The AMLIO has been designated as REs supervisor in terms of AML/CFT implementation and to ensure that there is not just a mere compliance done by REs as indicated in the Decision on Organization and Operations of The Anti-Money Laundering Intelligence Office, Article 2 paragraph 2.</p> <p>In addition, the Lao Securities Commission Office was also appointed as supervisor of securities company in terms of AML/CFT implementation, which is stipulated in the Decision on Designate AML/CFT Supervisor for Security Exchange, Article 2.</p> <p>To ensure effectiveness outcome, the allocation of responsibilities and task have been given to line-ministries and related agencies in terms of AML/CFT supervision and implementation as indicated in the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;</p> <ul style="list-style-type: none"> ▪ Decision on Organization and Operations of The Anti-Money Laundering Intelligence Office No. 02/NCC, dated 08 January 2020. <p>“Article 2 Status and Mandate Anti- Money Laundering Intelligence Office or “AMLIO” is an organization under direct supervision-leadership of National Coordination Committee for Anti-Money Laundering and Counter-Financing of Terrorism (NCC), and under ideological and political supervision-leadership of and receiving budget from the Bank of Lao PDR.</p> <p>AMLIO is mandated as machinery, assisting The National Coordination Committee for Anti-Money Laundering and Counter-Financing of Terrorism in implementation of Anti-Money Laundering and Counter-Financing of Terrorism to ensure the tasks are in order and smooth, in line with law and international standard.”</p> <ul style="list-style-type: none"> ▪ Decision on Designate AML/CFT Supervisor for Security Exchange 	<ul style="list-style-type: none"> - Decision on Organization and Operations of The Anti-Money Laundering Intelligence Office No. 02/NCC, dated 08 January 2020; - Decision on Designate AML/CFT Supervisor for Security Exchange No.07/NCC, dated 19 May 2015; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.

	<p>No.07/NCC, dated 19 May 2015.</p> <p>“Article 2: Supervision of security exchange company Assign to Lao Securities Commission Office having responsibility in issue regulation, conduct of inspection and risk assessment of AML/CFT to security exchange company”</p>	
<p>Market Entry 26.2 Core Principles financial institutions should be required to be licensed. Other financial institutions, including those providing a money or value transfer service or a money or currency changing service, should be licensed or registered. Countries should not approve the establishment, or continued operation, of shell banks.</p>	<p>In accordance with the Enterprise Law (Amended), Article 15 stated that every business units who is willing to set up a company in the Lao PDR will have to submit an application for enterprise registration. Upon approval of enterprise registration obtained then such company must submit an application for business operations to relevant dedicated sectors as below:</p> <ul style="list-style-type: none"> ▪ The Enterprise Law (Amended) No. 46/NA, dated 26 December 2013. <p>“Article 15 (Amended) Notification of enterprise registration A person having the intention to conduct business shall give notice by submitting an application for enterprise registration to the relevant registrar of industry and commerce sector unless otherwise provided.”</p> <p>In the case of Bank application will be referred Law on Commercial Bank the Law on commercial bank (Amended version) No 56/NA, dated 07 December 2018, Article 8 paragraph 1.</p> <p>“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.</p> <p>The application file includes:</p> <ol style="list-style-type: none"> 1. Constituent request letter follow with BoL’s format; 2. Business plan with BoL’s format; 3. Appointing committee letter in case given another person to process licensing 	<ul style="list-style-type: none"> - Law on Enterprise (Amended version) No. 46/NA, dated 26 December 2013; - Agreement on the Provision of Additional Information by Financial Institutions No.45 /BoL dated 15 January 2016; - Law on Commercial Bank (Amended version) No.56/NA, dated 07 December 2018; - Law on Foreign Exchange Management No.55 /NA, dated 20 December 2014 Article 20; - Law on Securities Amended version) No.79/NA, dated 3 December 2019; - The Decree on Microfinance Institution No.460/BOL. dated 12 October 2016; - Law on Insurance (Amended version) No.78/NA, dated 29 November 2019; - Decision on the Establishment Of Commercial Banks and

	<p>applicant and shall have attorney letter;</p> <ol style="list-style-type: none"> 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; <p>Application for bank license shall pay the license fee according to the regulation the Bank of the Lao PDR"</p> <p>In the case of MVTs will be refered to Agreement On the Provision of Additional Information by Financial Institutions No.45 /BoL dated 15 January 2016.</p> <p>In the case of Currency Exchange will be refered to Law on Foreign Exchange Management No.55 /NA, dated 20 December 2014 Article 20.</p>	<p>Commercial Banks' Branches No.42/BOL, dated 15 January 2016.</p>
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	<p>“Article 20 Consideration of a Foreign Exchange Business Application</p> <p>Upon receipt of an application with its attachments from the Ministry of Industry and Commerce, the Bank of the Lao PDR shall consider and respond to the applicants within fifteen working days for a currency exchange business and thirty working days for a gold bars import-export business.”</p> <p>In the case of financial institutions will be referred to the Decree on Microfinance Institution No.460/BOL. dated 12 October 2016, Article 7.</p> <p>“Article 7. Establishment Application</p> <p>Individuals, entities or organizations who wish to establish deposit-taking microfinance institutions shall submit application through the Industry and Commerce Sector.</p> <p>The application for establishment shall consist of the following documents:</p> <ol style="list-style-type: none"> 1. Application for enterprise registration in accordance with the form of the Industry and Commerce sector; 2. Application for establishment in accordance with the form of the Bank of Lao PDR; 3. First three (3) years business plan; 4. Biography of major shareholders and executive officers; 5. Criminal records of executive officers; 6. Certificate for Enterprise Registration; 7. Certificate of financial status of proponent shareholders; 8. List of shareholders; 9. Incorporate Agreement between Shareholders; 10. Articles of Association; 11. Map of office location certified by village administration where the office is situated; <p>and</p> <ol style="list-style-type: none"> 12. Other documents as defined by the Bank of the Lao PDR and the Industry and Commerce Sector. <p>After receiving of the applications, the Industry and Commerce Sector shall send the application file to the Bank of Lao PDR within ten (10) days from the date of receipt of complete applications.”</p>	
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	<p>In the case of Securities will be referred to Law on Securities No.79/LSCO, dated 3 December 2019, Article 55 (revised version) and Article 57 (revised version).”</p> <p>▪ Law on Securities (Amended version) No. 79/NA, dated 03 December 2019.</p> <p>“Article 55 (Amended) Requirements to Obtain Authorization to Operate a Securities Business</p> <p>Those who wish to obtain authorization to operate a securities business shall meet requirements as follows:</p> <ol style="list-style-type: none"> 1. Be a commercial bank, domestic or foreign insurance company or a foreign securities company holding shares with a hundred percent. For other legal entities and individuals must have a joint ventures with commercial banks, insurance companies or securities companies based on the equity ratios set by the Securities Commission; 2. Have registered capital: <ul style="list-style-type: none"> - At least five billion kip for financial advisory; - At least thirty billion kip for securities brokerage; - At least one hundred billion kip for underwriter. 3. There are plans to run the business for at least the first three years after its establishment; 4. Have internal control, risk management, information technology and preventing conflicts of interest within the company, company to any person or other legal entities, except for securities company which is financial advisory; 5. Have knowledgeable personnel and experience in securities business, finance, banking or legal matters integrated into the Executive Board and Board of Directors; 6. There are members of Executive Board and board of directors who have not been convicted by a court of criminal fraud, embezzlement or financial misconduct; 7. There are an appropriate number of securities business professionals; 8. Have a good financial position and have been audited by the audit com- 	
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	<p>pany accredited by parties concerned, never committed financial misconduct;</p> <p>9. Other requirements as provided by laws.”</p> <p>“Article 57 (Amended) Consideration of Securities Business Licenses</p> <p>The Securities Commission shall consider the applications to obtain authorization to conduct securities business within forty-five days from the date of receipt of the complete and accurate application documents. In case of rejection, the reply must be given in writing with the reasons given.</p> <p>When deemed necessary, the Securities Commission has the rights to request additional documents and information or invite related person to clarify or provide information.</p> <p>After receiving a business license from the Securities Commission, the securities company must announce to the public through the mass media within five business days of the issuance of the business license.”</p> <p>In the case of Insurance will be referred to Law on Insurance (Amended version) No.78/NA, dated 29 November 2019, Article 36</p> <p>“Article 36 (Amended) Request for a License to Operate Insurance Business</p> <p>Those who have the objective to operate an insurance business in the Lao PDR must submit an application for investment permission and register according to the Investment Promotion Law and Enterprise Law. Next, proposing to the Ministry of Finance to consider issuing the business license according to regulation.</p> <p>In relations of business operation, the insurer is allowed to operate one type of insurance business only.”</p> <p>Establishment or continued giving service to shell bank was stipulated in the Decision on the Establishment of Commercial Banks and Commercial Banks’ Branches No.42/BOL, dated 15 January 2016, Article 2 clause 2.</p> <p>“Article 2. Principles for the Establishment of Commercial Banks and</p>	
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	<p>Branches of Commercial Banks</p> <p>The establishment of commercial banks and branches shall be authorized by the Bank of the Lao PDR.</p> <p>The Bank of the Lao PDR will not consider the application for the establishment of shell banks and applicants of shell company nature.”</p>	
<p>26.3 Competent authorities or financial supervisors should take the necessary legal or regulatory measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, in a financial institution.</p>	<p>Under the prudential inspection mechanism prior to or upon issuance of business licensed to banking sector, microfinance, and securities company as determined below:</p> <p>For Banking sector is referred to the Law on commercial bank (Amended version) No.56/NA, dated 07 December 2018, Article 9 and Decision on the Establishment Of Commercial Banks and Commercial Banks’ Branches No.42/BOL, dated 15 January 2016, Article 7 paragraph 5.</p> <p>“Article 9 (Amended) approval/consideration of the applicant</p> <p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 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 experi- 	<ul style="list-style-type: none"> - Law on commercial bank (Amended version) No.56/NA, dated 07 December 2018; - Agreement on the Provision of Additional Information by Financial Institutions No.45/BOL, dated 15 January 2016; - Decision on the Establishment of Commercial Banks and Commercial Banks’ Branches No.42/BOL, dated 15 January 2016; - Regulation on Provision of Additional Information relating to Sources of Registered Capital, Shareholder Structure and Beneficiaries of Securities Companies No.006/LSC, dated 28 January 2016.

	<p>enced in finance and banking business performance;</p> <ol style="list-style-type: none"> 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. <p>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.”</p> <p>“Article 7 paragraph 4.</p> <p>xxx</p> <p>Bank of Lao PDR will determine if a person is fit and proper to own or manage a bank and prevent criminals and their associates from holding such positions. In making such determinations, Bank of Lao PDR will consider criminal history, associations with criminals and any adverse findings by a supervisory or regulatory authority.”</p> <p>xxx</p> <p>For Microfinance sector is refered to Agreement on the Provision of Additional Information by Financial Institutions No.45 /BoL, dated 15 Jan 2016, Article 3 clause 4.</p> <p>“Article 3 Request of Business Operations Licenses</p> <p>Individuals, legal entities or organizations both domestic and foreign which have the objective of requesting a business operations license for a financial institution must fulfil conditions and compile documentation as specified in the Conditions and Compilation of Documentation to Request a Business Operations License, No.154-159/DFIM, dated 17 February 2012 and no: 1038/DFIM, 24 July 2014. In addition to this, more documentation must be compiled as follows:</p> <p>xxx</p> <p>“4. A declaration and documents evidencing that they are fit and proper, that is criminal</p>	
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	<p>history, details of any association with known criminals (domestic or foreign) and any adverse findings by a supervisory or regulatory authority for controlling shareholders and their beneficial owners and senior management.”</p> <p>xxx</p> <p>For Securities Company sector is referred to Regulation on Provision of Additional Information relating to Sources of Registered Capital, Shareholder Structure and Beneficiaries of Securities Companies No.006/LSC, dated 28 January 2016.</p> <p>“Article 4 Additional Documents</p> <p>Besides application documents prescribed in Article 52 of the Law on Securities and Regulation on Incorporation and Operation of Securities Companies, a person or juristic person wishing to incorporate a securities company shall submit additional documents to the Lao Securities Commission Office, as follows:</p> <p>xxx</p> <p>4. documents relating to controlling shareholders, ultimate beneficiaries, board of directors and executives of a securities company including a document evidencing criminal history, a declaration including details of any adverse findings by either a local or foreign securities supervisory authority.</p> <p>xxx”</p>	
<p><i>Risk-based approach to supervision and monitoring</i></p> <p>26.4 Financial institutions should be subject to:</p> <p>(a) <i>for core principles institutions</i></p> <p>- regulation and supervision in line with the core principles, where relevant for AML/CFT, including the application of consolidated group supervision</p>	<p>(a). FIs supervisors improved its supervision mechanism consistent with the Basel I and Basel II standard, Lao Securities Commission Office is at the stage of applying for IOSCO membership in which expect to successfully become a member by year 2020. Furthermore, International standard of AML/CFT supervision is undertaking by AMLIO as stipulated in the Agreement on Organization and Operations of The Anti-Money</p>	<ul style="list-style-type: none"> - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020; - Agreement on KYC/CDD No.01/NCC, dated 15 January 2016; - Notice on Publishing of hand-book for the Implementation of

<p>for AML/CFT purposes.</p> <p>(b) <i>for all other financial institutions</i> - regulation and supervision or monitoring, having regard to the ML/TF risks in that sector. At a minimum, for <i>financial institutions providing a money or value transfer service, or a money or currency changing service</i> - systems for monitoring and ensuring compliance with national AML/CFT requirements.</p>	<p>Laundering Intelligence Office No.02/NCC, dated 08 January 2020, Article 2.</p> <p>(b) AMLIO has rights and duties to take supervision, monitoring and inspection over financial institutions including MVTS or Currency Exchange Bureau as stipulated in the Agreement on KYC/CDD No.01/NCC, dated 15 January 2016, Article 12.</p> <p>“Article 12 Risk Management</p> <p>Reporting units must uphold principles of assessing and managing risk of money laundering and financing of terrorism as specified in Article 20 in the Law on AMLCFT and should improve their own policies, principles, procedures or regulations per the standard conditions specified by the AMLIO periodically.</p> <p>Reporting units must assess and manage risk on the basis of at least identifying, valuing, monitoring and reducing risk of money laundering and financing of terrorism which may arise in themselves, for instance existing or new products, existing or new methods for conducting business, methods or procedures in servicing or conducting business, the use of new technology in servicing or conducting business. If risks are found, there must be appropriate measures in order to reduce the risk of money laundering and financing of terrorism before servicing, conducting business and creating business relationships with new and old clients.</p> <p>Reporting units must consider the intensity of measures for customer due diligence for all of their customers in accordance with the risk of money laundering and financing of terrorism of the client. If the client has a high level of risk, deep measures must be implemented for customer due diligence. If the client has a low level of risk, easy measures must be implemented for customer due diligence which must be counted as part of policy, procedures, principles or regulations in assessing and managing their risk. For information and evidence or identity verification documents of various clients which are considered in the management of risk of money laundering and financing of terrorism, which are stored, the information must be audited and improved to be current information through even implementation until cessation of relationship with the client.</p> <p>Reporting units must carry out policies, procedures, principles or regulations in assessing and managing their risk as specified in Paragraphs 2 to 3 of this Article while serving, processing transactions and creating business relationships or while ceasing the service, the processing of transactions and the creation of business relationships.”</p>	<p>Basel Standard No.55/CBSD, dated 15 January 2020.</p>
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<p>26.5 The frequency and intensity of on-site and off-site AML/CFT supervision of financial institutions or groups should be determined on the basis of:</p> <p>(a) the ML/TF risks and the policies, internal controls and procedures associated with the institution or group, as identified by the supervisor’s assessment of the institution’s or group’s risk profile;</p>	<p>(a) Form of inspection mechanism on AML/CFT implementation toward REs was stipulated in the Law on AML/CFT, Article 59.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 59 Forms of Inspection</p> <p>The inspection of AML/CFT practices has 3 forms</p> <ol style="list-style-type: none"> 1. Regular Inspection is a planned inspection with a specific schedule; 2. Inspection with advance notification is an inspection outside the plan when deemed necessary by informing target entities in advance; 3. Spot inspection is an urgent inspection without prior notice. <p>When undertaking AML/CFT practice inspection, officers of inspecting authorities shall strictly comply with the relevant regulations and laws.”</p> <p>Meanwhile, AMLIO is required to conduct supervision, monitoring and inspection in regular basis especially to those risky FIs as stipulated in the Decision On Organization and Operations of The Anti-Money Laundering Intelligence Office No. 02/NCC, dated 08 January 2020, Article 9.</p> <p>“Article 9 Inspection Division</p> <p>Inspection division shall have own rights and duties in order to make a plan and inspect the Reporting Entities regarding to legislations implementation of Anti-Money Laundering and Counter-Financing Terrorism regulations as following:</p> <ol style="list-style-type: none"> 1. To make an inspection plan for Reporting Entities eventually; 2. To have ordinary site inspection for Reporting Entities in order to implement legislations of Anti-Money Laundering and Counter-Financing of Terrorism regulations according to Director General of AMLIO’s assignment; 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. - Decision On Organization and Operations of The Anti-Money Laundering Intelligence Office No. 02/NCC, dated 08 January 2020; - Manual on Risk Based Approach on Anti-Money Laundering and Counter Financing Terrorism dated 19 May 2019; - The AML/CFT On-site Inspection Manual dated 08 August 2018.
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<p>(b) the ML/TF risks present in the country; and</p> <p>(c) the characteristics of the financial institutions or groups, in particular the diversity and number of financial institutions and the degree of discretion allowed to them under the risk-based approach.</p>	<p>3. To have extra-ordinary site inspection for suspicious transaction report of money laundering or financing terrorism according to Director General of AMLIO's assignment; 4. To report ordinary and extra-ordinary inspection result to Director General of AMLIO; 5. To co-ordinate with Reporting Entities Supervision Organization or related other organization in case of inspection for Reporting Entities together; 6. To consider and coordinate with Division within AMLIO in order to apply administrative sanction measures to reporting entities who failed to compliance with or violated the Law on Anti-Money Laundering and Counter-Financing of Terrorism and report to the Director General of AMLIO for consideration; 7. To summarize and make a division's activities plan eventually to reporting Director General AMLIO; 8. Fulfill other duties and rights as Director General and deputy Director General AMLIO's assignment." Moreover, AMLIO has also created AML/CFT On-site Inspection Manual dated 08 August 2018;</p> <p>(b) In addition to existing monitoring and inspection mechanism as shown in R26.5 (a), AMLIO in cooperation with relevant agencies undertaking RBA in both methods (on-site/off-site visit) to find a potential risks among REs and couple with an action plan to mitigate such risks as indicated in the AML/CFT On-site Inspection Manual dated 08 August 2018;</p> <p>(c) The nature of FI or group in terms of its expansion including action plan respond to RBA outcome was stated in the RBA guideline on AML/CFT, dated 19 May 2019, Article 4.</p> <p>“Article 4 Contents on risk assessment, based on risk management principles for the work of anti-money laundering and counter-financing of terrorism</p> <p>1) Assessment Principles</p> <p>The risk assessment based on risk management principles for the work of anti-money laundering and counter-financing of terrorism are followed by two key factors that affect the assessment: Inherent Risk Indicators and AML/CFT</p>	
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	<p>Control Indicators.</p> <p>❖ Inherent Risk Indicators:</p> <p>Inherent Risk Factor is a risk factor that can occur on its own, which affects the risk on size and volume of the variable as follows:</p> <p>1. Size:</p> <ul style="list-style-type: none"> - Registered capital for establishment - Total assets (fixed and working assets); - Number of customers for services; - Transaction number of service products and service units. <p>2. Corporate Governance:</p> <ul style="list-style-type: none"> - Defining or establishing an internal operating plan; - Appointment of data collection and reporting staff at each level; - Establishment of a specific department or unit for data collection and reporting; - Assigning to a specific department or unit to collect data and report directly to the Executive Board. <p>3. Clarity and Diversity of Ownership:</p> <ul style="list-style-type: none"> - Clear and disclosed shareholding structure; - Identifying and disclosing the number of shares, shareholders and sources of capital that the shareholders provide for financing; - Examining the sources of capital and criminal history of each shareholder; - Disclosure of sources of capital to carry out business activities from time to time. <p>4. Risk Appetite:</p> <ul style="list-style-type: none"> - Transactions with risky countries; - Relationships with individuals or legal entities and countries identified in the UN List; - There are transactions with clients or legal entities that do not take measures to prevent money laundering and terrorist financing, including domestic and international transactions. <p>5. High risk clients:</p> <ul style="list-style-type: none"> - Customer risk classification (low or high); 	
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	<ul style="list-style-type: none"> - Transactions to customers who are unable to provide information or provide factual information in accordance with their KYC / CDD measures; - Service of clients who are or are related to a domestic or international crime group; - Number of clients who use cash (including foreign currencies) to apply for services. <p>6. High risk products/services (in terms of nature and complexity):</p> <ul style="list-style-type: none"> - Customers' transactions that are complex, high in amount, frequency of movement and variety of individuals involved; - Transaction amount; - Number of transactions that can be loaned; - Causes of long-term non-recoverable debt; - Number of deposit transactions; - Number of withdrawal transactions. <p>7. International operations and transactions</p> <ul style="list-style-type: none"> - Customer discovery rules: have sufficient information on the checks of the transferee and the beneficiary; - Foreign banks as represented banks: the number of representative banks, the value of the transaction. <p>8. High risk geographic location of operation domestic or international:</p> <ul style="list-style-type: none"> - Location of offices or branches of commercial banks in risk areas; - The Bank is in a risky country or AML / CFT account. <p>9. Reliance on third parties, agents, and remote processes (deliver channels):</p> <ul style="list-style-type: none"> - Agent identification rules and conditions to establish relationships with agents; - Number of products offered by the agent. <p>❖ AML/CFT Control indicators:</p> <p>AML/CFT Control indicators are factors that can reduce, prevent and control potential risks are represented by the following variables:</p> <p>1) Management's commitment to the work of AML/CFT:</p> <ul style="list-style-type: none"> - AML / CFT Management Structure within the reporting unit: Senior management staff in AML / CFT work; 	
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	<ul style="list-style-type: none"> - Bank's internal policies and plans for AML / CFT work. Understanding of ML/TF risks: - Their own internal risk assessment; - AML / CFT training materials: presentations, registration forms; - Training: There is ongoing training, important topics, periodic exams and training sessions. <p>2) Independence and Effectiveness of Compliance Function:</p> <ul style="list-style-type: none"> - Have internal unit for implementing the work of AML / CFT specifically; - Effective coordination between reporting units and managers: provision of information, internal regulation, experienced staff and sufficient responsibility for such tasks. <p>3) Adequacy of the AML/CFT Policy and Procedures</p> <ul style="list-style-type: none"> - AML / CFT Internal Rules: There are specific regulations on the work of AML / CFT within the rights and obligations of the reporting entities under Article 18 of the AML / CFT Law No. 50 / NA, dated 21 July 2014; - Developing specific policies, procedures, and work plans related to AML / CFT tasks. <p>4) Effectiveness of KYC/CDD:</p> <ul style="list-style-type: none"> - Rules of Know Your Customer (KYC): Collection of information and evident or documents of both the client and the legal entity to verify the identity of the customer, such as: name and surname, ID, name of legal entity, office address, enterprise registration copy and so on, necessary and be able to authenticate; - Rule of CDD: Continuing customer service to ensure that the information previously provided by the client is currently accurate; Increase attention to paid customer service for individuals with political status. <p>5) Effectiveness of Monitoring (including MIS):</p> <ul style="list-style-type: none"> - The rules and mechanism for AML / CFT implementation in order to ensure real implementation in each period. <p>6) Effectiveness of STR Analysis and Reporting:</p> <ul style="list-style-type: none"> - Reporting: Internal reporting requirements are set; Completeness of the reporting form; The period of reporting; Responsible Employee Mechanism; - Suspicious Transaction Reporting: Internal Management Process that is at the 	
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	<p>Head Office's Responsibility; Completeness of the reporting form; The mechanics of the staff involved;</p> <ul style="list-style-type: none"> - Continuous monitoring; - Confidentiality of reporting; - Other rules that the Bank may set out to provide for more effective analysis and reporting of transactions. <p>7) Effectiveness of Report Keeping:</p> <ul style="list-style-type: none"> - Collection of information on customer details; - Collection of information on customer transactions; - Collection information on money transfer; - Keeping of information. <p>8) Effectiveness of Internal Audit:</p> <ul style="list-style-type: none"> - Internal controls: Inspect, evaluate, review policies, rules and operating manuals, as well as control the effectiveness of them. <p>9) Effectiveness of Training Activities:</p> <ul style="list-style-type: none"> - Continuing to formulate ongoing AML / CFT training for own staff. <p>2. Assessment</p> <p>Risk assessment based on risk management principles for the work of anti-money laundering and counter-financing of terrorism was conducted on the basis of a data analysis of 19 inherent risk factors and AML / CFT control factors obtained from reporting units, to set the score and input it into the risk assessment tool (Excel Tool).</p> <p>❖ Form of scoring</p> <p>There are two types of risk assessment tools: Risk Score and Risk Reduction Score. Scoring is set from 1 (minimum score) to 5 (highest score).</p> <ul style="list-style-type: none"> - Risk Reduction Score (+): Entering a score of 1 means that the factor is low risk. But a score of 5 would mean that the risk was high. (the higher scores the higher risks). - Risk Reduction Score (-): Entering a score of 1 means that this factor is less effective in implementing risk reduction. But a score of 5 means that these factors 	
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	<p>are highly effective in reducing risk. (the higher scores the lower risk).</p> <p>❖ Assessment Result: After the scoring and rating of 19 factors is included in the risk assessment tool, the tool calculates the risk rating of the reporting entity:</p> <ul style="list-style-type: none"> - Scores 0-19 are low risk; - Score of 20-39 is low- medium risk; - Scores 40-59 are medium risk; - Scores 60-79 are medium-high risk; - Scores of 80-100 are high risk.” 	
26.6 The supervisor should review the assessment of the ML/TF risk profile of a financial institution or group (including the risks of non-compliance) periodically, and when there are major events or developments in the management and operations of the financial institution or group.	AMLIO conducts on-site inspection in regular basis based on existing risk of particular FIs as stated in the AML/CFT On-site Inspection Manual dated 08 August 2018.	<ul style="list-style-type: none"> - The AML/CFT On-site Inspection Manual dated 08 August 2018.

RECOMMENDATION 27

27. Powers of supervisors		
27.1 Supervisors should have powers to supervise or monitor and ensure compliance by financial institutions with AML/CFT requirements.	27.1 and 27.2 AMLIO has sufficient power in terms of supervision, monitoring and inspection over FI's implementation to ensure compliance with AML/CFT requirements as indicated in the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020, Article 4 clause 2 and Article 9.	<ul style="list-style-type: none"> - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020; - Decision on Designated for AML/CFT Supervisor for Commercial Banks and Financial Institution No.416 /BOL, dated 05 June 2015; - Decision on Designate AML/CFT Supervisor for Security Exchange No.07/NCC, dated 19 May 2015; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;
27.2 Supervisors should have the authority to conduct inspections of financial institutions.	<p style="text-align: center;">▪ Agreement On Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020.</p> <p>“Article 4 Right scope AMLIO has right as following:</p> <ol style="list-style-type: none"> 1. To agree and sign every document related to own rights scope; 2. To release Agreement, Recommendation statement and Notification regarding to Anti-Money Laundering and Counter-Financing of Terrorism in order to propose NCC adopted; 3. To notify regarding to Anti-Money Laundering and Counter-Financing of Terrorism to Reporting Entities as NCC's assignment; 4. To require extra necessary information from related organization of Ministries, agencies, local authorities and other organization in jurisdiction include Reporting Entities regarding to their own works; 5. Fulfill other duties that aligned on the law.” <p>“Article 9 Inspection Division Inspection division shall have own rights and duties in order to make a plan and inspect the Reporting Entities regarding to legislations implementation of Anti-Money Laundering and Counter-Financing Terrorism regulations as following:</p>	

	<ol style="list-style-type: none"> 1. To make an inspection plan for Reporting Entities eventually; 2. To have ordinary site inspection for Reporting Entities in order to implement legislations of Anti-Money Laundering and Counter-Financing of Terrorism regulations according to Director General of AMLIO's assignment; 3. To have extra-ordinary site inspection for suspicious transaction report of money laundering or financing terrorism according to Director General of AMLIO's assignment; 4. To report ordinary and extra-ordinary inspection result to Director General of AMLIO; 5. To co-ordinate with Reporting Entities Supervision Organization or related other organization in case of inspection for Reporting Entities together; 6. To consider and coordinate with Division within AMLIO in order to apply administrative sanction measures to reporting entities who failed to compliance with or violated the Law on Anti-Money Laundering and Counter-Financing of Terrorism and report to the Director General of AMLIO for consideration; 7. To summarize and make a division's activities plan eventually to reporting Director General AMLIO; 8. Fulfill other duties and rights as Director General and deputy Director General AMLIO's assignment." <p>AMLIO has been designated as commercial banks and FIs supervisor, as indicated in the Decision on Designated for AML/CFT Supervisor for Commercial Banks and FIs No.416/BOL, dated 5 June 2015, Article 2.</p> <p>Securities Commission Office has been designated as Securities Exchange Company supervisor, as indicated in the Decision on Designate AML/CFT Supervisor for Securities Exchange No.07/NCC, dated 19 May 2015.</p> <p>Regarding other FIs supervision, its clearly indicated in the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;</p>	
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	<ul style="list-style-type: none"> ▪ Decision on Designated for AML/CFT Supervisor for Commercial Banks and Financial Institution No.416 /BOL, dated 05 June 2015. <p>“Article 2 Supervision for Commercial Banks and Financial Institution Assign to AMLIU having responsibility in issue regulation, on-site inspection and risk assessment of AML/CFT for Commercial Banks and Financial Institution.”</p> <ul style="list-style-type: none"> ▪ Decision on Designate AML/CFT Supervisor for Security Exchange No.07/NCC, dated 19 May 2015. <p>“Article 2 Supervision of security exchange company Assign to Lao Securities Commission Office having responsibility in issue regulation, conduct of inspection and risk assessment of AML/CFT to security exchange company.”</p>	
27.3 Supervisors should be authorised to compel production of any information relevant to monitoring compliance with the AML/CFT requirements.	Under the scope of rights stated that AMLIO has the right to compel for obtaining necessary information relevant to ML/TF as indicated in the Agreement On Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition), Article 4 (details stipulated in R27.1), and Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;	<ul style="list-style-type: none"> - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.
27.4 Supervisors should be authorised to impose sanctions in line with Recommendation 35 for failure to comply with the AML/CFT requirements. This should include powers to impose a range of disciplinary and financial sanctions, including the	<p>Lao PDR imposed sanction against the FIs that failed to comply with the requirements under the Law on AML/CFT, Article 65 and the Decision on Administrative Measures Violated Regulations and Law on Anti-Money Laundering and Counter-Financing of Terrorism, Article 2 and 4.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decision on Administrative Measures Violated Regulations and Law on Anti-Money Laun-

<p>power to withdraw, restrict or suspend the financial institution's licence.</p>	<p>“Article 65: Measures on reporting entities Reporting entities shall be subject to the following measures: 1. In case of a violation, or a failure to exercise rights and obligations under article 18 of this law, reporting entities shall be:</p> <p>1.1 Warned in writing and recommended to exercise their rights and obligations; 1.2 Fined as per a separate regulation.</p> <p>2. In case of a violation of prohibitions defined in article 50 and 52 of this law, reporting entities shall: 2.1 be suspended from business operation or subject to management removal; 2.2 have their business permits or licenses withdrawn; 2.3 be criminally prosecuted in accordance with relevant laws fined 100,000,000 up to 2,000,000,000 kip.</p> <p>▪ Decision on Administrative Measures Violated Regulations and Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 09/NCC, dated 30 March 2016.</p> <p>“Article 2 Administrative Measures Administrative measures pursuant to this decision shall be the re-education for natural person, legal person including reporting entities for their violation of any regulations and law on AML/CFT which is not a serious violation and has not caused any substantial damages even if such violation has all elements of a criminal offence. Administrative measures include: 1. Warning; 2. Fine; 3. Suspension or removal of management position; 4. Withdrawal of business operating license or enterprise registration certificate.”</p> <p>“Article 4 Application of Measures</p>	<p>dering and Counter-Financing of Terrorism No. 09/NCC, dated 30 March 2016.</p>
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	<p>Any natural person, legal person including reporting entities who have committed any violations listed in Article 3 of this decision shall be subject to the following measures:</p> <p>1. Warning Violations within Clauses 1 to 17 in Article 3 of this decision shall be warned in writing.</p> <p>2. Fine Violation as per Clause 18 and 19 in Article 3 of this decision or continuation of violation upon the application of warning as set out in Clause 1 of this Article shall be fined as follows:</p> <p>2.1. Natural person including management shall be fined from LAK 1.000.000 to LAK 10.000.000;</p> <p>2.2. Legal person including reporting entities shall be fined at 0.0001% of total assets of reporting entities to be calculated at the time of violation and in any case the fine shall not be less than LAK 3.000.000 and not exceeding LAK 200.000.000.</p> <p>3. Suspension or removal of management position, withdrawal of business operating license or enterprise registration certificate. For its continuation of violation upon the application of measures set out in Clause 2 of this Article, a reporting entity shall be subject to the following measures:</p> <p>3.1. Suspension or removal of its management;</p> <p>3.2. Withdrawal of its business operating license or enterprise registration certificate and submission for prosecution by relevant authority according to laws.”</p>	
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RECOMMENDATION 28

28. Regulation and supervision of DNFBPs *

Casinos

28.1 Countries should ensure that casinos are subject to AML/CFT regulation and supervision. At a minimum:

(a) Countries should require casinos to be licensed.

(a) Every casinos operates in Lao PDR must obtain business license issued by the Ministry of Finance as indicated in Drafting the Decree on Casino and Gambling Operation Activities.

“Article 27 Processes and Procedures for Casino Operating License

1. The enterprise submits one set of application for a casino operating license to the Ministry of Finance to examine for their completeness and accuracy. The Ministry of Finance shall respond to the enterprise within fifteen days from the date of receiving the application regarding to the completeness of the application, and require the enterprise to submit additional documents (if any) and then submit six sets of accurate documents for consideration.
2. The Ministry of Finance shall issue a casino operating license within sixty days from the date of receiving complete and accurate documents. In case the application is rejected, the Ministry of Finance shall notify the enterprise in writing with rationale of the rejection.
3. Procedures for considering the application:
 - a) The Ministry of Finance shall send a set of application to obtain comments from relevant ministries, including: Ministry of Planning and Investment, Ministry of Public Security, Ministry of Information, Culture and Tourism, the Bank of Lao PDR and the provincial where the enterprise submit the application for business licensing.
 - b) Relevant authorities shall provide their comments in writing to Minis-

- Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014;
- Drafting the Decree on Casino and Gambling Operation Activities;
- Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.

<p>(b) Competent authorities should take the necessary legal or regulatory measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, or being an operator of a casino.</p>	<p>try of Finance within fifteen days from the date of receiving a set of application and be responsible for such comments;</p> <p>c) Upon receiving comments from relevant ministries and sectors as defined in item a) of this Article, the Ministry of Finance shall consolidate comments, review and make a decision on the issuance of casino operating license.</p> <p>4. Contents for consideration:</p> <p>According to the provisions of this Decree and other relevant regulations, the Ministry of Finance and relevant sectors shall consider the application according to the requirements as defined in paragraph 1, Article 25 of this Decree.”</p> <p>(b) Lao PDR took place inspection measures on proof of source, shareholders, manager and beneficial ownership prior to and upon issuance of business license as stipulated and Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020, Article 4 clause 3 and Drafting the Decree on Casino and Gambling Operation Activities Article 26 clause 7.</p> <p>▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.</p> <p>“Article 4 The Responsibilities of Ministries, Organizations for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism</p> <p>Ministries, Organizations have a responsibility for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism as following:</p> <ol style="list-style-type: none"> 1. Macro-Management for the Activities of Anti-Money Laundering and Counter-Financing of Terrorism in the area of its responsibility; 2. Supervise its entities which is under its management to focus on implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism in order to comply with Laws and other Relevant Regulations effectively; 3. Auditing and Requesting relevant and necessary information from Reporting En- 	
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	<p>ties which is under its management such as sources of fund, shareholders, directors, and beneficial owner prior and/or after issuing Business Registration in order to collect and provide to relevant competent authorities;</p> <ol style="list-style-type: none"> 4. Developing and implementing programs for monitoring and auditing the activities' implementation of Anti-Money Laundering and Counter-Financing of Terrorism of Reporting Entities which is under its management; 5. Be in charge in studying and issuing legislations, risks assessment and risk-based approach, supervision, monitoring and inspection the implementation of its obligations through activities of Anti-Money Laundering and Counter-financing of Terrorism for Reporting Entities which is under its management; 6. Publishing Laws and Regulations that related to activities of Anti-Money Laundering and Counter-financing of Terrorism to Relevant Organizations and Reporting Entities which is under its management within the nationwide; 7. Collecting, studying and evaluating the activities' implementation of Anti-Money Laundering and Counter-financing of Terrorism then report to the government; 8. Also, other responsibilities as defined in the Laws.” <p>▪ Drafting the Decree on Casino and Gambling Operation Activities.</p> <p>“Article 26.Application form for Casino Operations</p> <p>The application form for casino operating license shall include the following documents:</p> <ol style="list-style-type: none"> 1. Application form for casino operating license; 2. Copy of a certified of investment license or investment decision stipulating casino business activities and certificates indicating investment or revised investment decision (if any) issued by the relevant agency as defined in the Law on Investment Promotion or a copy of document that has not been certified shall be presented with original document for verification. 3. Application form, a certifying the import of capital by enterprise as defined in item 2, Article 25 of this Decree. 4. Diagram, location of the casino business premises. 5. Draft internal supervision regulation, structure of internal audit, internal 	
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<p>(c) Casinos should be supervised for compliance with AML/CFT requirements.</p>	<p>regulation on anti-money laundering, regulations dispute resolving and regulations on casino customer services.</p> <ol style="list-style-type: none"> 6. A casino business plan shall contain the following information: enterprise identity, investment situations of the project, period of casino operations, estimated number of gambling machines and tables, types of gambles, investment evaluation report, estimated income and expenses in foreign currencies, security and safety measures at the casino business and project implementation plan. 7. Names list of managers, criminal record, a copy of education certificated which verify educational degree of casino business managers or copies of uncertified documents but shall be presented with original ones for verification.” <p>(c). Casino is considered as RE which has its obligation to comply with under the Law on AML/CFT, Article 18.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. <p>“Article 18 Rights and Obligations of reporting entities</p> <p>The reporting entities have the following rights and obligations:</p> <ol style="list-style-type: none"> 1. Developing AML/CFT Programme; 2. Implementing risk assessment and risk-based management principles; 3. Implementing Know Your Customer measures; 4. Enhancing Customer Due Diligence measures; 5. Gathering detailed information on customers; 6. Gathering information about customers’ transactions; 7. Dealing with PEPs; 8. Dealing with corresponding banks; 9. Collecting data on wire transfer; 10. Maintaining records; 	
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	<p>11. Postponing transactions; 12. Reporting; 13. Reporting suspicious transactions; 14. Maintaining reporting confidentiality.</p> <p>Overseas branches and subsidiaries in the group of the reporting entities are obliged to observe articles 19 to 32 of this law.</p> <p>In case the laws of the country where the branches subsidiaries in the group of the reporting entities are located do not allow the application of these obligations, the reporting entities shall notify their supervisory authorities.”</p>	
<p><i>DNFBPs other than casinos</i> 28.2 There should be a designated competent authority or SRB responsible for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements.</p>	<p>By Law, AMLIO is assigned to play the roles as FI and DNFBPs supervisor (except casino) in terms of monitoring and inspection on AML/CFT implementation conducted by REs as stipulated in the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020, Article 2; and Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020, Article 4 clause 4. (details stipulated in Rec.28.1)</p> <ul style="list-style-type: none"> ▪ The Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020. <p>“Article 2 Status and Mandate Anti- Money Laundering Intelligence Office or “AMLIO” is an organization under direct supervision-leadership of National Coordination Committee for Anti-Money Laundering and Counter-Financing of Terrorism (NCC), and under ideological and political supervision-leadership of and receiving budget from the Bank of Lao PDR. AMLIO is mandated as machinery, assisting The National Coordination Committee for Anti-Money Laundering and Counter-Financing of Terrorism in implementation of Anti-Money Laundering and Counter-Financing of Terrorism to ensure the tasks are in order and smooth, in line with law and international standard.”</p>	<ul style="list-style-type: none"> - The Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.

<p>28.3 Countries should ensure that the other categories of DNFBPs are subject to systems for monitoring compliance with AML/CFT requirements.</p>	<p>DNFBPs excepts Casino must be monitored and inspected by supervisors on AML/CFT implementation based on their obligation under the law on AML/CFT, Article 18 and and Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020, Article 14.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014. “Article 18 (details stipulated in Rec.28.1(c))”; ▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020. <p>“Article 14 The Responsibilities of Reporting</p> <p>Reporting Entities have a responsibility for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism as following:</p> <ol style="list-style-type: none"> 1. Developing Anti-Money Laundering and Counter-Financing of Terrorism programs as defined in detailing in Subparagraph 2 to 16 of this Article with the approval by Board of Directors and other relevant organizations; 2. Developing, propose a policy developing and regulations to Board of Directors or Directors to consider in accordance with its rights and obligations; 3. Establishing the Department, Sector or Nominate the data collection staff and reporting staff as defined in the regulation of reporting on suspicious transaction for Money Laundering or Counter-Financing of Terrorism; 4. Nominate an Internal Auditor to monitoring and auditing the implementation of Anti-Money Laundering or Counter-Financing of Terrorism activities and then report the outstanding information to AMLIO; 5. Evaluate, Risk Assessment Management and Create a Manual about getting to know customers and pay more attention to customers as defined in the regulation of knowing customers and pay more attention to customers; 6. Developing and Implementing a professional training program for its staffs as regularly and report to AMLIO as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 7. Collecting information in details about customers as defined in the Law on Anti- 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.
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	<p>Money Laundering and Counter-Financing of Terrorism;</p> <ol style="list-style-type: none"> 8. Collecting information about customer's transactions as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 9. Following or tracking customers who having political status as defined in the regulation of knowing customers and pay more attention to customers; 10. Inspecting its customers upon receiving a notification about the name list of terrorism or counter-financing of terrorism from AMLIO as defined in the regulation of Detain, Seizure and Freezing of Funds of Terrorism associated to the Financing of Proliferation of Weapons of Mass Destruction or Counter-Financing of Terrorism; 11. Maintaining records as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 12. Postpone a transaction as defined in the regulation of reporting on suspicious transaction for Money Laundering or Counter-Financing of Terrorism; 13. Report on Cash transactions as defined in the regulation of reporting on cash Transaction more than a threshold and regulation of reporting on Wire Transfer more than threshold and other transactions as defined by AMLIO; 14. Report on Suspicious Transaction as defined in the regulation of reporting on transaction that cause a suspicion relating to money laundering or counter-financing of terrorism; 15. Maintaining reporting confidentiality as defined in the regulation on Anti-Money Laundering and Counter-Financing of Terrorism; 16. Developing a Technology System that connecting with AMLIO. <p>For Commercial Banks, besides the responsibilities that defined in First Subparagraph of this Article, Commercial Banks also have other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Communicate with Agent Bank as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism; 2. Collecting on Wire Transfer as defined in the Law on Anti-Money Laundering and Counter-Financing of Terrorism, and the regulation on Wire Transfer more than threshold; 3. Monitoring Anonymous Accounts as defined in the regulation on increasing in moni- 	
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	<p>toring the Anonymous Accounts.</p> <p>For Micro-Finance Institutions, besides the responsibilities that defined in First Subparagraph of this Article, Micro-Finance Institutions also have a responsibility for monitoring the anonymous Accounts as defined in the regulation on increasing in monitoring the Anonymous Accounts.”</p>	
<p>28.4 The designated competent authority or self-regulatory body (SRB) should:</p> <p>(a) have adequate powers to perform its functions, including powers to monitor compliance;</p>	<p>(a). AMLIO has sufficient power to conduct supervision, monitoring and inspection to ensure compliance with DNFBP’s obligations as indicated in the Agreement On Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020, Article 2 paragraph 2 (details stipulated in Rec.28.2) and Article 9 and Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020, Article 5.</p> <ul style="list-style-type: none"> ▪ The Agreement On Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020. <p>“Article 9 Inspection Division</p> <p>Inspection division shall have own rights and duties in order to make a plan and inspect the Reporting Entities regarding to legislations implementation of Anti-Money Laundering and Counter-Financing Terrorism regulations as following:</p> <ol style="list-style-type: none"> 1. To make an inspection plan for Reporting Entities eventually; 2. To have ordinary site inspection for Reporting Entities in order to implement legislations of Anti-Money Laundering and Counter-Financing of Terrorism regulations according to Director General of AMLIO’s assignment; 3. To have extra-ordinary site inspection for suspicious transaction report of money laundering or financing terrorism according to Director General of AMLIO’s 	<ul style="list-style-type: none"> - The Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.02/NCC, dated 8 January 2020; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.

<p>(b) take the necessary measures to prevent criminals or their associates from being professionally accredited, or holding (or being the beneficial owner of) a significant or</p>	<p>assignment;</p> <p>4. To report ordinary and extra-ordinary inspection result to Director General of AMLIO;</p> <p>5. To co-ordinate with Reporting Entities Supervision Organization or related other organization in case of inspection for Reporting Entities together;</p> <p>6. To consider and coordinate with Division within AMLIO in order to apply administrative sanction measures to reporting entities who failed to compliance with or violated the Law on Anti-Money Laundering and Counter-Financing of Terrorism and report to the Director General of AMLIO for consideration;</p> <p>7. To summarize and make a division's activities plan eventually to reporting Director General AMLIO;</p> <p>8. Fulfil other duties and rights as Director General and deputy Director General AMLIO's assignment."</p> <p>▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.</p> <p>"Article 5 The Responsibilities of Bank of Lao PDR, Ministry of Industry and Commerce, Ministry of Planning and Investment, Ministry of Information Culture and Tourism, Ministry of Home Affairs, Ministry of Justice, Ministry of Natural Resources and Environment, Ministry of Science and Technology</p> <p>Bank of Lao PDR, Ministry of Industry and Commerce, Ministry of Planning and Investment, Ministry of Information Culture and Tourism, Ministry of Home Affairs, Ministry of Justice, Ministry of Natural Resources and Environment, Ministry of Science and Technology are responsible for implementing the activities of Anti-Money Laundering and Counter-Financing of Terrorism as defined in Article 4 of this Decree."</p> <p>(b) The determination of preventive measure to avoid criminal from being an entrepreneur or having power to control interest rates or holding a management function in DNFBPs sector was stipulated in the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT No.127/Gov, dated 20 February 2020, Article 4 clause 3 (details stipulated in Rec.28.1)</p>	
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<p>controlling interest, or holding a management function in a DNFBP; and</p> <p>(c) have sanctions available in line with Recommendation 35 to deal with failure to comply with AML/CFT requirements.</p>	<p>(c) Lao PDR imposed sanction against the REs that failed to comply with the requirements under the Law on AML/CFT, Article 65 and the Decision on Administrative Measures Violated Regulations and Law on Anti-Money Laundering and Counter-Financing of Terrorism, Article 2 and 4.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014.</p> <p>“Article 65: Measures on reporting entities Reporting entities shall be subject to the following measures:</p> <p>1. In case of a violation, or a failure to exercise rights and obligations under article 18 of this law, reporting entities shall be:</p> <p>1.1 Warned in writing and recommended to exercise their rights and obligations; 1.2 Fined as per a separate regulation. Unofficial Translation.</p> <p>2. In case of a violation of prohibitions defined in article 50 and 52 of this law, reporting entities shall:</p> <p>2.1 be suspended from business operation or subject to management removal; 2.2 there is business permits or licenses withdrawn; 2.3 be criminally prosecuted in accordance with relevant laws fined 100,000,000 up to 2,000,000,000 kip.”</p> <p>▪ Decision on Administrative Measures Violated Regulations and Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 09/NCC, dated 30 March 2016.</p> <p>“Article 2 Administrative Measures</p>	
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Administrative measures pursuant to this decision shall be the re-education for natural person, legal person including reporting entities for their violation of any regulations and law on AML/CFT which is not a serious violation and has not caused any substantial damages even if such violation has all elements of a criminal offence.

Administrative measures include:

1. Warning;
2. Fine;
3. Suspension or removal of management position;
4. Withdrawal of business operating license or enterprise registration certificate.”

“Article 4 Application of Measures

Any natural person, legal person including reporting entities who have committed any violations listed in Article 3 of this decision shall be subject to the following measures:

1. Warning

Violations within Clauses 1 to 17 in Article 3 of this decision shall be warned in writing.

2. Fine

Violation as per Clause 18 and 19 in Article 3 of this decision or continuation of violation upon the application of warning as set out in Clause 1 of this Article shall be fined as follows:

- 2.1. Natural person including management shall be fined from LAK 1.000.000 to LAK 10.000.000;
- 2.2. Legal person including reporting entities shall be fined at 0.0001% of total assets of reporting entities to be calculated at the time of violation and in any case the fine shall not be less than LAK 3.000.000 and not exceeding LAK 200.000.000.

3. Suspension or removal of management position, withdrawal of business operating license or enterprise registration certificate.

For its continuation of violation upon the application of measures set out in Clause 2 of this Article, a reporting entity shall be subject to the following measures:

	<p>3.1. Suspension or removal of its management;</p> <p>3.2. Withdrawal of its business operating license or enterprise registration certificate and submission for prosecution by relevant authority according to laws.”</p>	
<p><i>All DNFBPs</i></p> <p>28.5 Supervision of DNFBPs should be performed on a risk-sensitive basis, including:</p> <p>(a) determining the frequency and intensity of AML/CFT supervision of DNFBPs on the basis of their understanding of the ML/TF risks, taking into consideration the characteristics of the DNFBPs, in particular their diversity and number; and</p> <p>(b) taking into account the ML/TF risk profile of those DNFBPs, and the degree of discretion allowed to them under the risk-based approach, when assessing the adequacy of the AML/CFT</p>	<p>(a) By Law, there are methodologies of inspection in place on AML/CFT implementation by REs as stipulated in the Law on AML/CFT, Article 59.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014. <p>“Article 59 Forms of Inspection</p> <p>The inspection of AML/CFT practices has 3 forms,</p> <p>1. Regular Inspection is a planned inspection with a specific schedule;</p> <p>2. Inspection with advance notification is an inspection outside the plan when deemed necessary by informing target entities in advance;</p> <p>3. Spot inspection is an urgent inspection without prior notice.</p> <p>When undertaking AML/CFT practice inspection, officers of inspecting authorities shall strictly comply with the relevant regulations and laws.”</p> <p>In addition, AMLIO has also right and mandate to supervise REs which under the risk as indicated in the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC dated 08 January 2020, Article 9 (details stipulated in Rec.28.1)”</p> <p>(b). The Inspection Division of AMLIO conducts both off-site/on-site inspection based on risk level of each FI as determined in AML/CFT On-site Inspection Manual dated 8 August 2018.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014; - The Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC dated 08 January 2020; - AML/CFT On-site Inspection Manual dated 8 August 2018.

internal controls, policies and procedures of DNFBPs.		
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RECOMMENDATION 29

OPERATIONAL AND LAW ENFORCEMENT

29. Financial intelligence units *

29.1 Countries should establish an FIU with responsibility for acting as a national centre for receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offences and terrorist financing; and for the dissemination of the results of that analysis.

AMLIO is one organization existing under the Bank of the Lao PDR, which is an autonomous body and has operational independence as stated in the Law on AML/CFT, Article 55, and Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office, Article 3

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.**

“Article 55 Anti-Money Laundering Office

AMLIO is one organisation in the organisational structure of the Bank of Lao PDR and has the operational independence concerning his activities. AMLIO has main roles and tasks in data collection, analysis, dissemination, co-ordination with related parties both domestically and internationally for the combat and prevent of money laundering and terrorism financing. AMLIO uses the budget of the Bank of the Lao PDR. Organisational structure and activities of AMLIO are defined in separate regulation.”

- **Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No. 02/NCC, dated 08 January 2020;**

“Article 3 Duties

AMLIO has Duties the following rights:

1. To make the Strategy Plan, Policy and legislations of Anti-Money Laundering and Counter-Financing of Terrorism in order to propose NCC’s considering;
2. To collect extra information that’s seem to be necessary from Reporting Entities and related organization to monitoring, inspect, analysis the information about money

- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
- Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020;

	<p>laundering and countering of financing terrorism, which notified of reported from individual, entity or organization and Reporting Entities;</p> <p>3. To submit documents and make financial reporting, if it's seemed to be suspected information about money laundering and financing of terrorism in order to submit to the related Investigation organization, and provide money laundering and financing of terrorism information in order to submit to the related Investigation Organization;</p> <p>4. To co-ordinate ministries, Reporting Entities supervision organization and related other organization in order follow and inspect the implementation of Anti-Money Laundering and Counter-Financing of Terrorism;</p> <p>5. To apply administrative sanction measures to those Reporting Entities who failed to comply with or violated the Anti-Money Laundering and Counter-Financing of Terrorism Law;</p> <p>6. To summarize information in eventually, information collects and statistic about Anti-Money Laundering and Counter-Financing of Terrorism and report the evaluation on implementation of inspection the Reporting Entities to NCC;</p> <p>7. To co-ordinate related organization for inform list of terror, group of terrorism, terrorism organization, money launder and terrorism supporter and suspicious person to Reporting Entities and report, follow and punish suitable case;</p> <p>8. To make staff training plan on Anti-Money Laundering and Counter-Financing of Terrorism in previously to enhance the implementation capacities;</p> <p>9. To make a plan for seminar, meeting on Anti-Money Laundering and Counter-Financing of Terrorism and attend the meeting with other related to technical works;</p> <p>10. To advertise, promoted and study on Anti-Money Laundering and Counter-Financing of Terrorism to party, state enterprise and public;</p> <p>11. To release more the Reporting Entities on coordination with Reporting Entities supervision organization;</p> <p>12. To cooperate and relative with international organization on Anti-Money Laundering and Counter-Financing of Terrorism;</p>	
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	<p>13. To provide report of financial intelligence to other organization;</p> <p>14. Fulfill other duties that aligned on the law.”</p>	
<p>29.2 The FIU should serve as the central agency for the receipt of disclosures filed by reporting entities, including:</p> <p>(a) Suspicious transaction reports filed by reporting entities as required by Recommendation 20 and 23; and</p>	<p>(a) The main role and function of AMLIO is to conduct data collection, analyze, conduct FIR dissemination as well as internal and international coordination as indicated in the Law on AML/CFT, Article 31 and 55;</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 31 Suspicious transaction report</p> <p>In the case of a suspicion or a cause for a suspicion that a customer’s transaction may be a consequence of a predicate offence, relating or connecting to money laundering and financing of terrorism, reporting entities shall report such transaction to AMLIO within three working days. This reporting requirement extends to a customer’s attempt of transaction regardless of completion status and amount of money involved.”</p> <p>“Article 55 (details stipulated in Rec.29.1)”</p> <p>At the same time, AMLIO has the power to compel for obtaining necessary information relevant to ML/TF from associated agencies and REs as stated in the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office, Article 4.</p> <ul style="list-style-type: none"> ▪ Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020; <p>“Article 4 Right scope</p> <p>AMLIO has right as following:</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020; - Regulation on the Reporting of Cash Transactions Report No. 417/BOL, dated 05 June 2015; - Decision on the Reporting of Wire Transfers in exceeding the specified limit No. 963/BOL, dated 27 November 2015; - Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015.

<p>(b) any other information as required by national legislation (such as cash transaction reports, wire transfers reports and other threshold-based declarations/disclosures).</p>	<ol style="list-style-type: none"> 1. To agree and sign every document related to own rights scope; 2. To release Agreement, Recommendation statement and Notification regarding to Anti-Money Laundering and Counter-Financing of Terrorism in order to propose NCC adopted; 3. To notify regarding to Anti-Money Laundering and Counter-Financing of Terrorism to Reporting Entities as NCC's assignment; 4. To require extra necessary information from related organization of Ministries, agencies, local authorities and other organization in jurisdiction include Reporting Entities regarding to their own works; 5. Fulfill other duties that aligned on the law.” <p>(b) As mentioned earlier in (a), AMLIO also received cash transaction that exceeding threshold report and other transaction from REs as indicated in the Law on AML/CFT, Article 30.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 30 Reporting The reporting entities must report to AMLIO in case a customer request to do the following transactions:</p> <ol style="list-style-type: none"> 1. Cash Transaction more than a threshold; 2. Wire Transfer more than a threshold; 3. Other transactions as defined by AMLIO. <p>The Bank of the Lao PDR is responsible for setting thresholds for cash transaction, wire transfer which are required for reporting, and issuing legislations on reporting.”</p> <p>Further details on reporting was identified in the Regulation on the Reporting of Cash Transactions Report No. 417/BOL, dated 05 June 2015; the Decision on the Reporting</p>	
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	of Wire Transfers in exceeding the specified limit No. 963/BOL, dated 27 November 2015 and the Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015.	
<p>29.3 The FIU should:</p> <p>(a) in addition to the information that entities report to the FIU, be able to obtain and use additional information from reporting entities, as needed to perform its analysis properly; and</p> <p>(b) have access to the widest possible range⁶⁶ of financial, administrative and law enforcement information that it requires to properly undertake its functions.</p>	<p>(a) and (b) By law, AMLIO has authority to get access to financial information, transaction information, make request for additional information from REs, as well as information from LEAs as stipulated in the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office, Article 3, 4 and 8.</p> <p>▪ Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020.</p> <p>“Article 3 (details stipulated in Rec.29.1)”</p> <p>“Article 4 (details stipulated in Rec.29.2)”</p> <p>“Article 8 Analysis Division</p> <p>Analysis division shall have rights and duties to collect, analysis and submit suspicious transaction on money laundering or financing of terrorism, then sent to related investigation organization as following:</p> <ol style="list-style-type: none"> 1. To collect and require suspicious transaction reporting of money laundering and financing of terrorism, cash transaction report, cash border report and other transactions including information from Reporting Entities by computer system and document to operation analysis; 2. To submit and report analysis result to AMLIO’s committee normally; 3. To follow suspicious transaction reporting of money laundering or financing of terrorism, cash transaction report, cash border report and then propose to have inspection when it seems to be necessary; 4. To provide response and advice on Suspicious Transaction Report submission and other transaction report by Reporting Entities; 	<p>- Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020;</p>

	<p>5. To submit documents and make financial reporting statement in order to propose Director General of AMLIO consider;</p> <p>6. To collect evidence information, submit to investigation authorities to consider proceeding of money laundering;</p> <p>7. To collect information related reporting statement as confidential in order to protect information provider, reporting is not damage or effect to AMILO implementation including other organization;</p> <p>8. To provide information and document on money laundering or financing of terrorism of individual, entity or other organization to the Law enforcement organization;</p> <p>9. To improve and develop other reporting documents to AMLIO regarding real practice eventually;</p> <p>10. To summarize and make a division's activities plan eventually;</p> <p>11. Fulfil other duties and rights as Director General and deputy Director General AMLIO's assignment."</p>	
<p>29.4 The FIU should conduct:</p> <p>(a) operational analysis, which uses available and obtainable information to identify specific targets, to follow the trail of particular activities or transactions, and to determine links between those targets and possible proceeds of crime, money laundering, predicate offences and terrorist financing; and</p> <p>(b) strategic analysis, which uses available and obtainable</p>	<p>(a) and (b) Analysis procedures are as follow:</p> <ul style="list-style-type: none"> - Tactical Analysis: upon STR received, an analyst will first look at the completion and perfection based on STR template and look for reasonable ground for suspect then compare with AMLIO's internal database and also external sources (World Check One and other available open sources) if it is beyond reasonable ground to believe that there is a case then the analyst will further proceed to operational analysis. On the other hand, if it is believed there is not the case then the information will be stored in the AMLIO's database for further reference. - Operational Analysis (In-dept analysis): upon received of tactical analysis form then an analyst will conduct operational analysis to further seeking for reasonable ground for suspect and to comes up with potential target, identified linkage and pos- 	<ul style="list-style-type: none"> - The Standard Operating Procedure dated 15 January 2020.

information, including data that may be provided by other competent authorities, to identify money laundering and terrorist financing related trends and patterns.	<p>sible proceeds of crime involved in order to prove whether or not it is an activity of ML/TF, in the case where it is beyond reasonable ground to believe then AMLIO will file an FIR and submit to related competent authorities for further investigation.</p> <p>- Strategic Analysis: commencing in annual basis, which comprises of AMLIO's internal information, and from both internal and international partners to come up with potential trends and typology related to ML/TF; (for further details on analysis procedure can be seen in the SOP attached);</p>	
29.5 The FIU should be able to disseminate, spontaneously and upon request, information and the results of its analysis to relevant competent authorities, and should use dedicated, secure and protected channels for the dissemination.	<p>It is AMLIO's responsibilities to collect information received from REs to input information and file FIR to investigative bodies and provide other additional information upon requested in form of paper based as stated in the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office, Article 3, Article 8. In addition, AMLIO establish the Implementation Plan for Information Sharing System between AMLIO and Competent Authorities dated 12 February 2020.</p> <p>▪ Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020.</p> <p>“Article 3 (details stipulated in Rec.29.1)”</p> <p>“Article 8 (details stipulated in Rec.29.3)”</p>	<ul style="list-style-type: none"> - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020; - the Implementation Plan for Information Sharing System between AMLIO and Competent Authorities dated 12 February 2020.
29.6 The FIU should protect information by: (a) having rules in place governing the security and confidentiality of information, including procedures for handling, storage, dissemination, and protection of, and access to, information; disseminating sensitive and confidential information; and	<p>(a) and (c) It is AMLIO's responsibilities to collect, maintain, secure and ensure confidentiality of information received electronically and inform of paper based too, stipulated in Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office, Article 8 clause 7 (details stipulated in Rec.29.3);</p> <p>In addition to that, there are also internal policies in place such as Internal Policies on Data management and Entry-Exit Analysis Division No. 881/AMLIO, dated 13 June 2019 and Internal Instruction on Information Supervision and Entry-Exit Server's Room No.880/AMLIO, dated 13 June 2019.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020; - Internal Policy on Data Management and Entry Exit Analy-

<p>(c) ensuring that there is limited access to its facilities and information, including information technology systems.</p>	<p>“Article 4 Rights and duties of Analysis Division for the management and dissemination of information</p> <p>In addition to the functions set forth in Article 8 of the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No. 08/NCC, dated 8 Nov 2016, Analysis Division is also responsible for managing and disseminating the information as following:</p> <ol style="list-style-type: none"> 1. Manage STR, CTR, CBR online systems, data sharing and other systems as they are developed from time to time; 2. Compile, store information of STR, CTR, CBR, FIR, financial information and other information confidentially; 3. Review the adequacy of STR and other information received from reporting entities to be able to make the FIR and disseminate to relevant authorities; 4. the main role is domestic coordination with stakeholders to provide financial intelligence and other information; 5. Implement other duties as assigned by Director General of AMLIO.” 6. <p>At the same time, there is provision on confidentiality of information received that identified in the SOP dated 15 January 2020, Clause 2.3.9.</p> <p>“2.3.9 Security and Confidentiality of information received</p> <p>Pursuant to the AML/CFT Law No. 50/NA, the Anti-Money Laundering Intelligence Office shall, in conformity with any applicable laws and regulations, including, without limitation, laws and regulations on the protection of privacy and on computerized databases, operate a database containing all relevant information concerning reports as provided under this law. The officers, employees, agents or such other persons appointed to posts in the Anti-Money Laundering Intelligence Office shall be required to keep confidential any information obtained within the scope of their duties, even after the cessation of those duties within the Financial Intelligence Unit. Such information may not be used for any purposes other than those provided for by this Law and may not otherwise be disclosed except by order of a court of</p>	<p>sis Division No 881 AMLIO 13 June 2019;</p> <ul style="list-style-type: none"> - Internal Instruction on Information Supervision and Entry-Exit Server’s Room No.880/AMLIO, dated 13 June 2019; - The Standard Operating Procedure dated 15 January 2020; - Decision on Administrative Measures Violated Regulations and Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 09/NCC, dated 30 March 2016.
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<p>(b) ensuring that FIU staff members have the necessary security clearance levels and understanding of their responsibilities in handling and disseminating sensitive and confidential information; and</p>	<p>competent jurisdiction.</p> <p>In the event that reports were received through post office, the security and confidentiality of requesting letter from LEAs should be the responsibility of AMLIO by referring to the security policies and AML/CFT Law No.50/NA, dated 21 July 2014.”</p> <p>In addition, there is prohibitions of staff and competent authorities details as indicated in the Law on AML/CFT, Article 51.</p> <p>“Article 51: Prohibitions for staff and competent authorities Related staff and competent authorities are prohibited related to AML/CFT from the following behaviours:</p> <ol style="list-style-type: none"> 1. Abusing rights, functions and position, use of violence, coercion or threats for personal benefit; 2. Disclose confidential information to unrelated natural person, legal persons or organisations; 3. Collusion, requesting, demanding and receiving bribes; 4. Being unresponsive towards ones responsibilities, impeding transaction paper work involved in transactions; 5. Other activities that contravene laws and legal regulations.” <p>(b). There is an internal course on AML/CFT training that focus on ethics and confidentiality of information received apply to those applicants prior to becoming a permanent staff of AMLIO as indicated in Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office, Article 3 clause 8 (details stipulated in R29.1) and Article 7 clause 12.</p> <p>Furthermore, the provision on prohibition for staff, competent authorities and associated agencies was also stipulated the Law on AML/CFT, Article 51.</p>	
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- **Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020;**

“Article 7 Administrative Division

Administrative division shall have own rights and duties in order to make activities and summarize implementation plan of AMLIO, responsible administration, financing, personal, legal framework and international relationship both of domestic and foreign, which has as following:

1. To submit and make a plan for recruitment, seminar and enhance staff's experience in order to propose to AMLIO's committee consider;
2. To submit and make a plan for stationary and technical equipment of AMLIO in order to facilitate activities normally;
3. To response internal asset supervision of AMLIO including safety and clearly document keeping system;
4. To make a meeting minute, draft of document or reporting statement to AMLIO's committee's assignment;
5. To submit and summarize AMLIO's performance by weekly, monthly, quarterly and yearly;
6. To co-operate with related organization both domestic and foreign country in order to exchange information, learn from experience, find out the technical donation according to AMLIO's committee's assignment;
7. To study, make an international relationship on Anti-Money Laundering and Counter-Financing of Terrorism;
8. To feasibility study condition in order to have Memorandum of Understanding (MOU) with other organizations related to Anti-Money Laundering and Counter-Financing of Terrorism both of domestic and foreign country;
9. To follow up the Lao PDR obligation as the member of Asian Pacific Group on Money Laundering (APG) and other organization in order to anti-money laundering and counter terrorist financing;

	<p>10. To study other necessary documents about technical donation of international organization especially the Anti-Money Laundering and Counter-Financing of Terrorism in order to report high ranking level;</p> <p>11. To release, drafting and amendment of legislation related to Anti-Money Laundering and Counter-Financing of Terrorism coordinate between AMLIO and related other organization;</p> <p>12. To advertise legislations which related to AMLIO's implementation for internal staff, Reporting entities including related other organization and public;</p> <p>13. To cooperate with supervise organization or related other organization to supported for implementation monitoring and inspection of Reporting entities as regarding supervision of own work to effectiveness;</p> <p>14. To commence and amendment a drafting of other legislations' sectors which related to AMLIO's implementation;</p> <p>15. To co-ordinate with other organization to have a punishment measure for the offender of regulation of Anti-Money Laundering and Counter-Financing of Terrorism;</p> <p>16. To summarize and make division's activities plan eventually;</p> <p>17. Fulfil other duties and rights as Director General and deputy Director General AMLIO's assignment."</p>	
<p>29.7 The FIU should be operationally independent and autonomous, by:</p> <p>(a) having the authority and capacity to carry out its functions freely, including the autonomous decision to analyse, request and/or forward or disseminate specific information;</p> <p>(c) when it is located within the</p>	<p>(a), (c) and (d) By Law, AMLIO is an autonomous body with indepently operational as indicated in the Law on AML/CFT, Article 55.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p> <p>"Article 55 Anti-Money Laundering Office</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020; - MOU between AMLIO and

<p>existing structure of another authority, having distinct core functions from those of the other authority; and</p> <p>(d) being able to obtain and deploy the resources needed to carry out its functions, on an individual or routine basis, free from any undue political, government or industry influence or interference, which might compromise its operational independence.</p> <p>(b) being able to make arrangements or engage independently with other domestic competent authorities or foreign counterparts on the exchange of information;</p>	<p>AMLIO is one organisation in the organisational structure of the Bank of Lao PDR and has the operational independence concerning his activities. AMLIO has main roles and tasks in data collection, analysis, dissemination, co-ordination with related parties both domestically and internationally for the combat and prevent of money laundering and terrorism financing. AMLIO uses the budget of the Bank of the Lao PDR. Organisational structure and activities of AMLIO are defined in separate regulation.”</p> <ul style="list-style-type: none"> ▪ Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC dated 08 January 2020; <p>“Article 2 Status and Mandate</p> <p>Anti- Money Laundering Intelligence Office or “AMLIO” is an organization under direct supervision-leadership of National Coordination Committee for Anti-Money Laundering and Counter-Financing of Terrorism (NCC), and under ideological and political supervision-leadership of and receiving budget from the Bank of Lao PDR.</p> <p>AMLIO is mandated as machinery, assisting The National Coordination Committee for Anti-Money Laundering and Counter-Financing of Terrorism in implementation of Anti-Money Laundering and Counter-Financing of Terrorism to ensure the tasks are in order and smooth, in line with law and international standard.”</p> <p>(b). AMLIO had strengthened its coordination and cooperation networks by signing of 15 MOUs among line-ministries and 14 MOUs with foreign FIU counterparts for the purpose of reciprocity focus on financial information exchange as stipulated in Agreement on Organization and Operations of the Anti-Money Laundering Intelligence Office, Article 3 (details stipulated in Rec.29.1).</p>	<p>Philippines-FIU (AMLC);</p> <ul style="list-style-type: none"> - MOU between AMLIO and Economic Police Department
<p>29.8 Where a country has created an FIU and is not an Egmont Group member, the FIU should apply for membership in the Egmont Group. The FIU should submit an unconditional</p>	<p>Lao PDR is in the process of applying Egmont Membership under the sponsorship of Indonesia FIU (PPATK) and AMLO. Currenty Lao PDR is at step 4 of membershipp process and prepare for Egmont On-site visit.</p>	<ul style="list-style-type: none"> - Letter subject on Membership application of Lao FIU, dated 13 November 2019.

application for membership to the Egmont Group and fully engage itself in the application process.		
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RECOMMENDATION 30

30. Responsibilities of law enforcement and investigative authorities *

<p>30.1 There should be designated law enforcement authorities that have responsibility for ensuring that money laundering, associated predicate offences and terrorist financing offences are properly investigated, within the framework of national AML/CFT policies.</p>	<p>The Lao government empowered the investigative bodies to conduct in all types of criminal investigations as indicated in the Law on the Criminal Procedure, Article 46;</p> <ul style="list-style-type: none"> ▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017. <p>“Article 46 (Amended) Investigation Organizations The investigation organizations are:</p> <ol style="list-style-type: none"> 1. The investigation organization of police officers; 2. The investigation organization of military officers; 3. The investigation organization of customs officers; 4. The investigation organization of forestry officers; 5. The investigation organization of corruption officers 6. The investigation organization of other sectors as provided by the laws.” <p>Authorized the minister of particular ministry or head office at central level on the establishment of investigation bodies, appointing or demoting head or deputy of investigation organization.”</p> <p>Moreover, the responsibilities of investigative bodies on ML investigation was also determined and the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; Article 4, 8, 9, 11 and 12.</p> <ul style="list-style-type: none"> ▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020. <p>“Article 4: The Responsibilities of Ministries, Organizations for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism Ministries, Organizations have a responsibility for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism as following:</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020;
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	<ol style="list-style-type: none"> 1. Macro-Management for the Activities of Anti-Money Laundering and Counter-Financing of Terrorism in the area of its responsibility; 2. Supervise its entities which is under its management to focus on implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism in order to comply with Laws and other Relevant Regulations effectively; 3. Auditing and Requesting relevant and necessary information from Reporting Entities which is under its management such as sources of fund, shareholders, directors, and beneficial owner prior and/or after issuing Business Registration in order to collect and provide to relevant competent authorities; 4. Developing and implementing programs for monitoring and auditing the activities' implementation of Anti-Money Laundering and Counter-Financing of Terrorism of Reporting Entities which is under its management; 5. Be in charge in studying and issuing legislations, risks assessment and risk-based approach, supervision, monitoring and inspection the implementation of its obligations through activities of Anti-Money Laundering and Counter-financing of Terrorism for Reporting Entities which is under its management; 6. Publishing Laws and Regulations that related to activities of Anti-Money Laundering and Counter-financing of Terrorism to Relevant Organizations and Reporting Entities which is under its management within the nationwide; 7. Collecting, studying and evaluating the activities' implementation of Anti-Money Laundering and Counter-financing of Terrorism then report to the government; 8. Also, other responsibilities as defined in the Laws.” <p>“Article 8 The Responsibilities of Ministry of Finance</p> <p>Besides the responsibilities that defined in Article 4 of this Decree, Ministry of Finance also has other responsibilities as following:</p> <ol style="list-style-type: none"> 1.Be in charge in Co-operating, Investigation violation in declaration fail or declare falsely of cash, precious metals and BNIs while entry or exit of Lao PDR and investigate the predicate offence of money laundering such as violation of tax and customs regulation and other offences which under its management; 2. Requesting, providing relevant and necessary information such as the statistics on cash transaction exceeding threshold, precious metals and BNIs while entry 	
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	<p>exit of Lao PDR, smuggling import-export of illegally Goods and others that associated with activities of Anti-Money Laundering and Counter-Financing of Terrorism, to relevant officers and AMLIO;</p> <ol style="list-style-type: none"> 3. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 4. Requesting information from Reporting Entities and AMLIO and also providing information of payments for tax and customs from natural person, legal person or organizations who running businesses of goods import & export and goods through the border in order to report to AMLIO, Reporting Entities and other Relevant Organizations.” <p>“Article 9 The Responsibilities of Ministry of Agriculture and Forestry Besides the responsibilities that defined in Subparagraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, Ministry of Agriculture and Forestry also has other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Using techniques of Investigation that associated with its roles and mandates to investigate the predicate offences such as environmental crime and others in order to further prosecution of Money Laundering and Financing of Terrorism cases; 2. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 3. Requesting information from reporting entities and AMLIO and providing relevant and necessary information such as the statistics on environmental crime and others that associated with activities of Anti-Money Laundering and Counter-Financing of Terrorism to relevant competent authorities and AMLIO regarding to a requested.” <p>“Article 11 The Responsibilities of Ministry of Public Security Besides the responsibilities that defined in paragraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, Ministry of Public Security also have other responsibilities as following:</p>	
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	<ol style="list-style-type: none"> 1. Using techniques of Investigation that associated with its roles and mandates to investigate the predicate offences parallel with financial investigation in order to further prosecution of Money Laundering and Financing of Terrorism cases; 2. Study on mechanisms and procedures to designate a target for list of assets that associated with Money Laundering and/or Financing of Terrorism for Postal Enterprises and Reporting Entities; 3. Study on mechanisms and procedures to determine a target for internal designation list of terrorism and/or counter-financing of terrorism and disseminate those lists to Postal Enterprises upon receiving from Ministry of Foreign Affairs; 4. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 5. Review and consider a completeness and adequacy of information in Financial Intelligence Report (FIR), as well as having a feedback or recommendation to such FIR to be able to make a criminal proceeding in case of Money Laundering and always report a result of investigation to AMLIO; 6. Requesting information from Reporting Entities and AMLIO as well as providing information such as investigation predicate offences or money laundering statistics and others related activities of Anti-Money Laundering and Counter-Financing of Terrorism to relevant competent authorities”. <p>“Article 12 State Inspection and Anti-Corruption Authority</p> <p>Besides the responsibilities that defined in subparagraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, State Inspection and Anti-Corruption Authority also has other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Using techniques of Investigating that associated with its obligations to investigate the offences of money laundering such as abusing the authority, bribery, grafting, and others that leading to the criminal proceeding in case of Money Laundering and Counter-Financing of Terrorism; 2. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 3. Requesting information from Reporting Entities and AMLIO, as well as providing relevant and necessary information such as the corruption activities statistic at central and local level annually basis and others that associated with activities of 	
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	Anti-Money Laundering and Counter-Financing of Terrorism to relevant competent authorities and AMLIO regarding to a requested.”	
30.2 Law enforcement investigators of predicate offences should either be authorised to pursue the investigation of any related ML/TF offences during a parallel financial investigation, or be able to refer the case to another agency to follow up with such investigations, regardless of where the predicate offence occurred.	<p>The investigation authorities have power to conduct investigation related to all types of predicate offences, ML and TF as stipulated in the Law on the Criminal Procedure, Article 47 and Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020; Article 4, 8, 9, 11 and 12.</p> <ul style="list-style-type: none"> ▪ Law on the Criminal Procedure No.37/NA, dated 14 Nov 2017. <p>“Article 47 Rights and Duties of the Investigation Organization Investigation organizations have the following rights and duties:</p> <ol style="list-style-type: none"> 1. To accept and record complaints regarding offences; 2. To immediately report to the public prosecutor regarding offences; 3. To issue an order to open investigations, and send a copy of the order to the public prosecutor immediately; 4. To proceed to investigate; 5. To use coercive measures as provided in the laws, as well as to release any suspect who was detained, and to report in writing to the public prosecutor; 6. To appeal against the orders of lower-level public prosecutors to higher-level public prosecutors; 7. Cooperate other organizations 8. To summarize the investigation and prepare a case file to be submitted to the public prosecutor. <p>In the exercise of such rights and the performance of such duties, the investigation organizations shall carry out their activities within the scope of their authority as provided in the laws.”</p> <ul style="list-style-type: none"> ▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020. <p>“Article 4, 8, 9,11 and 12 (details stipulated in Rec.30.1)”</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017. - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.

<p>30.3 There should be one or more designated competent authorities to expeditiously identify, trace, and initiate freezing and seizing of property that is, or may become, subject to confiscation, or is suspected of being proceeds of crime.</p>	<p>The investigative bodies, People’s Prosecutor Office and People’s Spreme Court Office have authorities to trace and initiate freezing and seizing of suspected property that derive from proceeds of crime without delay as stipulated in the Law on Criminal Procedure, Article 47 and 128.</p> <p>▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017.</p> <p>“Article 47 (details stipulated in Rec.30.2)”</p> <p>“Article 128 The Confiscation or Seizure of Objects which are Useful for Case proceeding”</p> <p>In the process of investigation, the head of investigation organization has the rights to issue an order to confiscate or seize items which is relevant to the case in order to guarantee for compensation, fines, and other fee, or to handover to the state.</p> <p>Objects which are seized shall be handover to the concerned authorities or the owner to protect and take care of those items. In the case of breaching the regulation such as, selling, mortgage, transfer, conceal, hind, or destroy those stuffs, the protectors of those items have to take legal liability.</p> <p>Confiscation or sequestration must be proceeded in the presence of owners or family’s representatives, village authorities, or concerned authorities, and two witnesses.</p> <p>Each confiscation must be recorded which shall include names and surnames, job titles, the positions of authorities who confiscate the items including names and surnames, age, and nationality. In addition, the record also shall include names and surnames of each participants, types and quantity of items confiscated and charges.</p> <p>The record shall be made into 3 sets, and give one set to the owner of the assets, another 2 will be distributed to village authorities concerned, and one for keeping in the case file.</p> <p>The confiscation of objects or document at the time of search must be recorded as prescribed in article 100 of this law.”</p> <p>“Article 100 (new). The Memo of Investigation</p> <p>In each investigation, the head of investigation organization, concerned authorities,</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Penal Code No.26/NA dated 17 May 2017.
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	<p>public prosecutor, or Prosecutors, shall make the memo comprehensively.</p> <p>Detail of the memo should include:</p> <ol style="list-style-type: none"> 1. Date, and place where the investigation has been conducted, time of opening and ending the process; 2. Name and surname, position, duties, work place of authorities, and note takers. If there are many authorities conducting the investigation, detail of each person above must also be recorded as well; 3. Name and sure name, age, nationality, occupation, address of each participant in the case. For the suspects, accused persons, defendants, civil plaintiffs, civil accountable persons, must provide personal detail to concerned authorities; 4. The charges; 5. Detail of investigation (testimony, findings from enquiry, examining, retest information, confirmation of evidence, freeze, or sequestration; 6. Photos, pictures, or audio record, fingerprint, footprint, bleeding trace, and other if applicable. <p>After having done an investigation, individual concerned has to read through all what has been documented before giving signature and thumbprint on the paper.</p> <p>The head of investigation organization, investigators, public prosecutor or prosecutors, will not be allowed to modify, adjust, and change, the memo.</p> <p>For some crossing mistakes or additional comment in the memo will be signed to confirm those additions. For the suspect, giving thumbprint will be needed on the blurred or dirty spots.</p> <p>If the memo is longer than one page, the person who is investigated shall sign and put the thumbprint on each page.</p> <p>In the case that participants in the investigation do not sign or give thumbprint on the paper, the memo shall be signed and explained reasons at the end.</p> <p>The memo will be made into three sets; the first one will be put into the case file, and the rest will be kept by investigators, and person who is investigated.”</p> <p>The Confiscation Measures was indicated in the Penal Code, Article 52-53</p> <ul style="list-style-type: none"> ▪ Penal Code No. 26/NA, dated 17 May 2017. 	
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	<p>“Article 52 Confiscation of Property</p> <p>Confiscation of property is the confiscation by the State of all or part of an offender’s property without any compensation. A sentence of confiscation of property may only be imposed in serious cases as stated in penal law.</p> <p>In the event that the confiscation of all of the offender’s property is imposed, exception must be made for property that is necessary for the livelihood of the offender and his/her family such as house for living, animals for the one who is a farmer, daily used objects of offenders and persons under the offender’s control. In the event that partial confiscation of property is imposed, the court must set up a clear list of the property to be confiscated.</p> <p>The property belonging to the State cannot be confiscated and must be returned to relevant agencies.”</p> <p>“Article 53 Confiscation of Objects (Items)</p> <p>Confiscation of items connected to the offence is the confiscation by the State of items used in the offence or in the preparation for the offence, or that were obtained from an intentional offence.</p> <p>Confiscation of items connected to the offence may be imposed for major offences and crimes.</p> <p>Items belonging to other individuals used in the offence shall be confiscated by the State if the owner lending them is not in good faith or if confiscation is deemed necessary for save guarding society.</p> <p>Items belonging to the State shall not be confiscated but shall be returned to the relevant organization.”</p>	
<p>30.4 Countries should ensure that Recommendation 30 also applies to those competent authorities, which are not law enforcement authorities, <i>per se</i>, but which have the responsibility for pursuing financial investigations of predicate offences, to the extent that these competent authorities are</p>	<p>Lao government empower the investigative bodies, The Office of the Public Prosecutor and People’s Courts to conduct criminal prosecution as stated in the Law on the Crime Procedure, Article 45.</p> <p>▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017.</p> <p>“Article 45 Organizations with Responsibility for Criminal Proceedings</p> <p>Organizations with responsibility for criminal proceedings shall consist of:</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017; - Law on Securities (Amended version) No. 79/NA, dated 03 December 2019.

<p>exercising functions covered under Recommendation 30.</p>	<ul style="list-style-type: none"> • Investigation organizations; • The Office of the Public Prosecutor; • The People’s Courts.” <p>Further to the existing investigative bodies which stated in the Law on the Criminal Procedure, Article 46; the Lao Securities Commission Office is also holding the investigations power as well, which can be seen in the Law on Securities (Amended version) No. 79/NA, dated 03 December 2019, Article 162.</p> <p>“Article 162 (Amended) Investigation Officer</p> <p>A securities investigation officer is an officer at the Securities Commission who meets the criteria and conditions set forth in the regulations to be appointed as investigation officer from the Securities Commission.</p> <p>The securities investigation officers consist of Head, deputy head and investigation officers in the field of securities activities.”</p>	
<p>30.5 If anti-corruption enforcement authorities are designated to investigate ML/TF offences arising from, or related to, corruption offences under Recommendation 30, they should also have sufficient powers to identify, trace, and initiate freezing and seizing of assets.</p>	<p>The Lao government empowered the State Inspection and Anti-Corruption Authority to identify, trace and conduct freezing and seizing of assets as indicated in the Anti-Corruption Law (revised version), Article 41;</p> <ul style="list-style-type: none"> ▪ The Anti-Corruption Law (revised version) No. 27/NA, dated 18 December 2012. <p>“ Article 41 (New) Rights and duties of investigation official</p> <p>The Official of investigation regard with corruption has the following rights and duties:</p> <ol style="list-style-type: none"> 1. Receive and submission record, proposal, report or claim regard with corruption; 2. Request a court to issue subpoena, warrant, detain, arrest, freeze or seize of property, release the accused persons, suspend or dismiss the case; 3. Investigation proceedings to organization and individual accused, witness and other involve of the case; 4. Inspection, proving including collection information and other evidence involve 	<p>- The Anti-Corruption Law (revised version) No. 27/NA, dated 18 December 2012;</p>

	<p>offence of corruption;</p> <ol style="list-style-type: none"> 5. Seize and keep the evidence, which related to corrupt; 6. Find out, take a accused and look over the individual; 7. Coordinate with sector involve finding out the building, arrest according to the order of people's prosecutor or people's court; 8. Summarize and report the result of investigation to the Leader of Anti-Corruption Organization; 9. Implementation the rights and other duties according to the leader's order as have provided in other laws, which related to." 	
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RECOMMENDATION 31

31. Powers of law enforcement and investigative authorities

<p>31.1 Competent authorities conducting investigations of money laundering, associated predicate offences and terrorist financing should be able to obtain access to all necessary documents and information for use in those investigations, and in prosecutions and related actions. This should include powers to use compulsory measures for:</p> <p>(a) the production of records held by financial institutions, DNFBPs and other natural or legal persons;</p> <p>(b) the search of persons and premises;</p> <p>(c) taking witness statements; and</p> <p>(d) seizing and obtaining evidence.</p>	<p>The investigative bodies have authority to get access to all necessary document and information for the use of investigation purpose and other relevant intention as indicated in the Law on the Criminal Procedure, Article 26 and 43.</p> <ul style="list-style-type: none"> ▪ Law on the Criminal Procedure No. 37/NA, dated 14 November 2017. <p>“Article 26 Collaboration</p> <p>Criminal proceeding organizations shall collaborate and cooperate with state organizations, Lao National Construction Committee, social organizations, civil society, and entities that work for the protection of villages, and families in preventing and stopping criminals.</p> <p>All those relevant organizations mentioned above shall work closely with criminal proceeding organizations regarding the measures to prevent and stop the situations which can stimulate the causes of criminal offenses within their own responsible areas.”</p> <p>“Article 43 Gathering Evidence</p> <p>The investigation organization shall have the rights and duties as follow:</p> <ol style="list-style-type: none"> 1. Taking testimony from the suspects, the accused persons, defendants, civil claimants, civil responsibility takers, and witnesses; 2. Inspection at the incident, examining houses, vehicles, and individuals, retesting findings, sequestration or freezing; 3. Call for all persons who have learned about the incident to give testimony, take part in face to face investigation, point out and confirm the offenders; 4. Appoint professionals or experts to give opinion; 5. Demand documents, or objects of criminal evidence from persons, or organizations; 6. Identification of evidence 7. To exercise such other rights and perform such other duties as provided by the laws. 	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017.
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	<p>Individuals and organizations concerned must obey the warrant, invitation, demand, or appointment of criminal proceeding organization.</p> <p>Individuals and organizations can gather criminal evidence and then must handover them to the concerned authorities.”</p>	
<p>31.2 Competent authorities conducting investigations should be able to use a wide range of investigative techniques for the investigation of money laundering, associated predicate offences and terrorist financing, including:</p> <p>(a) undercover operations;</p> <p>(b) intercepting communications;</p> <p>(c) accessing computer systems; and</p> <p>(d) controlled delivery.</p>	<p>The government of the Lao PDR designated the investigation authorities such as police that has authority to use inspection technique on media instrument, most kind of information technique system and other forms as stipulated in the Law on National Public Security Work, No. 40/NA, dated 19 December 2013, Article 34. Besides, under the Law on Customs (revised) No. 04/NA, dated 20 December 2011 also set out the procedure on risk management principle, Manifest and conveyance papers declaration and etc as determined in the article 16, 19, 20 and 21.</p> <p>▪ Law on National Public Security Work, No. 40/NA, dated 19 December 2013</p> <p>“Article 34 Rights and Duties of Academic Combatants</p> <p>Academic combatants have the rights and duties as follows:</p> <ol style="list-style-type: none"> 1. Research, develop strategies, tactics to suppress, counter violations of political security and social order; 2. Protect the security along the borders between countries, province, city, district, municipality and village; 3. To direct, command, manage, monitor, inspect the activities of semi-professional forces and those involved in national security work; 4. Collect information on accounting movements, sources of money that are considered illegal and affecting on national security and social order; 5. Inspect transport vehicles, communications equipment, technical system networks - information, documents, goods, packages, any place when there is evidence of a violation of laws and regulations; 6. Disable or suspend the use of domestic and foreign transportation vehicles, 	<ul style="list-style-type: none"> - Law on National Public Security Work, No. 40/NA, dated 19 December 2013; - Law on Customs No. 04/NA, dated 20 December 2011 (revised).

	<p>communication equipment or other media that affect national security;</p> <ol style="list-style-type: none"> 7. Utilize communication tools, transportation vehicles, other public, private and personal vehicles to perform national security tasks in the event of an urgency or emergency to prevent damage that may cause to society or harm the country; 8. Use measures, weapons, to perform national security tasks in the event of confrontation and emergency to combat crimes such as trafficking in human beings, illegal trade, drugs; 9. Apply legal measures to violators of political, economic and social security, technology, science, environment and the legitimate interests of citizens; 10. Use the different methods necessary to protect the information provider, the offender, the witness, the person damaged in the lawsuit, and to protect colleagues in complete safety; 11. Coordinate with relevant parties to collect information, provide documents and materials when there is evidence of violation of security and social order. 12. To summarize and report on the implementation of the work of public security to the highest level where they work on a regular basis; 13. To exercise rights and perform other duties as indicated in the laws, regulations and higher-ranking officers' directions. <p>▪ Law on Customs (revised) No. 04/NA, dated 20 December 2011</p> <p>“Article 16 (New) Customs Risk Management</p> <p>Customs risk management is the application of a Custom Administration mechanism to analyze and select information for customs control that aims to ensure the facilitation of imports, exports, transit, movement and inspection of goods by applying risk management principles”.</p> <p>“Article 19 (Revised) Declaration of Manifest and Conveyance Papers</p>	
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	<p>When the goods arrive at the Customs border checkpoint, the declarant or the transport service provider shall implement the following procedures:</p> <ol style="list-style-type: none"> 1. Submission of manifest or declaration according to prescribed forms by Customs within twenty-four hours; 2. Submission of conveyance papers to the Customs Authorities for control and management as described in the Customs Law and regulations. 3. Prohibition to unload goods from conveyance prior to submission of the manifest, except when they are authorized by Customs Authorities or in the case of force majeure”. <p>“Article 20 (Revised) Reporting of Personal Belongings of Passengers</p> <p>Personal belongings of passengers travelling through customs checkpoints by car, train, boat and airplane shall be under customs control. Passengers who possess goods in excess of the amount permitted by regulations shall correctly and fully declare these to Customs in a prescribed form. Passengers shall comply with the regulations and other requirements regarding the export and import of foreign currencies, Lao Kip, precious objects, and archeological and cultural objects”.</p> <p>“Article 21 (Revised) Declaring Mailed Goods by Post</p> <p>Parcel post and mail imported, exported or in transit shall be subject to customs control. This (control) shall be ended only if customs formalities are carried out in accordance with customs regulations. A legal entity running a business as a freight forwarder and dispatching parcels and mail shall be responsible for customs clearance on behalf of the goods owner as prescribed in Customs Law and regulations”.</p>	
<p>31.3 Countries should have mechanisms in place:</p> <p>(a) to identify, in a timely manner, whether natural or legal persons hold or control accounts; and</p>	<p>(a) The investigation authorities are required to conclude a case file together with evidence to the office of public prosecutors within the timeframe given depends on the case of predicate offense as stated in the Law on the Criminal Procedure, Article 110.</p> <p>▪ Law on the Criminal Procedure No. 37/NA, dated 14 November 2017.</p> <p>“Article 110 Period for Investigation</p> <p>The investigator shall proceed to investigate, summarize the investigation and</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017. - Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, dated 30 March 2016.

<p>(b) to ensure that competent authorities have a process to identify assets without prior notification to the owner.</p>	<p>prepare the case file together with exhibits, and shall send those to the public prosecutor within 2 months only for the minor offense, and 3 months for the major offense starting from date of the order to open an investigation has released.</p> <p>In the case that the ongoing investigation will need more time, the public prosecutor might issue an order to extend the process for 2 months in each request. The overall extending time should not be over 6 months altogether for the minor offense, and 3 months of each request of major offense, but overall request shall not be over 1 year totally. The application for extending time of an investigation should be made before the ongoing investigation will be ended in 15 days ahead.</p> <p>For the case file sending back to the investigation organization for reopening an additional investigation should not be over 2 months starting from the date of having received the case file.</p> <p>In the case of reopening an investigation of suspended or dismissed case, the proceeding should follow the time limit prescribed in paragraphs 1 and 2 of this articles from the date of reopening the investigation.</p> <p>When there is an application for extension the investigation, the public prosecutor shall issue an order with reasonable explanation within 48 hours whether the request will be approved or rejected from the date of having received the application.”</p> <p>(b) The investigative bodies and competent authorities have power to conduct investigation on identify assets without prior notification to the owner as indicated in the Instruction on Application of Provisional Measures on properties related to ML or TF.</p> <ul style="list-style-type: none"> ▪ Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No.08/NCC, dated 30 March 2016. <p>“Article 4 Identification and Monitoring of properties</p> <p>Investigation authorities shall use investigation techniques and preventive measures to identify and monitor properties as defined in article 3 of this instruction during the investigation of predicate offenses relating to money laundering.</p> <p>Investigation authorities to concerned shall issue an order to seize or freeze properties as defined in article 3 of this instruction once receiving intelligence or related</p>	
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	<p>information suggesting an evidence of property as defined in article 3 of this instruction.</p> <p>The Oder to seize or freeze issues by competent authorities as defined in the laws to concerned shall strictly implemented. Prohibit any activity by natural persons and legal persons to be void actions for the implementation of order to seize or order to freeze.</p> <p>A competent authority shall issue an order to seize or order to freeze properties without a prior notice if traces of properties as defined in article 3 of this instruction are detected.</p> <p>A seizure or freeing order shall to effective till a prosecution comes to an end.”</p>	
<p>31.4 Competent authorities conducting investigations of money laundering, associated predicate offences and terrorist financing should be able to ask for all relevant information held by the FIU.</p>	<p>The investigative bodies have the right to coordinate with associated agencies as stipulated in the Law on the Criminal Procedure, Article 26 and 43; and also have the power to get access to all necessary information and documents held by AMLIO as indicated in and the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020, Article 4, 8, 9, 11 and 12.</p> <ul style="list-style-type: none"> ▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017. <p>“Article 26 and 43 (details stipulated in Rec.31.1)”</p> <ul style="list-style-type: none"> ▪ Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020. <p>“Article 4: The Responsibilities of Ministries, Organizations for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism</p> <p>Ministries, Organizations have a responsibility for implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism as following:</p> <ol style="list-style-type: none"> 1. Macro-Management for the Activities of Anti-Money Laundering and Counter-Financing of Terrorism in the area of its responsibility; 2. Supervise its entities which is under its management to focus on implementing the Activities of Anti-Money Laundering and Counter-Financing of Terrorism in order to comply with Laws and other Relevant Regulations effectively; 3. Auditing and Requesting relevant and necessary information from Reporting Entities which is under its management such as sources of fund, shareholders, directors, and ben- 	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017. - Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.

	<p>eficial owner prior and/or after issuing Business Registration in order to collect and provide to relevant competent authorities;</p> <p>4. Developing and implementing programs for monitoring and auditing the activities' implementation of Anti-Money Laundering and Counter-Financing of Terrorism of Reporting Entities which is under its management;</p> <p>5. Be in charge in studying and issuing legislations, risks assessment and risk-based approach, supervision, monitoring and inspection the implementation of its obligations through activities of Anti-Money Laundering and Counter-financing of Terrorism for Reporting Entities which is under its management;</p> <p>6. Publishing Laws and Regulations that related to activities of Anti-Money Laundering and Counter-financing of Terrorism to Relevant Organizations and Reporting Entities which is under its management within the nationwide;</p> <p>7. Collecting, studying and evaluating the activities' implementation of Anti-Money Laundering and Counter-financing of Terrorism then report to the government;</p> <p>8. Also, other responsibilities as defined in the Laws.”</p> <p>“Article 8 The Responsibilities of Ministry of Finance</p> <p>Besides the responsibilities that defined in Article 4 of this Decree, Ministry of Finance also has other responsibilities as following:</p> <p>5.Be in charge in Co-operating, Investigation violation in declaration fail or declare falsely of cash, precious metals and BNIs while entry or exit of Lao PDR and investigate the predicate offence of money laundering such as violation of tax and customs regulation and other offences which under its management;</p> <p>6. Requesting, providing relevant and necessary information such as the statistics on cash transaction exceeding threshold, precious metals and BNIs while entry exit of Lao PDR, smuggling import-export of illegally Goods and others that associated with activities of Anti-Money Laundering and Counter-Financing of Terrorism, to relevant officers and AMLIO;</p> <p>7. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism;</p> <p>8. Requesting information from Reporting Entities and AMLIO and also providing information of payments for tax and customs from natural person, legal person or organizations who running businesses of goods import & export and goods</p>	
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	<p>through the border in order to report to AMLIO, Reporting Entities and other Relevant Organizations.”</p> <p>“Article 9 The Responsibilities of Ministry of Agriculture and Forestry</p> <p>Besides the responsibilities that defined in Subparagraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, Ministry of Agriculture and Forestry also has other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Using techniques of Investigation that associated with its roles and mandates to investigate the predicate offences such as environmental crime and others in order to further prosecution of Money Laundering and Financing of Terrorism cases; 2. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 3. Requesting information from reporting entities and AMLIO and providing relevant and necessary information such as the statistics on environmental crime and others that associated with activities of Anti-Money Laundering and Counter-Financing of Terrorism to relevant competent authorities and AMLIO regarding to a requested.” <p>“Article 11: The Responsibilities of Ministry of Public Security</p> <p>Besides the responsibilities that defined in paragraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, Ministry of Public Security also have other responsibilities as following:</p> <ol style="list-style-type: none"> 1. Using techniques of Investigation that associated with its roles and mandates to investigate the predicate offences parallel with financial investigation in order to further prosecution of Money Laundering and Financing of Terrorism cases; 2. Study on mechanisms and procedures to designate a target for list of assets that associated with Money Laundering and/or Financing of Terrorism for Postal Enterprises and Reporting Entities; 3. Study on mechanisms and procedures to determine a target for internal designation list of terrorism and/or counter-financing of terrorism and disseminate those lists to Postal Enterprises upon receiving from Ministry of Foreign Affairs; 4. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; 	
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	<p>5. Review and consider a completeness and adequacy of information in Financial Intelligence Report (FIR), as well as having a feedback or recommendation to such FIR to be able to make a criminal proceeding in case of Money Laundering and always report a result of investigation to AMLIO;</p> <p>6. Requesting information from Reporting Entities and AMLIO as well as providing information such as investigation predicate offences or money laundering statistics and others related activities of Anti-Money Laundering and Counter-Financing of Terrorism to relevant competent authorities.”</p> <p>“Article 12 State Inspection and Anti-Corruption Authority</p> <p>Besides the responsibilities that defined in subparagraph 1, 2, 6, 7 and 8 of Article 4 of this Decree, State Inspection and Anti-Corruption Authority also has other responsibilities as following:</p> <p>4. Using techniques of Investigating that associated with its obligations to investigate the offences of money laundering such as abusing the authority, bribery, grafting, and others that leading to the criminal proceeding in case of Money Laundering and Counter-Financing of Terrorism;</p> <p>5. Be in charge in implementing its obligations for both national and international about activities of Anti-Money Laundering and Counter-Financing of Terrorism; Requesting information from Reporting Entities and AMLIO, as well as providing relevant and necessary information such as the corruption activities statistic at central and local level annually basis and others that associated with activities of Anti-Money Laundering and Counter-Financing of Terrorism to relevant competent authorities and AMLIO regarding to a requested.”</p>	
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RECOMMENDATION 32

32. Cash couriers *

32.1 Countries should implement a declaration system or a disclosure system for incoming and outgoing cross-border transportation of currency and bearer negotiable instruments (BNIs). Countries should ensure that a declaration or disclosure is required for all physical cross-border transportation, whether by travellers or through mail and cargo, but may use different systems for different modes of transportation.

Lao PDR has disclosure system and inbound/outline notification system (Airline Passengers Information “API”) that has been validated in year 2020. In addition, Lao PDR has also following legislation in place such as: 1). the Customs Law, Article 19, 20 and 21 (Customs Declaration Form for Personal Effects); 2). Law on Foreign Exchange Management, Article 14; 3). The Law on AML/CFT, Article 33 and 34; 4). Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015, Article 3 and 4;

▪ **Customs Law (Revised version) No.04/NA, dated 20 December 2011;**

“Article 19 (Revised) Declaration of Manifest and Conveyance Papers

When the goods arrive at the Customs border checkpoint, the declarant or the transport service provider shall implement the following procedures:

1. Submission of manifest or declaration according to prescribed forms by Customs within twenty-four hours;
2. Submission of conveyance papers to the Customs Authorities for control and management as described in the Customs Law and regulations;
3. Prohibition to unload goods from conveyance prior to submission of the manifest, except when they are authorized by Customs Authorities or in the case of force majeure”.

“Article 20 (Revised) Reporting of Personal Belongings of Passengers

Personal belongings of passengers travelling through customs checkpoints by car, train, boat and airplane shall be under customs control. Passengers who possess goods in excess of the amount permitted by regulations shall correctly and fully declare these to Customs in a prescribed form.

Passengers shall comply with the regulations and other requirements regarding the

- Customs Law (Revised version) No.04/NA, dated 20 December 2011;
- Law on Foreign Exchange Management No.55 /NA , dated 22 December 2014;
- Law on Anti-Money Laundering and Counter - Financing of Terrorism No. 50/NA, dated 21 July 2014;
- Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015;

<p>export and import of foreign currencies, Lao Kip, precious objects, and archaeological and cultural objects.”</p> <p>“Article 21 (Revised) Declaring Mailed Goods by Post</p> <p>Parcel post and mail imported, exported or in transit shall be subject to customs control.</p> <p>This [control] shall be end only if customs formalities are carried out in accordance with customs regulations.</p> <p>A legal entity running a business as a freight forwarder and dispatching parcels and mail shall be responsible for customs clearance on behalf of the goods owner as prescribed in Customs Law and regulations.”</p> <ul style="list-style-type: none"> ▪ Law on Foreign Exchange Management No. 55 /NA , dated 22 December 2014. <p>“Article 14 Taking Cash in Foreign Currency in and Out of the Lao PDR</p> <p>Residents and non-residents of the Lao PDR can bring foreign currency to the Lao PDR in accordance with the regulations of the Bank of the Lao PDR, and must declare any amounts exceeding the current approved maximum at a customs check point to get clearance documents.</p> <p>Residents and non-residents of the Lao PDR can take foreign currency in cash out of the Lao PDR up to the maximum amount allowed by the Bank of the Lao PDR. In case the amount exceeds the maximum limit, approval must be requested from the Bank of the Lao PDR. In case a clearance document authorizing the foreign currency into the Lao PDR is available, only a declaration at the customs check point is necessary.”</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; <p>“Article 33 Declaration of cash, precious metal and bearer negotiable instruments at border crossings</p> <p>Natural persons who carry cash, precious metal and bearer negotiable instru-</p>	
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ments in and out of the Lao PDR, with value exceeding the threshold periodically set by the Bank of the Lao PDR, need to declare them to customs officers at border checkpoints. Customs officers will further report to AMLIO.”

“Article 34 Examination by customs officers at border crossings

Customs officers at border checkpoints are responsible for checking the correct declaration of cash, precious metal and bearer negotiable instruments of natural persons entering/exiting of the Lao PDR in accordance with relevant regulations and laws.

In case customs officers at checkpoints detect or suspect that there is a non-declaration or underreporting of cash, precious metal and bearer negotiable instruments or a false declaration relating to money laundering and financing of terrorism, such items will be seized or sequestered immediately; AMLIO to be informed, and an investigation is to be initiated to determine origins of cash, precious metal or bearer negotiable instruments.

In case of inaccurate declaration, inaccurate amount, non-declaration or false declaration on cash, precious metal and bearer negotiable instruments when crossing Lao PDR’s borders, a declarer will be fined in accordance with the relevant regulations.”

- **Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015;**

“Article 3 Deceleration of passengers when Entering/Exiting the Lao PDR

Passengers with cash, Precious metals, and BNIs with a value of 100,000,000 (one hundred million) kip or more entering/exiting the Lao PDR must declare these items to a customs official at the boundary post with a Customs Declaration Form issued by the Ministry of Finance.”

“Article 4 Procedures of Declaration

Passengers with cash, Precious metals, and BNIs that travelling into/out of the Lao PDR which bring in/take out cash must follow these procedures:

1) Declaration while Entering Lao PDR

	<ul style="list-style-type: none"> - Complete an Entry Declaration Form to correctly and clearly; - Present the form also the cash, Precious metals, and BNIs to a customs official at the boundary checkpoint for inspection. <p>2) Declaration while Exiting Lao PDR</p> <ul style="list-style-type: none"> - Complete an Exit Declaration Form to correctly and clearly; - Present the form also the cash, Precious metals, and BNIs to a customs official at the boundary checkpoint for inspection; - Present certificate documents or permits with cash, Precious metals, and BNIs from relevant organizations; - Present certificate documents to importing from customs official for keeping.” 	
<p>32.2 In a declaration system, all persons making a physical cross-border transportation of currency or BNIs, which are of a value exceeding a pre-set, maximum threshold of USD/EUR 15 000, should be required to submit a truthful declaration to the designated competent authorities. Countries may opt from among the following three different types of declaration system:</p> <p>(a) A written declaration system for all travellers;</p> <p>(b) A written declaration system for all travellers carrying amounts above a threshold; and/or</p> <p>(c) An oral declaration system for all travellers.</p>	<p>(a), (b) and (c) Based on the Regulation on Cash, Precious Metal and Bearer Negotiable Financial Instrument Declaration when entering-exiting Lao PDR, Article 3 and 4 stated that passengers carrying in or out Lao PDR with cash, precious metal and bear negotiable financial instrument exceeding threshold of LAK 100 million or equal valence must declare to Customs authorities by filling out the Customs Declaration Form for Personal Effects issued by Ministry of Finance.</p> <ul style="list-style-type: none"> ▪ Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015; <p>“Article 3 and 4 (details stipulated in Rec.32.1)”</p>	<ul style="list-style-type: none"> - Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015.

<p>32.3 In a disclosure system, travelers should be required to give a truthful answer and provide the authorities with appropriate information upon request, but are not required to make an upfront written or oral declaration.</p>	<p>Passengers entering or exiting Lao PDR must fill out the API Form with a truthful answer together with Customs Declaration Form for Personal Effects, these regulations enters into effected by year 2020.</p>	<ul style="list-style-type: none"> - Customs Declaration Form for Personal Effects
<p>32.4 Upon discovery of a false declaration or disclosure of currency or BNIs or a failure to declare or disclose them, designated competent authorities should have the authority to request and obtain further information from the carrier with regard to the origin of the currency or BNIs, and their intended use.</p>	<p>By law, Customs authorities have power to conduct inspection in terms of tax declaration, smuggling detection, tax evasion and investigate customs cases and file customs cases to People’s Prosecutor to litigate cases in court as stipulated in Customs Law (revised version of curtain’s article), Article 111/1 and Article 111/2;</p> <p>In the event where border customs authorities discovered, found or suspected with regards to source of cash, precious metal or bearer negotiable financial instruments that failed to declare or provide an untruthful information related to ML/TF then must freeze, seize such properties without delay and open the case for investigation to find out the origin of the freeze or seized properties as indicated in the Law on AML/CFT, Article 34.</p> <ul style="list-style-type: none"> ▪ Customs Law (Revised Version of Certain Articles) No.57/NA, dated 24 December 2014 <p>“Article 111/1 (Revised) Rights and Duties of the Customs Administration The Customs Administration has the rights and duties to administer customs activities as follows:</p> <ol style="list-style-type: none"> 1. To act as a secretariat to the Ministry of Finance, in doing the research on strategies, policy plan, laws and other regulations relating to Customs activities; 2. To make the research on issuance of the agreements, the orders, the instructions and technical notifications relating to customs activities; 3. To implement, disseminate the strategies, policies, laws and other regulations relating to customs activities under its jurisdiction; 4. To research and propose the establishment of customs warehouse to the Ministry of Finance for consideration; 	<ul style="list-style-type: none"> - Customs Law (Revised Version of Certain Articles) No.57/NA, dated 24 December 2014; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No: 50/NA, dated 21 July 2014;

5. To supervise, guide, encourage and monitor the organization and the implementation of customs activities carried out by customs authorities throughout the country in accordance with the law and regulations;
6. To collect and provide the export and import data and statistics on customs activities;
7. To develop the plans for capacity building, training, allocation, rotation, appointment, promotion, transfer or dismissal and re-assignment of customs personnel based on the regulations by coordinating with the local administration;
8. To research, make a decision on declarant's application based on its scope of roles and responsibilities under the laws and regulations;
9. To conduct post clearance audit activities, inspection and anti-smuggling activities, proceed and settle customs related cases;
10. Investigate customs cases and file customs cases to People's Prosecutor to litigate cases in court;
11. To coordinate and cooperate with central agencies and local administrations with regard to customs activities;
12. To implement the agreements, conventions, protocols, treaties and other international agreement in which Lao PDR is a party, coordinate and cooperate with other countries at regional and international levels on customs activities as assigned by the Ministry of Finance;
13. To summarize and report to the Ministry of Finance on customs activities regularly; and
14. To exercise the rights and perform other duties as stipulated in the laws and regulations."

**"Article 111/2 (New) Rights and Duties of Customs Border Checkpoint
Customs Border Checkpoint has the rights and duties to administer customs activities as follows:**

1. To act as a secretariat to the Customs Administration, disseminate and implement the laws and other regulations relating to Customs activities;
2. To create and implement revenue collection plan, fees and service charges of the fiscal year in timely manner;
3. To collect customs revenue, fees and service charges to the national treasury based on

	<p>the law and regulations with the transparency, in timely manner;</p> <p>4. To supervise, guide, encourage and monitor the implementation of customs activities carried out by customs authorities at the Customs Border Checkpoint;</p> <p>5. To provide the service, monitor and facilitate the clearance of the imported and exported goods including the goods in transit quickly and accurately in accordance with the law and regulations;</p> <p>6. To consider and make a decision on the declarant's application;</p> <p>7. To prevent any violations of the customs law, regulations including other related laws and regulations, take the actions against the customs offenders within its roles;</p> <p>8. To monitor and evaluate the performance of customs declarants who comply with the law and regulations relating to customs activities;</p> <p>9. To collect, summarize and provide the export and import data and statistics;</p> <p>10. To coordinate with other concerned government agencies and local administrations relating to their performance of duties;</p> <p>11. To summarize and report customs activities to the Customs Administration and local administrations regularly; and</p> <p>12. To exercise the rights and perform other duties as assigned by the Customs Administration.”</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p> <p>“Article 34 (details stipulated in Rec.32.1)”</p>	
32.5 Persons who make a false declaration or disclosure should be subject to proportionate and dissuasive sanctions, whether criminal, civil or administrative.	<p>In the event that competent authorities found persons who makes a false declaration or disclosure will be subject to proportionate and dissuasive sanctions, whether criminal, civil or administrative as indicated in the Customs Law (Revised version), Article 88-96; Law on Foreign Currencies Management, Article 49; and Penal Code, Article 283-286;</p> <p>▪ Customs Law (Revised version) No.04/NA, dated 20 December 2011;</p> <p>“Article 88 (Revised) Minor Offences at the First Degree</p>	<p>- Customs Law (Revised version) No.04/NA, dated 20 December 2011;</p>

	<p>Minor offense at the first degree is as follows:</p> <ol style="list-style-type: none"> 1. Incorrectly and incompletely declaring detailed information that did not cause a significant impact on customs duties and other obligations; 2. Hiding or refusing to provide necessary documents to Customs Authorities as defined in Article 64 of this Law; 3. Disturbing or creating difficulties to Customs Authorities to implement their duties; 4. Goods are not imported into and/or exported from Lao PDR through the checkpoint as specified in the license; 5. Using vehicles to commit customs offenses; 6. Other offenses, if they are not included in other types of customs offenses. <p>Anyone who commits a minor offense at the first degree shall be fined as follows:</p> <ul style="list-style-type: none"> - [For a] value of goods lower than 5,000,000 Kip, they shall be educated and warned; - [For a] value of goods from 5,000,001 kip to 10,000,000 Kip, they shall be fined five per cent (5%) of the value; - [For a] value of goods [above] 10,000,001 Kip, they shall be fined ten percent (10%) of the value; <p>“Article 89 (Revised) Minor Offenses at the Second Degree</p> <p>Minor offenses at the second degree are as follows:</p> <ol style="list-style-type: none"> 1. Declaring incorrect information that affects customs duties and other obligations such as: tariff classification, country of origin, tariff, tax rates, declared customs values, and other information; 2. Declaring the incorrect number of boxes of goods or combining many units or many types of goods into one unit or one type, and thereafter submitting to the Customs Authorities, thereby intentionally evading the customs duties and other obligations; 3. Declaring the incorrect number of boxes of goods that are under customs duty and other obligations [that are] suspended, exempted or reduced; 4. The export-import of goods without permission from relevant sectors; 5. Decreasing or increasing the number of goods and not declaring the number of goods in a warehouse regime; 6. Violating regulations on export, import, movement and transit of goods; 	
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7. Using vehicles or goods that are under temporary customs duty and other obligations [that are] suspended, exempted and reduced outside their purposes.

Any person who has committed minor offences at the second degree shall fully pay customs duties and other obligations as defined in the laws and regulations.

In these cases, they are also subject to a fine of 30 percent (30%) of the value of goods.

If the offense occurs a second time, the violator shall pay customs duties and other obligations in full amount and also a fine of fifty percent (50%) of the value of goods.

The seized goods, materials and objects used for concealing and vehicles used for committing the offence, that are not controlled by the State shall be returned to the owner after the case is solved.”

“Article 90 (Revised) Minor Offense at the Third Degree

Minor offences at the third degree are as follows:

1. Minor offenses at the second degree committed for the third time;
2. Exporting or importing of non-controlled and non-prohibited goods out of or into the Lao PDR without making detailed customs declaration;
3. Concealing goods through the use of vehicles or materials in order to intentionally avoid customs duties;
4. Storing or possessing non-controlled or non-prohibited goods over the needs of household consumption without holding detailed customs declaration documents according to the laws and regulations.

Any person who has committed a minor offence at the third degree will be considered as intentionally avoiding customs and shall pay full customs duties and other obligations and a fine at seventy percent (70%) of the value of the smuggled goods.

If an offense at the third degree was committed for the second time, customs duties and other obligations shall be paid in full amount according to the laws and regulations together with a fine at one hundred percent (100%) of the value of the goods.

The seized goods, materials and objects used for concealing, and vehicles used for committing the offence, that are not controlled by the State shall be returned to the owner after the case is solved.”

“Article 91 (Revised) Serious Offense at the First Degree

A serious offense at the first degree is the act of exporting-importing or moving of controlled goods without holding a detailed customs declaration or without an authorization from relevant sectors or if a minor offense at the third degree was committed on a repeated basis.

Any person committing a serious offense at the first degree shall pay a fine at thirty percent (30%) of the value of goods. The seized goods shall belong to the State.”

“Article 92 (Revised) Serious Offense at the Second Degree

A serious offense at the second degree is a serious offense at the first degree that occurs for the second time, and the violation of intellectual property rights and falsification of customs documents.

Any person committing a serious offense at the second degree shall pay a fine of fifty percent (50%) of the value of goods. The seized goods shall belong to the State.

A serious offense at the second degree is a criminal offense, in which the violators shall be prosecuted based on the Law on Criminal Procedure and other relevant laws.”

“Article 93 Offense Related to Prohibited Goods

When Customs Authorities discover illegal goods, such as weapons, opium, heroin, amphetamine or narcotics and other prohibited items, the Customs Authorities shall document the seizure of these items and send the evidence with the suspect to the People’s Prosecutor for prosecution as defined in the laws and regulations.”

“Article 94 Possessing Goods and Vehicles

Any person who possesses illegal goods or whose vehicles containing such goods shall be responsible for such goods and vehicles.

Drivers of all kinds of vehicles will be responsible for customs and criminal activity only if the violation of the Customs Law arises from their own actions.”

“Article 95 (Revised) Civil and Criminal Responsibility

The owner of goods shall be responsible for any civil offense on behalf of a person who is assigned by the owner to carry out the customs declaration, payment of customs duties and other obligations that are not according to the laws and regulations, and shall be responsible for the seized goods.

	<p>The guarantor shall be responsible for the payment of customs duties and other obligations according to the laws and regulations that are under the responsibility of the person being guaranteed by the guarantor.</p> <p>The colluders for a customs offense shall be prosecuted based on Law on Criminal Procedure and the measures of this Law shall be taken.”</p> <p>▪ Law on Foreign Exchange Management No. 55 /NA, dated 22 December 2014;</p> <p>“Article 49 Fines</p> <p>Individuals, legal entities and organizations violating the law and relevant regulations on foreign exchange management shall be fined by the authorities concerned.</p> <ol style="list-style-type: none"> 1. Price tag labeling in foreign currency in the Lao PDR shall be subject to a fine up to one million Lao Kip (1,000,000.00) per offense; 2. Payment in foreign currency for goods and services, debts, salaries, or financial obligation to the Government without approval shall be subject to a fine up to three million Lao Kip (3,000,000.00) per offense; 3. Conducting foreign exchange business or exchanging foreign currencies without a license shall be subject to a fine up to thirty million Lao Kip (30,000,000.00); 4. Setting the exchange rate of commercial banks, currency exchange bureaus or related service places in a way that does not comply with the regulations shall be subject to a fine up to five million Lao Kip (5,000,000.00) per offense; 5. Opening of bank accounts abroad without approval from the Bank of the Lao PDR shall be subject to a fine up to twenty million Lao Kip (20,000,000.00); 6. Non-compliance with Article 27 of this law or reporting inaccurate data shall be subject to a fine up to five million Lao Kip (5,000,000.00) per offense; 7. Providing or borrowing external loan and trade credit without approval 	
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	<p>for the first time shall be subject to a fine equaling zero-point one per cent (0.1%) of the total external loan and trade credit;</p> <p>8. Importing and exporting physical cash in foreign currencies or Lao Kip exceeding the current limit without declaration at a customs check point or approval from the Bank of the Lao PDR for the first time shall be subject to a fine up to fifty percent (50%) of the value involved.</p> <p>Any repetitive violation or offense in each case shall be subject to a fine up to double of the previous fine.”</p> <p>▪ Penal Code No.26/NA, dated 17 May 2017.</p> <p>“Article 283 A Violation of the regulation on tax system, State Tax</p> <p>Any person violating State tax regulations, by mean of avoiding, refusing to pay tax, revenue or not paying tax in accordance with the regulations such as land tax, royalties, customs duties, internal taxes and fees, shall be punished from three months to five years of imprisonment and shall be fined from 5.000.000 kip to 20.000.000 kip.”</p> <p>“Article 284 Illegal Cross-Border Transportation of Goods</p> <p>Any person who illegally transport across borders by smuggle without permission of authority concerned shall be punished from three months to three years and shall be fined from 1.000.000 kip to 10.000.000 kip.</p> <p>Where such an offence is performed as a regular basis, as part of an organized group, the offender shall be punished from one to five years of imprisonment and shall be fined from 3.000.000 kip to 20.000.000 kip.”</p> <p>“Article 285 (New) Violation the regulation on Foreign Currency management.</p> <p>Any person violates the regulation on foreign currency management as basic regular by</p> <p>follow means:</p> <ol style="list-style-type: none"> 1. Announcement or advertising products’ price as foreign currency; 2. Paying goods, service, debt, salary, tax by using foreign currency; 3. Proceeding business concerned with foreign currency or exchange money without authority; 	
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	<ol style="list-style-type: none"> 4. Define, advertise or using wrong money rate exchange in business bank, exchange store or any concerned services; 5. Open offshore account without authority by Bank of the Lao PDR; 6. Avoid reporting income, expense in foreign currency to Bank of the Lao PDR; 7. Conducting loan service and give credit to foreigners without authority; 8. Import and export foreign cash that exceeded regulation limit when counted in Lao currency. Without reporting to tax officers or authority from Bank of the Lao PDR shall be punished by six to two years of imprisonment and shall be fined from 3.000.000 kip to 10.000.000 kip.” <p>“Article 286 Illegal Transportation of Goods through the Lao PDR</p> <p>Any person illegal transportation of goods through the Lao PDR shall be punished from three months to one year and shall be fined from 3.000.000 kip to 10.000.000 kip.</p> <p>Where such an offence is performed as a regular basis, as part of an organized group or causes substantial damage, the offender shall be punished from one to three years of imprisonment and shall be fined from 5.000.000 kip to 20.000.000 kip.”</p>	
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<p>32.6 Information obtained through the declaration/disclosure process should be available to the FIU either through: (a) a system whereby the FIU is notified about suspicious cross-border transportation incidents; or (b) by making the declaration/disclosure information directly available to the FIU in some other way.</p>	<p>Based on the Regulation on Cash, Precious Metal and Bearer Negotiable Financial Instrument Declaration when entering-exiting Lao PDR, Article 6 stated that Customs authorities are required to submit report contained information given by passengers to AMLIO within 15 working days via Cross Border Report Online System.</p> <ul style="list-style-type: none"> ▪ Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015. <p>“Article 6 Reporting by Customs Officials at Boundary Checkpoints Customs officials at boundary checkpoints were confirm the declaration of passenger carrying cash of cash, Precious metals, or BNIs with value of 100,000,000 (one hundred million) kip or more, the customs official must report to Anti-Money Laundering Information Unit within 15 day as the format of Anti-Money Laundering Information Office.”</p>	<ul style="list-style-type: none"> - Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No.06/NCC, dated 19 May 2015; - Notice on Cross Border Report No.00245/CD, dated 14 January 2020; - Manual of Cross Border Report Online System.
<p>32.7 At the domestic level, countries should ensure that there is adequate coordination among customs, immigration and other related authorities on issues related to the implementation of Recommendation 32.</p>	<p>The Customs authorities, Immigration and other associated competent authorities are in coordination among each other in regular basis when the issues occur under the roles and responsibilities each agency as indicated in the Customs Law (revised version of certain article), Article 111/1 and 111/2;</p> <p>Besides, there is the coordination mechanism in place, which comprise of Customs authorities, immigration officers and associated competent authorities under AML-Working Group and AML/CFT Focal-Point.</p> <ul style="list-style-type: none"> ▪ Customs Law (Revised version) No.04/NA, dated 20 December 2011; <p>“Article 111/1 and 111/2 (details stipulated in Rec.32.4)”</p>	<ul style="list-style-type: none"> - Customs Law (Revised Version of Certain Articles) No.57/NA, dated 24 December 2014; - Decision on Designate Anti-Money Laundering Working Group No.19/NCC, dated 17 October 2017; - Decision on AML/CFT Focal Point No.1112/NCC, dated 14 November 2016.
<p>32.8 Competent authorities should be able to stop or restrain currency or BNIs for a reasonable time in order to ascertain whether evidence of ML/TF</p>	<p>By law, Customs authorities have power to conduct inspection in terms of tax declaration, smuggling detection, tax evasion and investigate customs cases and file customs cases to People’s Prosecutor to litigate cases in court as stipulated in Customs Law (revised version of curtain’s article), Article 111/1 and Article 111/2;</p>	<ul style="list-style-type: none"> - Customs Law (Revised Version of Certain Articles) No.57/NA, dated 24 December 2014;

<p>may be found in cases:</p> <p>(a) where there is a suspicion of ML/TF or predicate offences; or</p> <p>(b) where there is a false declaration or false disclosure.</p>	<ul style="list-style-type: none"> ▪ Customs Law (Revised Version of Certain Articles) No.57/NA, dated 24 December 2014 <p>“Article 111/1 (details stipulated in Rec.32.4)”</p> <p>In the event that a Customs authorities at boundary check-point found persons who makes a false declaration, disclosure or suspected on the origin source of cash, precious metal and bearer negotiable financial instruments will be subject to a freeze or seize without delay and to open investigations to seek the truth on such properties rapidly as stipulated in the Law on AML/CFT, Article 34.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 34 (details stipulated in Rec.32.1)”</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.
<p>32.9 Countries should ensure that the declaration/disclosure system allows for international co-operation and assistance, in accordance with Recommendations 36 to 40. To facilitate such co-operation, information⁶⁸ shall be retained when:</p> <p>(a) a declaration or disclosure which exceeds the prescribed threshold is made; or</p> <p>(b) there is a false declaration or false disclosure; or</p> <p>(c) there is a suspicion of ML/TF.</p>	<p>For mutual international co-operation and assistance in accordance with Rec.36 to Rec.40 in order to facilitate such co-operations was determined in the Customs Law, Article 9 and Article 5 clause 6; Law on AML/CFT, Article 43 and Law on Mutual Legal Assistance Article 9.</p> <ul style="list-style-type: none"> ▪ Customs Law (Revised version) No.04/NA, dated 20 December 2011; <p>“Article 9 (Revised) International Cooperation</p> <p>The government opens and promotes relations and cooperation with foreign countries, regions and the world on customs matters by the exchange of lessons [learned], information, techniques, technologies, training and upgrading of staff capacity and other [activities], and to implement international agreements, treaties or conventions of which Lao PDR is a Party to.”</p>	<ul style="list-style-type: none"> - Customs Law (Revised version) No.04/NA, dated 20 December 2011; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Law on Mutual Legal Assistance.

“Article 5 (New) Customs Principles

Customs operations shall comply with the following principles:

1. Ensure uniform and centralized management throughout the country;
2. Ensure the promotion and growth of production, business operations and investments;
3. Ensure justice, modernity, transparency, and prompt service and accountability;
4. Facilitate trade and promote investment;
5. Collaborate harmoniously between vertical and horizontal lines of management;
6. Implement various obligations of regional and international agreements, treaties and conventions of which Lao PDR is a party to.”

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;**

“Article 43 Contents of international co-operation

International co-operation on AML/CFT shall be in the following contents:

1. gather, study, and exchange of information, technologies and lessons on money laundering and financing of terrorism;
2. sign agreements with foreign countries or become a party to the international treaties and agreements on AML/CFT;
3. mutual assistance in technical capacity building including training and knowledge upgrading for concerned personnel and officers;
4. Comply with the international agreements and treaties which the Lao PDR is a party to.”

- **Drafting Law on Mutual Legal Assistance**

“Article 6 International Cooperation

The State communicate and cooperate with foreign countries, regional and international about activities on international cooperation for mutual legal assistance in criminal matters by exchanging a lesson, information, technology, trainings, workshops, enhancing a technical knowledge and capacity building for officer, and assist in the development of activities on international cooperation for mutual legal assistance in

	<p>criminal matters.”</p> <p>In addition to the above-mentioned legislation, Customs department is also having a bilateral and multilateral cooperation via 8 MOUs signed with its foreign counterpart including 10 international convention.</p>	
32.10 Countries should ensure that strict safeguards exist to ensure proper use of information collected through the declaration/disclosure systems, without restricting either: (i) trade payments between countries for goods and services; or (ii) the freedom of capital movements, in any way.	A Customs Department recorded the Airline Passenger Information electronically (via server) in which the information can be interlink with the Customs authorities at border checkpoint and other relevant authorities can get access to the information upon request.	
32.11 Persons who are carrying out a physical cross-border transportation of currency or BNIs that are related to ML/TF or predicate offences should be subject to: (a) proportionate and dissuasive sanctions, whether criminal, civil or administrative; and (b) measures consistent with Recommendation 4 which would enable the confiscation of such currency or BNIs.	<p>Persons who are carrying out a physical cross-border transportation of currency or BNIs that are related to ML/TF or predicate offences will be subject to both administrative measures and considered as criminal offence according to each case as stated in the Customs Law, Article 88-95; Law on Foreign Currencies Management, Article 49; and Penal Code, Article 285, 287, 130 and 131.</p> <ul style="list-style-type: none"> ▪ Customs Law (Revised version) No.04/NA, dated 20 December 2011; <p>“Article 88-95 (details stipulated in Rec.32.5)”</p> <ul style="list-style-type: none"> ▪ Penal Code No.26/NA, dated 17 May 2017; <p>“Article 285 (details stipulated in Rec.32.5)”;</p> <p>“Article 287 Illegal Transportation of Foreign Currency through the Lao PDR</p> <p>Any person illegal transportation of foreign currency through the Lao PDR shall be punished from six months to two years and shall be fined from 3.000.000 kip to 10.000.000 kip.</p> <p>Where such an offence is performed as a regular basis, as part of an organized</p>	<ul style="list-style-type: none"> - Customs Law (Revised version) No.04/NA, dated 20 December 2011; - Penal Code No.26/NA, dated 17 May 2017.

group or causes substantial damage, the offender shall be punished from two years to five years of imprisonment and shall be fined from 5.000.000 kip to 20.000.000 kip.”

“Article 130 Money Laundering

Money laundering is the transformation, utilization, displacement, exchange, acquisition, possession, transfer of true ownership of funds or other properties of an natural person, legal person or organization that knows, knew or suspects that the funds or properties are derived from the predicate offences to conceal or disguise their characteristics, origin, and location. This is aimed at legalizing the funds or properties.

Any person committing an offence of money laundering for the value less than 1.000.000.000 Kip shall be punished from three years to seven years in imprisonment and shall be fined from 300.000.000 kip to 500.000.000 Kip and asset shall be confiscated.

Where such offence is for the value from 1.000.000.000 Kip or more, the offender shall be punished from seven years to ten years in imprisonment and shall be fined from 500.000.000 kip to 700.000.000 Kip and asset shall be confiscated.

Where such an offence is performed as part of an organized group or as a regular basis, the offender shall be punished from ten years to fifteen years of imprisonment and shall be fined from 700.000.000 kip to 900.000.000 Kip and asset shall be confiscated.

Any preparation or attempt to commit such an offence shall also be punished.”

“Article 131 Financing Terrorism

The financing of terrorism is an intentional act, both direct and indirect, of a natural person, legal persons or organisations that attempt to give, collect, acquire funds or properties, legally or illegally, wholly or partially, to supply funds to terrorism, terrorist or linked to a specific terrorism act whether the funds or properties are used in the actions or not.

Any person committing an offence of financing terrorism for the value less than 1.000.000.000 Kip shall be punished from five years to eight years of imprisonment and shall be fined from 5.000.000 kip to 800.000.000 Kip and asset shall be confiscated.

Where such offence is for the value from 1.000.000.000 Kip or more, the

	<p>offender shall be punished from eight years to twelve years of imprisonment and shall be fined from 800.000.000 kip to 1.000.000.000 Kip and asset shall be confiscated.</p> <p>Where such an offence is performed as part of an organized group or as a regular basis, the offender shall be punished from fifteen years to twenty years of imprisonment and shall be fined from 800.000.000 kip to 1.000.000.000 Kip and asset shall be confiscated.</p> <p>Any preparation or attempt to commit such an offence shall also be punished.”</p>	
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RECOMMENDATION 33

GENERAL REQUIREMENTS

33. Statistics

33.1 Countries should maintain comprehensive statistics on matters relevant to the effectiveness and efficiency of their AML/CFT systems.⁶⁹ This should include keeping statistics on:
(a) STRs, received and disseminated;

The suspicious transaction report was determined in the Law on AML/CFT, Article 31;

- **Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.**

“Article 31 Suspicious transaction report

In the case of a suspicion or a cause for a suspicion that a customer’s transaction may be a consequence of a predicate offence, relating or connecting to money laundering and financing of terrorism, reporting entities shall report such transaction to AMLIO within three working days. This reporting requirement extends to a customer’s attempt of transaction regardless of completion status and amount of money involved.”

In addition, AMLIO is in charge of collecting, analyzing and disseminating the result (FIR) to LEAs as indicated in the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office, Article 3 and 8.

- **Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020;**

“Article 3 Duties

AMLIO has Duties the following rights:

1. To make the Strategy Plan, Policy and legislations of Anti-Money Laundering and Counter-Financing of Terrorism in order to propose NCC’s considering;
2. To collect extra information that’s seem to be necessary from Reporting Entities and related organization to monitoring, inspect, analysis the information about money

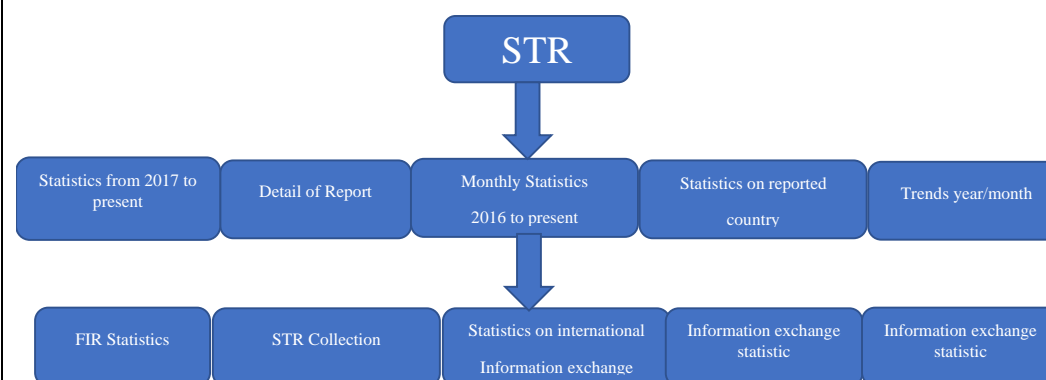
- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
- he Law on Criminal procedure No.37/NA, dated 14 November 2014;
- Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office No.02/NCC, dated 08 January 2020;
- Standard Operating Procedure (revised version) dated 15 January 2020
- Law on Mutual Legal Assistance.

	<p>laundering and countering of financing terrorism, which notified of reported from individual, entity or organization and Reporting Entities;</p> <p>3. To submit documents and make financial reporting, if it's seemed to be suspected information about money laundering and financing of terrorism in order to submit to the related Investigation organization, and provide money laundering and financing of terrorism information in order to submit to the related Investigation Organization;</p> <p>4. To co-ordinate ministries, Reporting Entities supervision organization and related other organization in order follow and inspect the implementation of Anti-Money Laundering and Counter-Financing of Terrorism;</p> <p>5. To apply administrative sanction measures to those Reporting Entities who failed to comply with or violated the Anti-Money Laundering and Counter-Financing of Terrorism Law;</p> <p>6. To summarize information in eventually, information collects and statistic about Anti-Money Laundering and Counter-Financing of Terrorism and report the evaluation on implementation of inspection the Reporting Entities to NCC;</p> <p>7. To co-ordinate related organization for inform list of terror, group of terrorism, terrorism organization, money launder and terrorism supporter and suspicious person to Reporting Entities and report, follow and punish suitable case;</p> <p>8. To make staff training plan on Anti-Money Laundering and Counter-Financing of Terrorism in previously to enhance the implementation capacities;</p> <p>9. To make a plan for seminar, meeting on Anti-Money Laundering and Counter-Financing of Terrorism and attend the meeting with other related to technical works;</p> <p>10. To advertise, promoted and study on Anti-Money Laundering and Counter-Financing of Terrorism to party, state enterprise and public;</p> <p>11. To release more the Reporting Entities on coordination with Reporting Entities supervision organization;</p> <p>12. To cooperate and relative with international organization on Anti-Money Laundering and Counter-Financing of Terrorism;</p>	
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	<p>13. To provide report of financial intelligence to other organization;</p> <p>14. Fulfill other duties that aligned on the law.”</p> <p>“Article 8 Analysis Division</p> <p>Analysis division shall have rights and duties to collect, analysis and submit suspicious transaction on money laundering or financing of terrorism, then sent to related investigation organization as following:</p> <ol style="list-style-type: none"> 1. To collect and require suspicious transaction reporting of money laundering and financing of terrorism, cash transaction report, cash border report and other transactions including information from Reporting Entities by computer system and document to operation analysis; 2. To submit and report analysis result to AMLIO’s committee normally; 3. To follow suspicious transaction reporting of money laundering or financing of terrorism, cash transaction report, cash border report and then propose to have inspection when it seems to be necessary; 4. To provide response and advice on Suspicious Transaction Report submission and other transaction report by Reporting Entities; 5. To submit documents and make financial reporting statement in order to propose Director General of AMLIO consider; 6. To collect evidence information, submit to investigation authorities to consider proceeding of money laundering; 7. To collect information related reporting statement as confidential in order to protect information provider, reporting is not damage or effect to AMILO implementation including other organization; 8. To provide information and document on money laundering or financing of terrorism of individual, entity or other organization to the Law enforcement organization; 9. To improve and develop other reporting documents to AMLIO regarding real practice eventually; 	
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10. To summarize and make a division's activities plan eventually;
11. Fulfill other duties and rights as Director General and deputy Director General AMLIO's assignment."

At the same time, AMLIO also maintains statistics in various aspects on STR received as stated in the Standard Operating Procedure, dated 15 January 2020 clause 2.1.1



(b) ML/TF investigations, prosecutions and convictions;
(c) Property frozen; seized and confiscated; and

(b) and (c) the investigative authorities maintains evidentiary information in both central and provincial level as indicated in the Law on Criminal procedure No.37/NA, dated 14 November 2014 , Article 100.

“Article 100. The Memo of Investigation

In each investigation, the head of investigation organization, concerned authorities, public prosecutor, or Prosecutors, shall make the memo comprehensively.

Detail of the memo should include:

<p>(d) Mutual legal assistance or other international requests for co-operation made and received.</p>	<ol style="list-style-type: none"> 1. Date, and place where the investigation has been conducted, time of opening and ending the process; 2. Name and surname, position, duties, work place of authorities, and note takers. If there are many authorities conducting the investigation, detail of each person above must also be recorded as well; 3. Name and sure name, age, nationality, occupation, address of each participant in the case. For the suspects, accused persons, defendants, civil plaintiffs, civil accountable person s, must provide personal detail to concerned authorities; 4. The charges; 5. Detail of investigation (testimony, findings from enquiry, examining, re-test information, confirmation of evidence, confiscation, or sequestration; 6. Photos, pictures, or audio record, fingerprint, footprint, bleeding trace, and other if applicable. <p>After having done an investigation, individual concerned has to read through all what has been documented before giving signature and thumbprint on the paper.</p> <p>The head of investigation organization, investigators, public prosecutor or prosecutors, will not be allowed to modify, adjust, and change, the memo.</p> <p>For some crossing mistakes or additional comment in the memo will be signed to confirm those additions. For the suspect, giving thumbprint will be needed on the blurred or dirty spots.</p> <p>If the memo is longer than one page, the person who is investigated shall sign and put the thumbprint on each page.</p> <p>In the case that participants in the investigation do not sign or give thumbprint on the paper, the memo shall be signed and explained reasons at the end.</p> <p>The memo will be made into three sets; the first one will be put into the case file, and the rest will be kept by investigators, and person who is investigated.”</p> <p>(d). The Mutual legal assistance or other international requests for co-operation was indicated in the Drafting Law on Mutual Legal Assistance, Article 44 clause 6.</p>	
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“Article 44 Rights and Duties of the Public Prosecutor Office

In managing the activities of international cooperation for mutual legal assistance in criminal matters, the Public Prosecutor Office as a focal coordination agency shall have the following rights and duties:

1. To research on the policies, laws and regulations about the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;
2. To coordinate with foreign organizations about the international cooperation for mutual legal assistance in criminal matters;
3. To receive the request of cooperation for mutual legal assistance in criminal matters from individuals, legal entities, and organizations;
4. To take the lead, guidance and inspecting the public prosecutor offices at all levels in executing the request for mutual legal assistance in criminal matters, such as: collecting the evidences, seizure, freezing assets and materials pursuant to the request;
5. To notify Ministry of Foreign Affairs on the execution of the request of international cooperation for mutual legal assistance in criminal matters from time to time or the urgent cases in order to coordinate with the requesting state;
6. To collect information, statistics on the international cooperation for mutual legal assistance in criminal matters in order to notify the relevant parties;
7. To participate in the negotiation and consultation on the bilateral or multilateral treaties on the international cooperation for mutual legal assistance in criminal matters;
8. To communicate and cooperate with foreign countries on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;
9. To summarize and report on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;
10. To use the rights and perform other duties as defined in the Laws.”

RECOMMENDATION 34

34. Guidance and feedback

34.1 Competent authorities, supervisors, and SRBs should establish guidelines and provide feedback, which will assist financial institutions and DNFBPs in applying national AML/CFT measures, and in particular, in detecting and reporting suspicious transactions.

Lao PDR had issued the legislations such as Decision on Reporting Suspicious Transaction Related to ML/TF No.13/NCC, dated 19 October 2015, Instruction On Indicators of Transactions Suspected of Money Laundering or Financing Terrorism No. 41/AMLIU, dated 12 January 2016, Instruction on Suspected Transactions Reporting on Money Laundering Or Financing Terrorism No. 42/AMLIU, dated 12 January 2016.

In addition, a provision on feedback to REs regarding STR submission was also indicated in the Standard Operating Procedure (SOP) clause 2.3, 5th dash.

“2.3 The information exchange with reporting entity(s)”

- The main objectives is to utilize the existing AML/CFT Law, No. 50/NA, dated 21 July 2014 and other associated regulation and policies related to AML/CFT by determining contents, methods, confidentiality and mutual responsibility of information provided toward systematic and jiffy, with an aims to increase a substantial outcome of analytical performance, and enable to trace financial trial of suspect person(s) and to obtain a constructive FIR for the investigation authorities;
- **Contents of information exchange includes:** to report any transaction as defined by the AMLIO such as STR, CTR, WTR and others, personal surveillance activities record of natural person, legal person as requested by the AMLIO and other information;
- Methodology of information request, report or information provide shall be in a form of writing that signed by signatory authority(s) of the two jurisdictions and dispatch in a form of paper base or electronically depends on the development of the information exchange system of each

- Decision on Reporting Suspicious Transaction Related to ML/TF No.13/NCC, dated 19 October 2015;
- Instruction on Indicators of Transactions Suspected of Money Laundering or Financing Terrorism No.41/AMLIU, dated 12 January 2016;
- Instruction on Suspected Transactions Reporting on Money Laundering or Financing Terrorism No.42/AMLIU, dated 12 January 2016.
- the Standard Operating Procedure date 15 January 2020.

	<p>jurisdiction in each period;</p> <ul style="list-style-type: none"> - Upon the AMLIO submit the letter of request to reporting entity(s), a person in charge of this work shall ensure that the requested reporting entity perform its right and obligations consistent with the Article 18-32 of the AML/CFT Law, No.50/NA, dated 21 July 2014 (providing of information on: confidentiality, record keeping, contents of requirement and etc. <p>Upon the AMLIO received report or information from reporting entity(s) as requested, the AMLIO shall perform its right and duty as defined in the Internal Policy on information protection and entry-exit of Analysis Division Provision, No.881/AMLIO, dated 13 June 2019, and the AMLIO shall provide feedback on how the effective of information provided by the reporting entity(s), and how the provided information has been utilized in the investigation process from time to time or upon the decision of the court was convicted of ML/FT.</p>	
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RECOMMENDATION 35

SANCTIONS 35. Sanctions		
<p>35.1 Countries should ensure that there is a range of proportionate and dissuasive sanctions, whether criminal, civil or administrative, available to deal with natural or legal persons that fail to comply with the AML/CFT requirements of Recommendations 6, and 8 to 23.</p>	<p>35.1 and 35.2 Lao PDR took place proportionate and dissuasive sanctions that cover criminal, civil or administrative to natural person, legal persons who violated the AML/CFT requirements set in Rec.6, Rec.8 and Rec.23 as determined in the Law on AML/CFT, Article 61, 64, 65, 67 and 69.</p> <p>In addition, there is also Decision on Administrative Measures Violated Regulations and Law on Anti-Money Laundering and Counter-Financing of Terrorism No.09/NCC, dated 30 March 2016.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 61 Measures against violators Any natural person, legal person or organization violating this law shall be educated, disciplined, fined or criminally punished in accordance with the severity of the violation, and shall pay compensation for damages incurred.”</p> <p>“Article 64 Fining Measures A natural person, legal person or any organization violating prohibition defined in article 50, 51 and 52 of this law, with an offense not considered as a criminal offence, will be fined accordingly. Fines for each violation case are defined in a separate regulation.”</p> <p>“Article 65 Measures on reporting entities</p> <p>Reporting entities shall be subject to the following measures:</p> <p>1. In case of a violation, or a failure to exercise rights and obligations under article 18 of this law, reporting entities shall be:</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decision on Administrative Measures Violated Regulations and Law on Anti-Money Laundering and Counter-Financing of Terrorism No.09/NCC, dated 30 March 2016.
<p>35.2 Sanctions should be applicable not only to financial institutions and DNFBPs but also to their directors and senior management.</p>		

	<p>1.1 Warned in writing and recommended to exercise their rights and obligations; 1.2 Fined as per a separate regulation. Unofficial Translation</p> <p>2. In case of a violation of prohibitions defined in article 50 and 52 of this law, reporting entities shall:</p> <p>2.1 be suspended from business operation or subject to management removal; 2.2 have their business permits or licenses withdrawn; 2.3 be criminally prosecuted in accordance with relevant laws fined 100,000,000 up to 2,000,000,000 kip.”</p> <p>“Article 67 Criminal measures on financing of terrorism</p> <p>Any natural person who commits an offence of financing of terrorism:</p> <p>1. Below the amount 1,000,000,000 Kip shall be deprived of freedom from five to eight years, fined 500,000,000 Kip up to 800,000,000 Kip, with his/her properties to be confiscated.</p> <p>2. 1,000,000,000 Kip and above shall be deprived of freedom from eight to twelve years, fined 800,000,000 Kip up to 1,000,000,000 Kip, and with his/her properties to be confiscated.</p> <p>In case of an organized group, habitual offense, an offender shall be deprived of freedom from twelve to twenty years, fined 800,000,000 Kip up to 1,000,000,000 Kip, and with his/her properties to be confiscated.</p> <p>The act of preparation and attempt to commit an offence shall also be penalized.”</p> <p>“Article 69 Criminal measures on participation in an organized criminal group and racketeering</p> <p>Any natural person who participates in an organized criminal group and racketeering shall be punished to imprisonment of three to six years, fined 30,000,000 Kip up to 60,000,000 Kip and with his/her properties to be confiscated.</p> <p>The act of preparation and attempt to commit an offence shall also be penalized.”</p>	
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RECOMMENDATION 36

G. INTERNATIONAL COOPERATION

36. International instruments

<p>36.1 Countries should become a party to the Vienna Convention, the Palermo Convention, the United Nations Convention against Corruption (the Merida Convention) and the Terrorist Financing Convention.</p>	<p>Lao PDR had entered into numbers of International Organization Party and strengthen its cooperation's by becoming members of various conventions namely Vienna (1988) Convention, Palermo (2000) Convention, United Nations Convention against Corruption (2003) and the International Convention for the Suppression of the Financing of Terrorism (1999);</p> <p>Date of membership:</p> <ol style="list-style-type: none"> 1. Vienna Convention on 11 October 2004; 2. Palermo Convention on 26 September 2003; 3. United Nations Convention against Corruption on 10 December 2009; 4. International Convention for the Suppression of the Financing of Terrorism on 29 September 2008. 	<ul style="list-style-type: none"> - Vienna Convention (1988); - Transnational Organized Crime and the Palermo Convention (2000); - United Nations Convention against Corruption (2003); - International Convention for the Suppression of the Financing of Terrorism (1999).
<p>36.2 Countries should fully implement the Vienna Convention, the Palermo Convention, the Merida Convention and the Terrorist Financing Convention.</p>	<p>Under the membership of aboved Convention in (Rec.36.1), Lao PDR was strictly undertaking those Conventions as following:</p> <ol style="list-style-type: none"> 1. Branch out the Vienna Convention (1988) into the Law on Narcotics No.10/NA, dated 25 December 2007; 2. Took place the Law on AML/CFT No.50/NA, dated 21 July 2014 that derived from the Palermo Convention (2000); 3. Took place the Anti-Corruption Law No.27/NA, dated 18 December 2012 that derived from the United Nations Convention against Corruption (2003); 4. Took place the Law on AML/CFT No.50/NA, dated 21 July 2014 that derived from the International Convention for the Suppression of the Financing of Terrorism (1999). <p style="text-align: center;">In addition, Lao PDR criminalized all activities related to 4 Conventions that mentioned above in the Penal Code No.26/NA, dated 17 May 2017.</p>	<ul style="list-style-type: none"> - the Law on Drugs No.10/NA, dated 25 December 2007; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No.50/NA, dated 21 July 2014; - the Anti-Corruption Law No.27/NA, dated 18 December 2012; - Penal Code No.26/NA, dated 17 May 2017.

RECOMMENDATION 37

37. Mutual legal assistance		
37.1 Countries should have a legal basis that allows them to rapidly provide the widest possible range of mutual legal assistance in relation to money laundering, associated predicate offences and terrorist financing investigations, prosecutions and related proceedings.	<p>Lao PDR has in hand in principle law that enables the country to provide mutual legal assistance, which can be seen in the following 4 laws:</p> <p>1. Drafting Law on Mutual Legal Assistance</p> <p>“Article 4 Principles of International Cooperation for Mutual Legal Assistance International cooperation for mutual legal assistance in criminal matters shall comply with the following basic principles:</p> <ol style="list-style-type: none"> 1. Respect for independence, sovereignty, territorial integrity of each other, non-interference in each other’s internal affairs; 2. Respect and compliance with the Constitution, Laws, and the international treaties to which Lao PDR is a party; 3. Ensure the national security, peace and social order; 4. Respect of dignity, right and liberty of the related persons in accordance with the request for international cooperation for mutual legal assistance in criminal matters.” <p>2. Law on the Criminal Procedure No. 37/NA, dated 14 November 2017.</p> <p>“Article 272 Implementation of Judicial Assistance In the provision of judicial assistance, the competent organization conducting criminal proceedings in the Lao PDR shall comply with the agreements that the Lao PDR has signed with foreign countries or international conventions that the Lao PDR is a party to and shall comply with this law. Provision of judicial assistance may have the objective of extradition, or exchange of prisoners, or freeze or sequestration of assets of an accused person or defendant, exchange information on criminal activities, enforcement of judgment, or cooperation in combating of cross border crime and others.”</p>	<ul style="list-style-type: none"> - Drafting Law on Mutual legal assistance; - Law on the Criminal Procedure No. 37/NA, dated 14 November 2017; - Law on Extradition No. 18/NA, dated 11 July 2012 - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Decision on Designation of Guiding Committee and Subcommittee Responsible for Drafting of Law on Mutual Legal Assistance, No.2769/MOPS, dated 16 December 2019; - Activity Plan The Creation of Draft Law on Mutual Legal Assistance No.2812/MPS, dated 24 December 2019; - MOU between AMLIO and Philippines-FIU (AMLC) - A Six Country Safe

	<p>3. Law on Extradition No. 18/NA, dated 11 July 2012</p> <p>“Article 2. Extradition</p> <p>The extradited person is the person who is the accused or the convicted in the court as a perpetrator in the territory of a foreign state and has escaped to the territory of the Lao PDR or the accused or the convicted in the court of the Lao PDR and has escaped to the territory of another state.</p> <p>Extradition is the handover of the accused or perpetrator sought by the Requested State to the Requesting State for criminal proceeding or for the execution of punishment in the territory of the Requesting State.”</p> <p>4. Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p> <p>“Article 44 Mutual Legal Assistance</p> <p>Mutual Legal Assistances aimed at the requesting for an assistance, and co-operation on investigation, seizure and freezing of funds of the accused, defendant, offender, use of other legal measures, extradition, request for additional information and evidence relating to offenses. The mechanism and procedures for Mutual Legal Assistance are defined in the relevant regulations and laws of the Lao PDR.”.</p> <p>Besides, Lao PDR also conducts an alternative Criminal mutual assistance by means of:</p> <ul style="list-style-type: none"> • MOU signed with international investigative bodies; • Interpol 24:24 Hour 7:7 Day ‘I 24/7’ for information exchange among Interpol members (as well as further extend to internal cooperation among related agencies such as Immigration Department, and utilizing the Electronic Asian Database System (EADS) by far a signing of MOU on mutual cooperation between AMLIO and interpol is underway; <p>Electronic Asian Database System (EADS) is a website which used to exchange the information between police within 10 ASEAN countries, Software-Defined Wide Area Network: SD-WAN;</p>	<p>Mekhong Operation Plan among Laos, Myanmar, Thailand, Cambodia and Vietnam;</p> <ul style="list-style-type: none"> - Border Liaison Offices in Southeast Asia 1999-2009; - Treaty on Mutual Legal Assistance in Criminal Matters (ASEAN); - Treaty between Lao PDR and UK and Northern Ireland on the Transfer Sentenced Persons; - Treaty on the Transfer of Sentenced Persons between the Lao PDR and Vietnam - Treaty on Civil and Criminal Justice Cooperation between the Lao PDR and Vietnam; - the World Customs Organization membership.
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	<ul style="list-style-type: none"> • The TF statistics database Japan-ASEAN, Safe Mekong Coordination Centre on drug offences (namely: Lao PDR, Vietnam, Myanmar, Thailand and China); • The Border Liaison Office (BLO) in the form of MOUs (Vietnam, Myanmar, Thailand and China), the particular mechanism on information exchange without approval from MOFA; • Lao PDR entered into the WCO member in year 2007; • Lao PDR had also joint ASEAN MLAT; • Lao PDR has signed MLAT with England, Vietnam, Cambodia, Russia and North Iceland; 	
37.2 Countries should use a central authority, or another established official mechanism, for the transmission and execution of requests. There should be clear processes for the timely prioritization and execution of mutual legal assistance requests. To monitor progress on requests, a case management system should be maintained.	<p>The Lao PDR has appointed a central authority, which is a mechanism for transmission and execution of request as stipulated in the Law on Mutual Legal Assistance, Article 11, 14, 43 and 44.</p> <p>“Article 11 Consideration of the Request for International Cooperation for Mutual Legal Assistance</p> <p>The Request for International Cooperation for Mutual Legal Assistance in Criminal Matters from the requesting state to Lao PDR shall be immediately amended within a reasonable time, methods or matters required for assistance which is expressed in such requested in accordance with the principles as defined in the Law on Criminal Procedure of Lao PDR.</p> <p>Lao PDR will notify the requesting state on the progress or the issues that leading to the delay of the execution of the request or may request such requesting states to provide additional information in case of the difficulty in executing such requested.”</p> <p>“Article 14 Requirement of Confidentiality</p> <p>All information expressed in the request of international cooperation for mutual legal assistance in criminal matters from the requesting state to Lao PDR shall be kept as confidentiality and shall not disclose to public for the interest to the form of the cases.</p>	<ul style="list-style-type: none"> - Drafting Law on Mutual Legal Assistance.

They shall not be disclosed or sent to the third state, unless there are any provisions in the Law or the international treaties have been defined in separately whereby such information shall be disclosed in necessary cases for the implementation of the request.

For all information obtained from the assistance according to the of international cooperation for mutual legal assistance in criminal matters, the requesting state shall take all necessary measurements or in accordance with the internal laws to prevent such information from being used or disclosed or transferred to any individuals or being used without receiving a permission and other than expressed in such requested, except Lao PDR shall agree and made it in a written.”

Article 43 The Management Organization of the Activities of International Cooperation for Mutual Legal Assistance

The Government of Lao PDR shall be the centralized manager, agree on the activities of international cooperation for mutual legal assistance in criminal matters by assign the People's Supreme Court Office as a focal coordinator and coordinate with Ministry of Public Security, the People’s Court, Ministry of foreign Affairs, Ministry of Justice, and Local Administration Office.

The Management Organization of Activities of International Cooperation for Mutual Legal Assistance in Criminal Matters shall include:

1. The Public Prosecutor Office;
2. Ministry of Public Security;
3. The People's Supreme Court Office;
4. Ministry of Foreign Affairs;
5. Ministry of Justice;
6. Local Administration Office.”

“Article 44 Rights and Duties of the Public Prosecutor Office

In managing the activities of international cooperation for mutual legal assistance in criminal matters, the Public Prosecutor Office as a focal coordination agency shall have the following rights and duties:

- 11.To research on the policies, laws and regulations about the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;
- 12.To coordinate with foreign organizations about the international cooperation for

	<p>mutual legal assistance in criminal matters;</p> <p>13.To receive the request of cooperation for mutual legal assistance in criminal matters from individuals, legal entities, and organizations;</p> <p>14.To take the lead, guidance and inspecting the public prosecutor offices at all levels in executing the request for mutual legal assistance in criminal matters, such as: collecting the evidences, seizure, freezing assets and materials pursuant to the request;</p> <p>15.To notify Ministry of Foreign Affairs on the execution of the request of international cooperation for mutual legal assistance in criminal matters from time to time or the urgent cases in order to coordinate with the requesting state;</p> <p>16.To collect information, statistics on the international cooperation for mutual legal assistance in criminal matters in order to notify the relevant parties;</p> <p>17.To participate in the negotiation and consultation on the bilateral or multilateral treaties on the international cooperation for mutual legal assistance in criminal matters;</p> <p>18.To communicate and cooperate with foreign countries on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;</p> <p>19.To summarize and report on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;</p> <p>20.To use the rights and perform other duties as defined in the Laws.”</p>	
37.3 Mutual legal assistance should not be prohibited or made subject to unreasonable or unduly restrictive conditions.	<p>The Lao PDR developing its legislative mechanism that allows for mutual legal assistance as indicated in the Drafting Law on Mutual Legal Assistance, Article 4 (details as mentioned in the Rec.37.1) and Article 8.</p> <p>“Article 8 Refusal of Cooperation</p> <p>Lao PDR reserves the right of refuse to provide international cooperation for mutual legal assistance in criminal matters on any of the following grounds:</p> <p>1. Not a criminal offence in accordance with the Law on Criminal or the Laws of Lao PDR, and the Laws of the requesting state;</p>	- Drafting Law on Mutual Legal Assistance.

<p>2. The requesting for cooperation is relates to the investigation-interrogation, claim or punishment of any individuals due to the offences with a nature of political offences or military offences;</p> <p>3. Provision of the cooperation may be prejudice to the sovereignty, security, social order and essential public interests of the nation or contradicted to the laws of Lao PDR;</p> <p>4. There are substantial grounds to believe that the request has been made for a purpose of an investigation-interrogation, prosecution order, punishment, or make other damages to any individuals due to the grounds of race, religion, gender, ethnic, nationality or political opinion of those individuals;</p> <p>5. The request for cooperation relates to the investigation-interrogation, prosecution order or punishment of any individuals regarding to his and/or her committed offences:</p> <ul style="list-style-type: none"> - Has been punished according to the court's judgment of Lao PDR or has been received a pardon from the competent authority of Lao PDR or the requesting state. - Has been completed the punishment in accordance with the Laws of the requesting state or the Laws of Lao PDR. <p>6. The request for cooperation relates to the investigation-interrogation, prosecution order or punishment of any individuals related to the act of offences or omissions occurred in the territory of the requesting state, which is not under the component of criminal offences determined under the Laws of Lao PDR, except there shall be defined differently in the treaty of international cooperation for mutual legal assistance in criminal matter to which Lao PDR is a party or international principles of justice, the internal Laws of the requesting state or Lao PDR may allowing to implement.</p> <p>7. The requesting states not yet confirmed that they will provide similar legal assistance in the future, which Lao PDR may request for cooperation in any criminal matters.</p> <p>8. The requesting state not yet confirmed that they would use such information or legal assistance as indicated in their requested only and would not use for other purposes besides the criminal matters related to the requested.</p> <p>9. Providing of cooperation may cause damages to the form of the cases or to the process of criminal proceedings which is proceeding in Lao PDR or in contradiction with the Law on Criminal Procedure of Lao PDR.</p> <p>10. Providing of cooperation may cause damages to the safety of any individuals who living within or outside Lao PDR.</p> <p>11. Providing of cooperation may cause a severe burden for Lao PDR.”</p>	
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<p>37.4 Countries should not refuse a request for mutual legal assistance:</p> <p>(a) on the sole ground that the offence is also considered to involve fiscal matters; or</p> <p>(b) on the grounds of secrecy or confidentiality requirements on financial institutions or DNFBPs, except where the relevant information that is sought is held in circumstances where legal professional privilege or legal professional secrecy applies.</p>	<p>(a) The Lao PDR developing its legislative mechanism that allows for implementation within appropriate scope including a refusal to provide mutual legal assistance as stipulated in the Drafting Law on Mutual Legal Assistance, Article 8 (details as mentioned in Rec.37.3).</p> <p>(b) It's a compulsory for entire DNFBPs to record keeping all information and ensure confidentiality as stipulated in the Law on AML/CFT, Article 32.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 32 Confidentiality</p> <p>The management and staffs of the reporting entities shall maintain a confidentiality of transaction report in suspicious of money laundering or financing of terrorism or other information reported to AMLIO.</p> <p>A clause on maintaining customers’ confidentiality by the reporting entities as defined in their internal regulation or agreement shall comply with this law.</p> <p>The management and staffs of the reporting entities will not be disciplined or prosecuted on the ground of disclosing customers’ secrets, if the reporting or the provision of such information is done with good faith and in compliance with this law, and will not be held liable for any wrongdoing.”</p>	<ul style="list-style-type: none"> - Drafting Law on Mutual Legal Assistance; - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.
<p>37.5 Countries should maintain the confidentiality of mutual legal assistance requests that they receive and the information contained in them, subject to fundamental principles of domestic law, in order to protect the integrity of the investigation or inquiry.</p>	<p>The Lao PDR developing its legislative mechanism that allows the confidentiality of mutual legal assistance request as stipulated in Drafting Law on Mutual Legal Assistance, Article 14 (details as mentioned in Rec.37.2).</p>	<ul style="list-style-type: none"> - Drafting Law on Mutual Legal Assistance.
<p>37.6 Where mutual legal assistance requests do not involve coercive actions, countries should not make dual</p>	<p>37.6 and 37.7 The Lao PDR determined and undertaking the mutual legal assistance on criminal offence as stipulated in the Drafting Law on Mutual Legal Assistance., Article 4 (details as indicated in Rec.37.1).</p>	<ul style="list-style-type: none"> - Drafting Law on Mutual Legal Assistance.

<p>criminality a condition for rendering assistance.</p>		
<p>37.7 Where dual criminality is required for mutual legal assistance, that requirement should be deemed to be satisfied regardless of whether both countries place the offence within the same category of offence, or denominate the offence by the same terminology, provided that both countries criminalize the conduct underlying the offence.</p>		
<p>37.8 Powers and investigative techniques that are required under Recommendation 31 or otherwise available to domestic competent authorities should also be available for use in response to requests for mutual legal assistance, and, if consistent with the domestic framework, in response to a direct request from foreign judicial or law enforcement authorities to domestic counterparts. These should include:</p> <p>(a) all of the specific powers required under Recommendation 31 relating to the production, search and seizure of information, documents, or evidence (including financial records) from financial institutions, or other natural or legal persons, and the taking of witness statements; and</p>	<p>(a) The Lao PDR developing its legislative mechanism that allows for a cooperation on mutual legal assistance as stipulated in the Drafting Law on Mutual Legal Assistance, Article 7, 44 (details as indicated in Rec.37.2) and Article 45.</p> <p>“Article 7 Scope of International Cooperation for Mutual Legal Assistance</p> <p>International cooperation for mutual legal assistance in criminal matters shall have the following scopes:</p> <ol style="list-style-type: none"> 1. Collecting an information; 2. Providing an evidence; 3. Participation of individuals to the requesting state; 	<p>- Drafting Law on Mutual Legal Assistance.</p>

	<ol style="list-style-type: none"> 4. Participation of offenders or individuals who detained in Lao PDR; 5. Addresses and Identities; 6. Searching and Seizing an evidence; 7. Seizure and Freezing; 8. Return of evidences; 9. Recognizing and Following a court’s judgment in criminal matters; 10. Provision of other assistances may be consistent with the treaty to which Lao PDR is a party and the Laws of Lao PDR.” <p>“Article 45 Rights and Duties of Ministry of Public Security</p> <p>In managing the activities of international cooperation for mutual legal assistance in criminal matters, Ministry of Public Security shall have the following rights and duties:</p> <ol style="list-style-type: none"> 1. To research on the policies, laws and regulations about the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities; 2. To take the lead and support the execution of the request of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities; 3. To receive the request and propose to the focal coordination agency about the request for mutual legal assistance in criminal matters from individuals, legal entities, and organizations; 4. To collect information, evidences, seizure or freezing assets that related to the criminal cases pursuant to the request for mutual legal assistance in criminal matters in properly manner and in accordance with the Law on Criminal Procedure; 5. To participate in the negotiation and consultation on the bilateral or multilateral treaties on mutual legal assistance in criminal matters; 6. To communicate and cooperate with foreign countries on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities; 7. To summarize and report on the activities of international cooperation for mutual legal assistance in criminal matters to the higher authorities in accordance 	
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<p>(b) a broad range of other powers and investigative techniques.</p>	<p>with the scope of its own responsibilities; 8. To use the rights and perform other duties as defined in the Laws.”</p> <p>(b) a broad range of power and investigative technique had been set as indicated in the Law on Criminal Procedure, Article 272 (details as stipulated in R37.1).</p>	
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RECOMMENDATION 38

38. Mutual legal assistance: freezing and confiscation *

38.1 Countries should have the authority to take expeditious action in response to requests by foreign countries to identify, freeze, seize, or confiscate:

- (a) laundered property from,
- (b) proceeds from,
- (c) instrumentalities used in, or
- (d) instrumentalities intended for use in, money laundering, predicate offences, or terrorist financing; or
- (e) property of corresponding value.

The Lao PDR developing its legislative mechanism that allows for a cooperation of mutual legal assistance as stipulated in the Law on MLA, Article 24 and 45, as well as stipulated in the Law on AML/CFT, Article 41.

- **Drafting Law on Mutual Legal Assistance.**

“Article 24 Seizure and Freezing

The request of international cooperation for mutual legal assistance in criminal matters which requesting for seizure and freezing the assets in Lao PDR, the competent authority in executing the criminal proceedings of Lao PDR shall executing such requests pursuant to the following conditions:

- The request shall enclose the original order of the competent authority in executing the criminal proceedings together with the regulations, the provisions of law which allow the requesting state to execute such events;
- The Law on Criminal Procedure and other relevant Laws of Lao PDR completely allow to executing;
- The materials or assets that being seizure and freezing pursuant to the requests shall not associated with the proceedings in Lao PDR;

The focal coordination agency shall notify the requesting state about the results of the seizure and freezing pursuant to the request.

For the management and protection of the assets that being seizure and freezing shall perform in accordance with the Law on Criminal Procedure in Lao PDR.”

“Article 45 Rights and Duties of Ministry of Public Security

In managing the activities of international cooperation for mutual legal assistance in criminal matters, Ministry of Public Security shall have the following rights and duties:

- 9. To research on the policies, laws and regulations about the activities of interna-

- Drafting Law on Mutual Legal Assistance;
- Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;
- Law on the Criminal Procedure No.37/NA, dated 14 November 2017.

	<p>tional cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;</p> <p>10.To take the lead and support the execution of the request of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;</p> <p>11.To receive the request and propose to the focal coordination agency about the request for mutual legal assistance in criminal matters from individuals, legal entities, and organizations;</p> <p>12.To collect information, evidences, seizure or freezing assets that related to the criminal cases pursuant to the request for mutual legal assistance in criminal matters in properly manner and in accordance with the Law on Criminal Procedure;</p> <p>13.To participate in the negotiation and consultation on the bilateral or multilateral treaties on mutual legal assistance in criminal matters;</p> <p>14.To communicate and cooperate with foreign countries on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;</p> <p>15.To summarize and report on the activities of international cooperation for mutual legal assistance in criminal matters to the higher authorities in accordance with the scope of its own responsibilities;</p> <p>16.To use the rights and perform other duties as defined in the Laws.”</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.</p> <p>“Article 41 Confiscation of funds</p> <p>In case there is sufficient evidence for funds relating to predicate offences, money laundering, financing of terrorism and a participation for each count of offenses, the court shall pass a decision for the confiscation of such funds as follow:</p> <ol style="list-style-type: none"> 1. funds derived from predicate offences including properties gained from investment or from exchange or properties of corresponding value related to the activities; 2. funds to be used in committing the offenses; 3. funds and other benefits generated by funds used in crimes; 4. financial instruments relating to offences; 5. funds defined in subparagraph 1 to 4 whose rights to ownership are transferred to a 	
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natural person, except the court views that the owner of the funds acquires them from legal trade or exchange or are granted their ownership legally.

The court`s decision ordering funds confiscation must point out the nature, quantity, value and other necessary details of the funds.”

- **Law on the Criminal Procedure No.37/NA, dated 14 November 2017.**

“Article 56 Rights and Duties of the Public Prosecutor, and Deputy Public Prosecutor.

The Public Prosecutor and deputy Public Prosecutor shall have the following rights and duties:

1. To implement and provide direction on the compliance with laws in criminal proceeding;
2. To decide about applications;
3. To open or not open an investigation;
4. To inform charges, rights and duties to the suspects, or the accused persons;
5. To order changes or dismiss the order to open or not open investigation by the investigation organization;
6. To propose opening an investigation for the investigation organization, and investigation officers;
7. To order warrants, bring in suspects, detain, arrest, confiscate or seize assets, suspend duties and position, release the accused persons, suspend or dismiss the case;
8. To monitor and inspect adherence to orders prescribed in clause 7 above;
9. To reject the inappropriate orders of the investigation organizations;
10. To handover the case file to concerned authorities who shall have power to open an investigation;
11. To order selection of translators, professionals and experts;
12. To open an investigation, criminal investigation partly or entirely;
13. To order complaint to the court;
14. To monitor and inspect adherence to the laws in criminal proceeding in the court;
15. To monitor and inspect adherence to the absolute court’s decision;
16. To monitor and inspect adherence to the laws at the detention compound, prisons, re-

	<p>education centres, and other places of enforcement judgment;</p> <p>17. To cooperate with the investigation organizations and other concerned organizations who are working on prevention and stopping crimes or offenses and other breaching of laws including the preventing measures for stopping causes the offenses;</p> <p>18. To make an appeal of criminal case under the rules of laws;</p> <p>19. To exercise such other rights and performs such other duties as provided by the laws.”</p> <p>Deputy of Public Prosecutor has right and duties to assist Public Prosecutor on criminal proceeding cases.</p>	
<p>38.2 Countries should have the authority to provide assistance to requests for co-operation made on the basis of non-conviction based confiscation proceedings and related provisional measures, at a minimum in circumstances when a perpetrator is unavailable by reason of death, flight, absence, or the perpetrator is unknown, unless this is inconsistent with fundamental principles of domestic law.</p>	<p>Lao PDR set out the principles on mutual legal assistance in the Drafting Law on Mutual Legal Assistance, Article 4 and 7;</p> <p>“Article 4 Principles of International Cooperation for Mutual Legal Assistance</p> <p>International cooperation for mutual legal assistance in criminal matters shall comply with the following basic principles:</p> <ol style="list-style-type: none"> 1. Respect for independence, sovereignty, territorial integrity of each other, non-interference in each other’s internal affairs; 2. Respect and compliance with the Constitution, Laws, and the international treaties to which Lao PDR is a party; 3. Ensure the national security, peace and social order; 4. Respect of dignity, right and liberty of the related persons in accordance with the request for international cooperation for mutual legal assistance in criminal matters.” <p>“Article 7 Scope of International Cooperation for Mutual Legal Assistance</p> <p>International cooperation for mutual legal assistance in criminal matters shall have the following scopes:</p> <ol style="list-style-type: none"> 1. Collecting an information; 2. Providing an evidence; 3. Participation of individuals to the requesting state; 4. Participation of offenders or individuals who detained in Lao PDR; 5. Addresses and Identities; 	<p>- Drafting Law on Mutual Legal Assistance.</p>

	6. Searching and Seizing an evidence; 7. Seizure and Freezing; 8. Return of evidences; 9. Recognizing and Following a court's judgment in criminal matters; 10.Provision of other assistances may be consistent with the treaty to which Lao PDR is a party and the Laws of Lao PDR.”	
38.3 Countries should have: (a) arrangements for coordinating seizure and confiscation actions with other countries; and	<p>(a) Lao PDR designated the right and responsibilities to MOFA and Public Prosecutor's Office to act as contact point with overseas jurisdictions for seizure and properties confiscation as indicated in the Drafting Law on Mutual Legal Assistance, Article 43, 44 and 47.</p> <p>▪ The Drafting Law on Mutual Legal Assistance</p> <p>“Article 43 The Management Organization of the Activities of International Cooperation for Mutual Legal Assistance</p> <p>The Government of Lao PDR shall be the centralized manager, agree on the activities of international cooperation for mutual legal assistance in criminal matters by assign the People's Supreme Court Office as a focal coordinator and coordinate with Ministry of Public Security, the People's Court, Ministry of foreign Affairs, Ministry of Justice, and Local Administration Office.</p> <p>The Management Organization of Activities of International Cooperation for Mutual Legal Assistance in Criminal Matters shall include:</p> <ol style="list-style-type: none"> 1. The Public Prosecutor Office; 2. Ministry of Public Security; 3. The People's Supreme Court Office; 4. Ministry of Foreign Affairs; 5. Ministry of Justice; 6. Local Administration Office.” <p>Article 44 Rights and Duties of the Public Prosecutor Office</p> <p>In managing the activities of international cooperation for mutual legal assistance in criminal matters, the Public Prosecutor Office as a focal coordination agency shall have the following rights and duties:</p> <ol style="list-style-type: none"> 1. To research on the policies, laws and regulations about the activities of interna- 	<ul style="list-style-type: none"> - Drafting Law on Mutual Legal Assistance. - Law on the Criminal Procedure No.37/NA, dated 14 November 2017;

	<p>tional cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities;</p> <ol style="list-style-type: none"> 2. To coordinate with foreign organizations about the international cooperation for mutual legal assistance in criminal matters; 3. To receive the request of cooperation for mutual legal assistance in criminal matters from individuals, legal entities, and organizations; 4. To take the lead, guidance and inspecting the public prosecutor offices at all levels in executing the request for mutual legal assistance in criminal matters, such as: collecting the evidences, seizure, freezing assets and materials pursuant to the request; 5. To notify Ministry of Foreign Affairs on the execution of the request of international cooperation for mutual legal assistance in criminal matters from time to time or the urgent cases in order to coordinate with the requesting state; 6. To collect information, statistics on the international cooperation for mutual legal assistance in criminal matters in order to notify the relevant parties; 7. To participate in the negotiation and consultation on the bilateral or multilateral treaties on the international cooperation for mutual legal assistance in criminal matters; 8. To communicate and cooperate with foreign countries on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities; 9. To summarize and report on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities; 10. To use the rights and perform other duties as defined in the Laws. <p>“Article 47 Rights and Duties of Ministry of Foreign Affairs</p> <p>In managing the activities of international cooperation for mutual legal assistance in criminal matters, Ministry of Foreign Affairs shall have the following rights and duties:</p> <ol style="list-style-type: none"> 1. To research on the policies, laws and regulations about the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities; 	
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<p>(b) mechanisms for managing, and when necessary disposing of, property frozen, seized or confiscated.</p>	<ol style="list-style-type: none"> 2. To communicate and coordinate with the requesting state according to the proposal of the focal coordination agency; 3. To receive and send the request of international cooperation for mutual legal assistance in criminal matters to the focal coordination agency; 4. To collaborate with the focal coordination agency about sending the evidences, seizure and confiscation for the execution of the request of international cooperation for mutual legal assistance in criminal matters; 5. To notify or be notified on the execution of the request of international cooperation for mutual legal assistance in criminal matters in the requesting state to notify the focal coordination agency and relevant sectors; 6. To participate in the negotiation and consultation on the bilateral or multilateral treaties on mutual legal assistance in criminal matters per Government assign; 7. To communicate and cooperate with foreign countries on the activities of international cooperation for mutual legal assistance in criminal matters in accordance with the scope of its own responsibilities; 8. To summarize and report on the activities of international cooperation for mutual legal assistance in criminal matters the higher authorities in accordance with the scope of its own responsibilities; 9. To use the rights and perform other duties as defined in the Laws.” <p>(b) The mechanisms for managing of property frozen, seized or confiscated was indicated in the Law on the Criminal Procedure, Article 31.</p> <p style="padding-left: 40px;">▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017.</p> <p>“Article 31. The Resolution of Physical Evidence</p> <p style="padding-left: 40px;">Criminal proceeding organization has the rights and duties to deal with the evidence including:</p> <ol style="list-style-type: none"> 1. All objects used or will be used into the productive process or any products which are prohibited to possess by laws, or use, will be seized and repossessed to the government; 2. Public belongings must be returned back to the government after gathering from 	
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	<p>physical evidence from the offenses;</p> <p>3. Physical evidence which cannot be identified of the true owner will automatically be transferred to the government;</p> <p>4. Substance which is fragile to be derogated and spoiled must be placed on auction, and then shall be brought to the court for further proceeding;</p> <p>5. All priceless and useless items shall be destroyed after having been gone through case proceeding;</p> <p>For all disputes of criminal physical evidence should be resolved by laws.”</p>	
38.4 Countries should be able to share confiscated property with other countries, in particular when confiscation is directly or indirectly a result of coordinated law enforcement actions.	There is a legislation in place in terms of mutual legal assistance under the Drafting Law on Mutual Legal Assistance, Article 24 (details stipulated in Rec.38.1)	- Drafting Law on Mutual Legal Assistance.

RECOMMENDATION 39

39. Extradition		
<p>39.1 Countries should be able to execute extradition requests in relation to ML/TF without undue delay. In particular, countries should:</p> <p>(a) ensure ML and TF are extraditable offences;</p>	<p>(a) Extraditable offences are offences which are punishable under the penal law of the Lao PDR which covers the ML/TF offences, the extraditable offence was indicated in the Law on Extradition, Article 7.</p> <p style="text-align: center;">▪ Law on Extradition No.18/NA, dated 11 July 2012;</p> <p>“Article 7. Extraditable Offences</p> <p>Extraditable offences are offences which are punishable under the penal law of the Lao PDR and that of the Requesting State by the penalty of imprisonment or other form of detention for a period of more than 12 months. It shall not matter whether the penal law of the Lao PDR or the Requesting State places the conduct constituting the offence within the same category of offence or not.</p> <p>Where the request for extradition relates to a person sentenced to imprisonment or other form of detention by a court of the Requesting State for any extraditable offence, extradition shall be granted only if a period of at least six months in the sentence remains to be served.</p> <p>If the request for extradition concerns two or more acts each of which constitutes an offence under the laws of the Requesting State and the Lao PDR and at least one of which fulfils the condition of period of penalty provided in paragraphs 1 and 2 of this Article, the Lao PDR may grant extradition for all of those acts.”</p>	<p>- Law on Extradition No.18/NA, dated 11 July 2012;</p>

<p>(b) ensure that they have a case management system, and clear processes for the timely execution of extradition requests including prioritization where appropriate; and</p> <p>(c) not place unreasonable or unduly restrictive conditions on the execution of requests.</p>	<p>(b). The processes for the execution of extradition was indicated in the Law on Extradition, Article 22 and its timeframe of execution was stated in the European Convention on Extradition.</p> <p>“Article 22. Execution of Extradition” If the extradition has been granted by the final court decision, the Ministry of Foreign Affairs shall coordinate with the competent authorities of the Lao PDR to prepare and proceed for extradition of the person sought within thirty days or within the period as provided in the treaties on extradition from the date of reading the decision or judgement.”</p> <p>(c) The Law on Extradition No.18/NA, dated 11 July 2012, article 7 stated the offences which can be extraditable (details stipulated in Rec.39.1(a)), its timeframe was indicated in Article 22 (details stipulated in Rec.39.1(b)).</p>	
<p>39.2 Countries should either:</p> <p>(a) extradite their own nationals; or</p> <p>(b) where they do not do so solely on the grounds of nationality, should, at the request of the country seeking extradition, submit the case without undue delay to its competent authorities for the purpose of prosecution of the offences set forth in the request.</p>	<p>(a) and (b) Lao PDR refuses to extradite its citizen, alien or stateless person residing in the Lao PDR in the Law on Extradition, Article 11.</p> <p>▪ Law on Extradition No.18/NA, dated 11 July 2012</p> <p>“Article 11. Refusal of Extradition of a Lao Citizen, Alien or Stateless Person Residing in the Lao PDR The Lao PDR refuses to extradite its citizen, alien or stateless person residing in the Lao PDR, that commits a crime outside the territory of the Lao PDR, except that the treaty on extradition provides for otherwise. Refusal request for extradition shall not be the ground for the person sought to be released from criminal responsibility and that person is still subjected to criminal proceeding in the Lao PDR according to the law of the Lao PDR. The Requesting State shall submit the case file and relevant information to competent authority of the Lao PDR to prosecute the Lao citizen, alien or stateless person.”</p>	<p>- Law on Extradition No.18/NA, dated 11 July 2012.</p>

<p>39.3 Where dual criminality is required for extradition, that requirement should be deemed to be satisfied regardless of whether both countries place the offence within the same category of offence, or denominate the offence by the same terminology, provided that both countries criminalise the conduct underlying the offence.</p>	<p>Lao PDR places dual criminality for extradition as indicated in the Law on Extradition, Article 7 (details stipulated in Rec.39.1(a)).</p>	<p>- Law on Extradition No.18/NA, dated 11 July 2012;</p>
<p>39.4 Consistent with fundamental principles of domestic law, countries should have simplified extradition mechanisms in place.</p>	<p>Lao PDR determined processes of extradition execution in the Law on Extradition, Article 23.</p> <ul style="list-style-type: none"> ▪ Law on Extradition No.18/NA, dated 11 July 2012; <p>“Article 23. Procedures of Extradition Extradition shall follow with following procedures:</p> <ol style="list-style-type: none"> 1. Ministry of Foreign Affairs shall reach an agreement with the Requesting Party on the time, place and other relevant matters relating to the execution of extradition; 2. In case the Requesting State has not taken over the person to be extradited without any reason within the agreed date of according to treaties on extradition and later requests for extradition of the person sought for the same offense, the extradition shall be refused. In this case, the competent authorities of the Lao PDR shall release the person sought immediately after the period of time as provided in this Article is lapse; 3. In case the Requesting State fails to take over or the Lao PDR fails to surrender the person sought within the period as provided in paragraph 1 of this Article for reasons beyond the control of the Requesting State or the Lao PDR such as natural disaster, the Lao PDR or the Requesting State shall notify each other promptly in order to reach an agreement on the date, time, place and other relevant matters relating to extradition. 	<p>- Law on Extradition No.18/NA, dated 11 July 2012;</p>

RECOMMENDATION 40

40. Other forms of international cooperation *

General Principles

40.1 Countries should ensure that their competent authorities can rapidly provide the widest range of international co-operation in relation to money laundering, associated predicate offences and terrorist financing. Such exchanges of information should be possible both spontaneously and upon request.

Competent authorities of the Lao PDR can rapidly provide cooperation with international partner an information relating to money laundering and other related predicate offence in a form of bilateral and multilateral, which can be summarize as followings:

❖ **Bilateral Cooperation:**

- Among FIU: AMLIO signed 14 MOUs with its international FIU partners for financial information exchange details as below:

No	FIU	Signed
1.	Vietnam	10 September 2011
2.	Cambodia	24 March 2015
3.	Republic of Korea	16 December 2015
4.	Thailand	8 August 2016
5.	Indonesia	17 August 2016
6.	Japan	6 September 2016
7.	China	5 September 2016
8.	Russia	8 September 2016
9.	Brunei	23 July 2018

- MOU between AMLIO and Philippines-FIU (AMLC);
- MOU on Cooperation between National Commission of Supervision of China and State Inspection Authority of Lao PDR;
- MOU between Lao PDR Ministry of Finance and Vietnam Ministry of Finance.
- A Six Country Safe Mekhong Operation Plan among Laos, Myanmar, Thailand, Cambodia and Vietnam;
- Border Liaison Offices in Southeast Asia 1999-2009;
- The World Customs Organisation Membership;
- Treaty on Mutual Legal Assistance in Criminal Matters (ASEAN);
- Treaty between the Lao

		10.	Myanmar	23 July 2018	PDR and the UK of Great Britain and Northern Ireland on the Transfer of Sentenced Persons; - Treaty on the Transfer of Sentenced Persons between the Lao PDR and Vietnam (4 January 2020); - ASEAN Insurance Council.	
		11.	The Philippines	7 August 2018		
		12.	Singapore	6 November 2018		
		13.	Bangladesh	23 July 2018		
		14.	Malaysia	20 August 2019		
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				06 March 2017		
		2	China	09 July 2004		
				01 August 2006		
				12 April 2007		
				13 November 2008		
				26 November 2009		
				13 November 2007		
				26 November 2009		
				06 May 2011		
				23 January 2014		
				25 November 2015		
				09 November 2016		
				15 August 2018		
		3	Cambodia	19 June 2014		
		4	Myanmar	27 October 2002		
		5	Cuba	15 March 2018		
		- State Audit Organization				
		No.	Country	Signed		
		1	China	24 September 2018		
		2	Vietnam	24 November 2016		
		3	Cambodia	15 November 2013		
		4	Thailand	10 December 2013		

5	Myanmar	25 January 2018
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- **Lao Security Commission Office**

No.	Country	Signed
1	Vietnam	19 August 2011;
2	China	19 September 2011;
3	Thailand	29 June 2011;
		March 2015;
4	Australia	29 May 2018;
5	5 Countries (Multilateral Memorandum of Understanding of Cooperation and Development of Capital Markets in the Mekong Sub-region “MCMC”)	14 December 2018;

- **Insurance:**

No.	Country	Signed
1	Vietnam	03 April 2016;
2	Thailand	27 February 2016;

		3	5 ASEAN Countries (Cambodia, Indonesia, Myanmar, Singapore and Japan)	14 December 2018;	
		<p>❖ Multilateral Cooperation:</p> <ul style="list-style-type: none"> - FIU: AMLIO is currently at the stage of applying for the Egmont membership; - The Lao PDR is a party of Treaty on Mutual Legal Assistance in Criminal Matters; - The Lao PDR signed a treaty on mutual legal assistance regarding criminal offence (MLAT) with international jurisdiction such as UK, Thailand, Vietnam, Cambodia, North-Island and Russia; - Interpol 24:24 Hour 7:7 Day 'I 24/7' for information exchange among Interpol members (as well as further extend to internal cooperation among related agencies such as Immigration Department, and utilizing the Electronic Asian Database System (EADS) by far a signing of MOU on mutual cooperation between AMLIO and Interpol is underway; Electronic Asian Database System (EADS) is a website which used to exchange the information between police within 10 ASEAN countries, Software-Defined Wide Area Network: SD-WAN; - The TF statistics database Japan-ASEAN, Safe Mekong Coordination Centre on drug offences (namely: Lao PDR, Vietnam, Myanmar, Thailand and China); - The Border Liaison Office (BLO) in the form of MOUs (Vietnam, Myanmar, Thailand and China), the particular mechanism on information exchange without approval from MOFA; - Lao PDR entered into the WCO member in year 2007; - Insurance: Lao PDR entered into the Asean Insurance Council member dated 22 November 2017. 			

<p>40.2 Competent authorities should:</p> <p>(a) have a lawful basis for providing co-operation;</p>	<p>(a) AMLIO has in principle the Law on international cooperation regarding criminal procedure as indicated in the Law on Criminal Procedure, Article 271; In addition, there is also a provision on international cooperation as stipulated in the Law on AML/CFT, Article 44; the Anti-Corruption Law, Article 10; Law on the Office of the Public Prosecutor (Amended version), Article 10; the Law on People's Court (Amended version), Article 7 and the Law on National Security Work, Article 9.</p> <ul style="list-style-type: none"> ▪ Law on the Criminal Procedure No.37/NA, dated 14 November 2017. <p>“Article 271 International Cooperation in Criminal Proceedings</p> <p>International cooperation in criminal proceedings must carried out in compliance with agreements that the Lao PDR has signed with foreign countries or international conventions that it has entered into and in accordance to the laws of the Lao PDR.</p> <p>In the incident that the Lao PDR has not yet signed or not yet entered into international conventions relating to criminal proceedings, such co-operation shall be carried out on the basis of principles of mutual cooperation, but shall not be in conflict with the constitution and laws of the Lao PDR.”</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014. <p>“Article 44 Mutual Legal Assistance</p> <p>Mutual Legal Assistances aimed at the requesting for an assistance, and co-operation on investigation, seizure and freezing of funds of the accused, defendant, offender, use of other legal measures, extradition, request for additional information and evidence relating to offenses.</p> <p>The mechanism and procedures for Mutual Legal Assistance are defined in the relevant regulations and laws of the Lao PDR.”</p> <ul style="list-style-type: none"> ▪ The Anti-Corruption Law No.27/NA, dated 18 December 2012; <p>“Article 10 (Amendment) International Relations and Cooperation</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017. - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Anti-Corruption Law No.27/NA, dated 18 December 2012; - Law on the Office of the Public Prosecutor (Amended version) No. 21/NA, dated 10 May 2017; - Law on People's Court (Amended version) No.22/NA, dated 10 May 2017; - Law on National Public Defence No. 40/NA, dated 19 December 2013; - Law on Bank of the Lao PDR (amended version) No.47/NA, dated 19 June 2018; - Law on Insurance (Amended version) No.78/NA, dated 29 November 2019; - Law on Securities (Amended version) No.
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	<p>The State promotes the relations and cooperates with foreign countries, region and international organizations on the prevention and countering of corruption [,] by exchange lesson, information, seminars, and upgrade capability on technical and gaining assistance for development the prevention and countering of corruption, based on the laws and regulations of the Lao PDR in compliance with international conventions and treaties that the Lao PDR has signed and is a party to.”</p> <ul style="list-style-type: none"> ▪ Law on the Office of the Public Prosecutor (Amended version) No. 21/NA, dated 10 May 2017. <p>“Article 8 International Cooperation</p> <p>Government promotes cooperation with foreign, regional and international levels concerning the work of the Office of Public Prosecutor, for example: the cooperation in terms of laws and justice by exchanging lessons, information, technology, training or seminars, capacity building, technical skills to develop the work of the Office of Public Prosecutor to ensure quality, strength and modern including implementation of conventions and international agreements that Lao PDR is a party to.”</p> <ul style="list-style-type: none"> ▪ Law on People’s Court (Amended version) No. 22/NA, dated 10 May 2017. <p>“Article 7 International Cooperation</p> <p>The State promotes foreign, regional and international cooperation in the work of the people’s court, for example, legal and judicial cooperation by sharing lessons, information, technology, training or seminars, capacity building to develop investigation and evidence composition, decisions and quality of judgement call, transparency and ensure the fairness in society, including international conventions and agreements in which the Lao PDR is a party to.”</p> <ul style="list-style-type: none"> ▪ The Law on National Security Work, No.40/NA, dated 19 December 2013. <p>“Article 9 International Cooperation</p> <p>The State promotes relations and cooperation with foreign, regional and international levels by sharing lessons, technology, information, training and the</p>	<p>79/NA, dated 03 December 2019.</p>
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improvement of technical knowledge on public security in accordance with international agreements, conventions that Lao PDR became a party on the basis of respect for independence, sovereignty, territorial integrity, non-interference in each other's internal affairs, equality and mutual benefit. The State encourages comprehensive cooperation with strategic friendly countries on national security affairs.”

At the same time, there is also a provision on international cooperation for supervisory bodies as well, which indicated in the Law on Bank of the Lao PDR (revised version) No.47/NA, dated 19 June 2018, Article 6 (new); the Law on Insurance (Amended version) No. 78/NA, dated 22 November 2019, Article 7; the Law on Securities, Article 165.

- **Law on Bank of the Lao PDR (amended version) No.47/NA, dated 19 June 2018.**

“Article 6 (New) International Cooperation

The state promotes relations and cooperation with foreign countries, regional and international related to the roles of the bank of the Lao PDR through exchanging and sharing information, experience, technology, research and human resource development, and complying with the international treaty and agreement which the Lao PDR is bound.”

- **Law on Insurance (Amended version) No.78/NA, dated 29 November 2019.**

“Article 7 International Cooperation

The government promotes foreign, regional and international cooperation on insurance through the exchange of technical lessons, technical expertise and information-news, human resource development in order to develop the sector and to comply with the international treaty and agreement that the Lao PDR is a party to.”

<p>(b) be authorised to use the most efficient means to co-operate;</p> <p>(c) have clear and secure gateways, mechanisms or channels that will facilitate and allow for the transmission and execution of requests;</p> <p>(d) have clear processes for the prioritisation and timely execution of requests; and</p> <p>(e) have clear processes for safeguarding the information received.</p>	<ul style="list-style-type: none"> ▪ Law on Securities No. 79/NA, dated 03 December 2019. <p>“Article 165 (New) Principles of International Cooperation</p> <p>International cooperation on securities activities between the Securities Commission of the Lao PDR and the foreign Securities Commissions shall observe and adhere to the principles of national independence, sovereignty and territorial integrity, non-interference in each other’s internal affairs, mutual benefits and to comply with international agreements to which the Lao Securities Commission of the Lao PDR is a party.”</p> <p>(b), (c), (d) and (e)</p> <p>Lao PDR can effectively coordinate and cooperate with its international partners under a safe and sound mechanism as above identified Rec.40.1</p>	
<p>40.3 Where competent authorities need bilateral or multilateral agreements or arrangements to co-operate, these should be negotiated and signed in a timely way, and with the widest range of foreign counterparts.</p>	<p>Competent authorities of Lao PDR could be able to negotiate and sign bilateral and mutual agreement with foreign counterparts, which indicated in the Law on AML/CFT, Article 43 and as well as the statistics of MOUs signed as stipulated in Rec.40.1.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 43 Contents of international co-operation</p> <p>International co-operation on AML/CFT shall be in the following contents:</p> <p>1. gather, study, and exchange of information, technologies and lessons on money</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014.

	<p>laundering and financing of terrorism;</p> <p>2. sign agreements with foreign countries or become a party to the international treaties and agreements on AML/CFT;</p> <p>3. mutual assistance in technical capacity building including training and knowledge upgrading for concerned personnel and officers;</p> <p>4. Comply with the international agreements and treaties which the Lao PDR is a party to.”</p>	
<p>40.4 Upon request, requesting competent authorities should provide feedback in a timely manner to competent authorities from which they have received assistance, on the use and usefulness of the information obtained.</p>	<p>Lao PDR identified the principles of information usage especially, feedback for those requested authorities as indicated in the MLAT, which Lao PDR is a member to; for instance: Treaty on Judicial Cooperation on Civil and Criminal Case signed between Lao PDR and China 1999, Article 15; Treaty on Judicial Cooperation on Civil and Criminal Case signed between Lao PDR and Vietnam 1998, Article 73 and also identified in SOP dated 15 January 2020 (clause 2.2, 6th dash).</p> <ul style="list-style-type: none"> ▪ Treaty on Judicial Cooperation on Civil and Criminal Case signed between Lao PDR and China 1999. <p>“Article 15 Notification of Performance Results</p> <p>1. The requested body shall submit the results of the performance in writing to the requesting party in accordance with the method specified in Article 6 of this Convention.</p> <p>2. Delivery of the documents will be conducted in accordance with the procedures of the requested party. The certificate of delivery shall specify the date, place and name of the person receiving the document.</p> <p>3. The declaration of results of the evidence collection process should be accompanied by evidence.”</p> <p>“Article 6 How to Cooperate</p> <p>1.The proposal and justice cooperation and legal assistance shall be done through the central body of each party unless specified in this Convention;</p> <p>2.The Ministry of Justice is the central body of the Parties which have the authority as</p>	<ul style="list-style-type: none"> - Treaty on Judicial Cooperation on Civil and Criminal Case signed between Lao PDR and China (1999); - Treaty on Judicial Cooperation on Civil and Criminal Case signed between Lao PDR and Vietnam (1998); - The Standard Operating Procedure dated 15 January 2020.

	<p>defined in Clause 1 above.”</p> <ul style="list-style-type: none"> ▪ Treaty on Judicial Cooperation on Civil and Criminal Case signed between Lao PDR and Vietnam 1998. <p>“Article 73 Notification of the Results of Criminal Proceedings</p> <p>The party requesting to repatriate has a duty to declare the outcome of the criminal proceeding or, if there is a legal decision, then send a copy of the decision to the requested party.”</p> <ul style="list-style-type: none"> ▪ The Standard Operating Procedure, dated 15 January 2020. <p>“2.2 Information Exchange with International FIU”</p> <ul style="list-style-type: none"> - The main objectives is to create and strengthen international cooperation among the two FIU and toward effective outcome as well as ensure reciprocity by systematizes contents, method, confidentiality of mutual responsibility, without delay in order to support and improve its AML/CFT works toward international standard; - The scope of international cooperation are as following: to provide necessary information to both jurisdiction where appropriate in order support each other operation, confidentiality, responsibility for providing information and training; - The Lao FIU and its international FIU partner shall provide information to each other when: upon received of letter of request, where it is in need of providing information relating to ML/FT typology and other related information where involve with both jurisdiction upon mutual consents from time to time; - Request of information methods, report or providing of information shall be conducted in writing form signed by signatory authority(s) within the two FIU and shall be dispatched on paper base or electronically depends on other 	
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	<p>information exchange system during each period;</p> <ul style="list-style-type: none"> - Upon the letter of request is received, the requested FIU shall promptly commence a search based on the information requested via diverse source such as FIU database, associated agencies database in both public and private (as authorized) and under the scope of the law that allows the AMLIO to get access to. On the other hand, the letter of request might get refusal in a case where such requested information is not consistent or align on cooperation principle as defined in the MOU signed between the two FIU or other international cooperation principle that FIU is partied with; - Upon the information is confirmed or information is provided as requested, the receiving jurisdiction will effectively make use of such information into its own operation and provide feedback to the providing jurisdiction of how the information has been utilized in their operation from time to time or to provide feedback to the providing jurisdiction upon requested. <p>Moreover, the Lao-FIU and its international FIU partner(s) shall conduct further operation regarding the exchange of information as defined in the MOU signed by both jurisdictions.”</p>	
<p>40.5 Countries should not prohibit, or place unreasonable or unduly restrictive conditions on, the provision of exchange of information or assistance. In particular, competent authorities should not refuse a request for assistance on the grounds that:</p> <p>(a) the request is also considered to involve fiscal matters; and/or</p> <p>(b) laws require financial institutions or DNFBPs to maintain secrecy or confidentiality (except where the</p>	<p>(a)-(d) The provision on information exchange or assistance is implied based on the principles set out in the international cooperation which should not contradict to the Law on Criminal Procedure No.37/NA, dated 14 November 2017, the Law on AML/CFT No.50/NA, dated 21 July 2014; the Anti-Corruption Law No.27/NA, dated 18 December 2012; Law on the Office of the Public Prosecutor (Amended version) No. 21/NA, dated</p>	<ul style="list-style-type: none"> - Law on the Criminal Procedure No.37/NA, dated 14 November 2017. - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - The Anti-Corruption Law No.27/NA, dated 18 December 2012;

<p>relevant information that is sought is held in circumstances where legal professional privilege or legal professional secrecy applies); and/or</p> <p>(c) there is an inquiry, investigation or proceeding underway in the requested country, unless the assistance would impede that inquiry, investigation or proceeding; and/or</p> <p>(d) the nature or status (civil, administrative, law enforcement, etc.) of the requesting counterpart authority is different from that of its foreign counterpart.</p>	<p>10 May 2017; the Law on People's Court (Amended version) No.22/NA, dated 10 May 2017; the Law on National Public Security Work, No. 40/NA, dated 19 December 2013; the Law on Bank of the Lao PDR (revised version) No.47/NA, dated 19 June 2018, the Law on Insurance (Revised version) No. 78/NA, dated 22 November 2019; The Law on Securities No. 79/NA, dated 03 December 2019. (details stipulated in Rec.40.2)</p>	<ul style="list-style-type: none"> - Law on the Office of the Public Prosecutor (Amended version) No. 21/NA, dated 10 May 2017; - Law on People's Court (Amended version) No. 22/NA, dated 10 May 2017; - Law on National Public Defence No. 40/NA, dated 19 December 2013; - Law on Bank of the Lao PDR (amended version) No.47/NA, dated 19 June 2018; - Law on Insurance (Revised version) No. 78/NA, dated 22 November 2019; - Law on Securities (Revised version) No. 79/NA, dated 03 December 2019.
<p>40.6 Countries should establish controls and safeguards to ensure that information exchanged by competent authorities is used only for the purpose for, and by the authorities, for which the information was sought or provided, unless prior authorization has been given by the requested competent authority.</p>	<p>Pursuance to MOUs signed with international counterparts indicates that requesting competent authorities must not use the information given other than stated in the MOU, requesting authorities can not disclose information received to third parties unless having permission from the counterpart (originators). In practice, there is a notification stated on the prohibition of the use of information received in both requesting or responding application letters.</p>	<ul style="list-style-type: none"> - MOU between AMLIO and Philippines-FIU (AMLC) - MOU on Cooperation between National Commission of Supervision of China and State Inspection Authority of Lao PDR

		MOU between Lao PDR Ministry of Finance and Vietnam Ministry of Finance.
40.7 Competent authorities should maintain appropriate confidentiality for any request for co-operation and the information exchanged, consistent with both parties' obligations concerning privacy and data protection. At a minimum, competent authorities should protect exchanged information in the same manner as they would protect similar information received from domestic sources. Competent authorities should be able to refuse to provide information if the requesting competent authority cannot protect the information effectively.	Based on the MOU signed with foreign counterparts, it is required in application that the information was provided or exchanged shall be kept strictly and confidential.	<ul style="list-style-type: none"> - MOU between AMLIO and Philippines-FIU (AMLC); - MOU on Cooperation between National Commission of Supervision of China and State Inspection Authority of Lao PDR; - MOU between Lao PDR Ministry of Finance and Vietnam Ministry of Finance.
40.8 Competent authorities should be able to conduct inquiries on behalf of foreign counterparts, and exchange with their foreign counterparts all information that would be obtainable by them if such inquiries were being carried out domestically.	<p>In the event that the case carried out domestically then the competent authorities are entitled to conduct inspection on behalf of its foreign counterpart and entitled to share the entire information obtained with its foreigner counterpart as well via MOU signed bilaterally.</p> <p>AMLIO discreetly verifies all information prior to provide or exchange with foreign counterparts, as indicated in the SOP dated 15 January 2020, clause 2.2, 5th dash. (details stipulated in Rec.40.4);</p>	<ul style="list-style-type: none"> - The Standard Operating Procedure dated 15 January 2020;
<i>Exchange of Information between FIUs</i> 40.9 FIUs should have an adequate legal basis for providing co-operation on money laundering, associated predicate offences and terrorist financing ⁷³ .	<p>By law, the roles and responsibilities of AMLIO is to provide cooperation to both domestic competent authorities and international counterparts as indicated in the Law on AML/CFT, Article 55 par.2 and 42.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;

	<p>“Article 42 Principle of international co-operation</p> <p>International co-operation on AML/CFT between among competent authorities of the Lao PDR and foreign competent authorities shall follow the principles of respect for independence, sovereignty and territorial integrity, non-interference in each other’s domestic affairs, mutual benefits, and in conformity with international agreements and treaties which the Lao PDR is a party to.”</p> <p>“Article 55 Anti-Money Laundering Office</p> <p>AMLIO is one organisation in the organisational structure of the Bank of Lao PDR and has the operational independence concerning his activities. AMLIO has main roles and tasks in data collection, analysis, dissemination, co-ordination with related parties both domestically and internationally for the combat and prevent of money laundering and terrorism financing. AMLIO uses the budget of the Bank of the Lao PDR. Organisational structure and activities of AMLIO are defined in separate regulation.”</p>	
40.10 FIUs should provide feedback to their foreign counterparts, upon request and whenever possible, on the use of the information provided, as well as on the outcome of the analysis conducted, based on the information provided.	AMLIO provide feedback on information received to foreign counterparts as stated in the SOP dated 15 January 2020 (details stipulated in Rec.40.4).	<ul style="list-style-type: none"> - The Standard Operating Procedure dated 15 January 2020;
40.11 FIUs should have the power to exchange: (a) all information required to be accessible or obtainable directly or indirectly by the FIU, in particular under Recommendation 29; and (b) any other information which they have the power to obtain or access, directly or indirectly, at the domestic level, subject to the principle of	<p>(a) and (b) There is scope of roles and functions set by the government of Laos that empowered the AMLIO to get access to all relevant information directly or indirectly countrywide as stated in the Law on AML/CFT, Article 55, and Agreement On Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition), Article 4.</p> <p>▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014;</p> <p>“Article 55 (details stipulated in Rec.40.9)”.</p>	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No.

<p>reciprocity.</p>	<ul style="list-style-type: none"> ▪ Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised edition) No. 02/NCC, dated 08 January 2020. <p>“Article 4 Right scope AMLIO has right as following:</p> <ol style="list-style-type: none"> 1. To agree and sign every document related to own rights scope; 2. To release Agreement, Recommendation statement and Notification regarding to Anti-Money Laundering and Counter-Financing of Terrorism in order to propose NCC adopted; 3. To notify regarding to Anti-Money Laundering and Counter-Financing of Terrorism to Reporting Entities as NCC’s assignment; 4. To require extra necessary information from related organization of Ministries, agencies, local authorities and other organization in jurisdiction include Reporting Entities regarding to their own works; 5. Fulfill other duties that aligned on the law.” 	<p>02/NCC, dated 08 January 2020;</p>
<p><i>Exchange of information between financial supervisors</i></p> <p>40.12 Financial supervisors should have a legal basis for providing co-operation with their foreign counterparts (regardless of their respective nature or status), consistent with the applicable international standards for supervision, in particular with respect to the exchange of supervisory information related to or relevant for AML/CFT purposes.</p>	<p>40.12 and 40.13 Under the Law stated that the AMLIO is the supervisor of the entire REs in terms of AML/CFT as indicated in the Law on AML/CFT, Article 42; and Lao Securities Commission Office is designated to perform as the supervisor to the securities companies, and with regards to international cooperation among regional or international in an area of securities is performed under the principle of the International Convention where the Lao PDR is partied to, as refer to Law on Securities, Article 165.</p> <ul style="list-style-type: none"> ▪ Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; <p>“Article 42 (details stipulated in Rec.40.9)”</p> <ul style="list-style-type: none"> ▪ Law on Securities No. 79/NA, dated 03 December 2019. 	<ul style="list-style-type: none"> - Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, dated 21 July 2014; - Law on Securities No. 79/NA, dated 03 December 2019; - MOU between AMLIO and Philippines-FIU (AMLC).

40.13 Financial supervisors should be able to exchange with foreign counterparts' information domestically available to them, including information held by financial institutions, in a manner proportionate to their respective needs.	<p>“Article 165 (details stipulated in Rec.40.2)”</p> <p>In addition, there is also provision on international information exchange mechanism in place in the form of MOU (details stipulatd in Rec.40.1).</p>	
<p>40.14 Financial supervisors should be able to exchange the following types of information when relevant for AML/CFT purposes, in particular with other supervisors that have a shared responsibility for financial institutions operating in the same group:</p> <p>(a) regulatory information, such as information on the domestic regulatory system, and general information on the financial sectors;</p> <p>(b) prudential information, in particular for Core Principles supervisors, such as information on the financial institution's business activities, beneficial ownership, management, and fit and properness; and</p> <p>(c) AML/CFT information, such as internal AML/CFT procedures and policies of financial institutions, customer due diligence information, customer files, samples of accounts and transaction information.</p>	(a)-(c) FIs supervisors can perform information exchange with other supervisor of FIs as indicated in the MOU (details stipulated in Rec.40.1).	<p>- MOU between AMLIO and Philippines-FIU (AMLC).</p>
40.15 Financial supervisors should be able to conduct inquiries on behalf of foreign counterparts, and, as	“(Procedure is as above-mentioned in Rec.40.8)”;	

appropriate, to authorize or facilitate the ability of foreign counterparts to conduct inquiries themselves in the country, in order to facilitate effective group supervision.		
40.16 Financial supervisors should ensure that they have the prior authorisation of the requested financial supervisor for any dissemination of information exchanged, or use of that information for supervisory and non-supervisory purposes, unless the requesting financial supervisor is under a legal obligation to disclose or report the information. In such cases, at a minimum, the requesting financial supervisor should promptly inform the requested authority of this obligation.	<p>Regarding the transmission of information exchange with foreign counterparts can be done through the MOU signed between supervisors and counterparts. For instance, the provision on disclosure of information receive upon requested was indicated in the MOU signed between AMLIO and AMLC, clause 4.</p> <p>“4. 4. Disclosure of Information Contained in a Request</p> <p>The requested FIU and the designated focal Agency shall not disclose information contained in a request for information to third parties or for purposes not identified in the request, without the prior written consent of the requesting FIU. The requested FIU may, subject to the conditions of the immediately preceding sentence, transmit to other appropriate agencies of the government of the requested FIU (i) the content of the request to obtain information responsive to the request and/or (ii) the identity of both the requesting FIU and the individual or entity that is the subject of the request, to facilitate coordination among other appropriate agencies of the government of the requested FIU.”</p>	- MOU between AMLIO and Philippines-FIU (AMLC)
<p><i>Exchange of information between law enforcement authorities</i></p> <p>40.17 Law enforcement authorities should be able to exchange domestically available information with foreign counterparts for intelligence or investigative purposes relating to money laundering, associated predicate offences or terrorist financing, including the identification and tracing of the proceeds and instrumentalities of crime.</p>	The provision on information exchange among LEAs can be done under the roles and responsibilities themselves (further details can be seen in Rec.40.2). Moreover, there is also provision on information exchange mechanism through both bilateral and multilateral cooperation form as stipulate in the Rec.40.1	

<p>40.18 Law enforcement authorities should also be able to use their powers, including any investigative techniques available in accordance with their domestic law, to conduct inquiries and obtain information on behalf of foreign counterparts. The regimes or practices in place governing such law enforcement co-operation, such as the agreements between Interpol, Europol or Eurojust and individual countries, should govern any restrictions on use imposed by the requested law enforcement authority.</p>	<p>LEAs have power to conduct investigation under its role and function set in the Law on Criminal Procedure, Article 113-134 and enable to obtain information under the international negotiators function through the form of MOUs, Interpol through Interpol 24:24 Hour 7:7 Day, Border Liaison Office, World Customs Organization (details stipulated in Rec.40.1) and the Law on AML/CFT, Article 44 (details stipulated in Rec.40.2).</p>	<p>- Law on Criminal Procedure No. 37/NA, dated 14 November 2017.</p>
<p>40.19 Law enforcement authorities should be able to form joint investigative teams to conduct cooperative investigations, and, when necessary, establish bilateral or multilateral arrangements to enable such joint investigations.</p>	<p>LEAs can jointly conduct investigations with international investigative bodies under the bilateral and multilateral cooperation as indicated in Rec.40.1.</p>	
<p><i>Exchange of information between non-counterparts</i> 40.20 Countries should permit their competent authorities to exchange information indirectly with non-counterparts, applying the relevant principles above. Countries should ensure that the competent authority that requests information indirectly always makes it clear for what purpose and on whose behalf the request is made.</p>	<p>The Lao competent authorities can conduct information exchange with other jurisdiction where they are not party to as stated in the Law on the Criminal Procedure, Article 271 (details indicated in Rec.40.2) to which the actual implementation is done through diplomatic channel.</p>	<p>- Law on the Criminal Procedure No. 37/NA, dated 14 November 2017.</p>