



**LAO PEOPLE'S DEMOCRATIC REPUBLIC**

**PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

President

No. 012/PO  
Vientiane Capital, dated 04.02.2015

**DECREE  
of the  
PRESIDENT  
of the  
Lao People's Democratic Republic**

**On the Promulgation of the Law on Anti-Money Laundering and  
Counter-Financing of Terrorism**

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- Pursuant to Section VI, Article 67 (1) of the Constitution of the Lao People's Democratic Republic;
- Pursuant to Resolution No. 08/NA, dated 21 July 2014, of the National Assembly; and
- Pursuant to Proposal No. 032/NASC, dated 22 August 2014, of the National Assembly Standing Committee.

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

**Article 1.** The Law on Anti-Money Laundering and Counter-Financing of Terrorism is hereby promulgated.

**Article 2.** This decree is effective from the date it is signed.

President of the Lao People's Democratic Republic

*[Seal and Signature]*

Choummaly XAYASONE



**LAO PEOPLE'S DEMOCRATIC REPUBLIC  
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

National Assembly

No. 08/NA

**RESOLUTION  
Of the  
National Assembly  
Of the  
Lao People's Democratic Republic  
On the Approval of the  
Law on Anti-Money Laundering and Counter-Financing of Terrorism**

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Pursuant to Article 53 (2) of the Constitution and Article 3(1) of the Law on National Assembly of the Lao People's Democratic Republic in relation to the rights and duties of the National Assembly.

After the 7<sup>th</sup> Ordinary Session of the VII National Assembly Legislature had had a thorough and in-depth deliberation on the contents of the Law on Anti-Money Laundering and Counter-Financing of Terrorism as per its afternoon session agenda on 21 July 2014;

**The Meeting resolved that:**

**Article 1.** The Law on Anti-Money Laundering and Counter-Financing of Terrorism is approved by majority votes.

**Article 2.** This Resolution is effective from the date it is signed.

Vientiane Capital, dated 21 July 2014  
President of the National Assembly

*[Seal and Signature]*

Pany YATHOTOU



Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

National Assembly

No. 50/NA  
Vientiane Capital, dated 21 July 2014

## **Law on Anti-Money Laundering and Counter-Financing of Terrorism**

### **Part I General Provision**

#### **Article 1: Objective**

This law sets the principles, regulations and measures relating to the management and monitoring the anti- money laundering and counter- financing of terrorism(herein after called “AML/CFT”) to make them efficient with an aim to combat, prevent, curb and eliminate such offences, create a strong and sound economic and financial system, harmonious and orderly society, facilitate regional and international integration, and to contribute to the national socio-economic development.

#### **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 3: Financing of terrorism**

The financing of terrorism is an intentional act both directly and indirectly by a natural person, legal person or an organisation 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 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 offence is a threat to the national security, and causes damages to the national socio-economic foundation.

### **Article 5: Counter-financing of terrorism**

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.

### **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.

### **Article 7: Acts of terrorism**

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:

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 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 defined in subparagraph 1, 2 and 3 of this article;
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;
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;
7. Acknowledgment of an act with an objective evidence to prove that it is an act of terrorism.
8. Other offences defined as acts of terrorism as per international agreements or treaties that the Lao PDR is a party to.

## 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 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
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.
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;
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;
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;
6. **Financed funds** shall mean funds or properties which natural persons, legal persons or organisations supply or use in the acts of terrorism;
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;
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;
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;
10. **Suspicious transactions** shall mean transactions that do not conform with the profile, occupation, and reality status of customers;
11. **Beneficial Ownership** 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;
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;

- 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;
- 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;
- 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;
- 18. Corresponding banks** shall mean a representative bank or intermediary bank for the settlement among banks both in the country and abroad;
- 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;
- 20. Seizure** shall mean obtaining the properties or moveable objects as exhibits by an order of a competent authority;
- 21. Freezing** shall mean the prohibition of transfer, handing over, trading, exchange, pawn, guarantee, destruction or change, movement of funds, immoveable or moveable assets, including deposit bank accounts, by an order of a competent authority;
- 22. Confiscation** shall mean the nationalisation of properties or objects, wholly or partially, owned by offenders in accordance with a court decision.
- 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;
- 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;
- 25. Customer** shall mean natural persons, legal persons or organisations that use the services of the reporting entities.
- 26. Bearer negotiable instruments** shall mean bank cheques, traveller's cheques, money orders, bonds, bank drafts and others;
- 27. Racketeering group** shall mean a group of persons that coerces, threatens a natural person, legal person or organisation in order to to extort their funds or properties;
- 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.

#### **Article 9: Policies on AML/CFT**

The state encourages and supports natural persons, legal persons or organisations of all sectors to participate in the combat and prevention of money laundering and financing of terrorism.

The state pays attention to raising awareness and education of the general public by various means to be aware of the harms caused by money laundering and financing of terrorism, which can damage the national security, social harmony and orderliness, and the national, regional and international economic systems.

The state encourages and supports the AML/CFT by providing the budget, personnel, means, vehicles and modern techniques and equipment to relevant competent authorities for their effective performances.

#### **Article 10: Principles on AML/CFT**

The AML/CFT shall observe the following main principles:

1. Ensuring the national sovereignty, security, social harmony, and regular undertaking of socio-economic activities within the country;
2. Ensuring the protection of legitimate rights and benefits of natural persons, legal persons or organisations;
3. Combating all the phenomena of power abuse, and application of excessive power, which damage the legitimate rights and benefits of natural persons, legal persons or organisations;
4. Ensuring the compliance with the laws, regulations, international agreements and treaties which the Lao PDR is a party to.

#### **Article 11: Protection**

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.

#### **Article 12: Obligations in AML/CFT**

Natural persons, legal entities and organisations are obliged to provide information and cooperate to combat and prevent money laundering and financing of terrorism.

#### **Article 13: Scope of application**

This law applies to natural persons, legal persons and organisations, both local and foreign, running business operations inside and outside of the territory of Lao PDR involved in money laundering and financing of terrorism.

#### **Article 14: International cooperation**

The state encourages a relation and co-operation with foreign countries, regions and international community on AML/CFT through an exchange of lessons, information, seminars, technical knowledge upgrading and capacity building, technical assistance in order to develop AML/CFT efforts and comply with the international agreements and treaties, which the Lao PDR is a party to.

## **Part II**

### **AML/CFT Activities**

#### **Section 1**

#### **Activities of AML/CFT**

#### **Article 15: Activities of anti-money laundering**

The activities of anti-money laundering are the activities of reporting entities and relevant parties to combat, prevent, curb, and eliminate behaviours of legalising illicit funds and properties.

The details of the said activities are defined in a separate regulation.

#### **Article 16: Activities of counter-financing of terrorism**

The activities of counter-financing of terrorism are the activities of reporting entities and relevant parties to combat, prevent, curb, and eliminate behaviours of financing terrorism.

The details of the said activities are defined in a separate regulation.

## **Section 2**

### **Reporting entities**

#### **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 18: Rights and Obligations of reporting entities**

The reporting entities have the following rights and obligations:

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.

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.

#### **Article 19: AML/CFT Programme Development**

The reporting entities must develop and implement AML/CFT programmes as follow:

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.

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.



## **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.

## **Article 21: Know Your Customer Measures**

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.

## **Article 22: Enhancing Customer Due Diligence Measures**

The reporting entities must apply CDD measures to customers for the following cases:

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;

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 source of 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.

## **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.

## **Article 24: Data Collection on customers' transactions**

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 beneficial ownership such as, owners of funds including paid-in capitals for the establishment of an enterprise, or a person with a decision-making authority.

#### **Article 25: Dealings with PEPs**

The reporting entities must have an appropriate risk management system to find out whether customers or beneficial ownership are PEPs.

In addition to articles 19 to 32 of this Law, the reporting entities shall also observe the followings:

1. Report to their board of directors or their senior executives officersto 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.

#### **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 personstatus of corresponding banksthat 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.

#### **Article 27: Data collection on wire transfer**

In each service of wire transfer, 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 beneficial ownership 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.

#### **Article 29: Transaction deferral**

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.

#### **Article 30: Reporting**

The reporting entities must report to AMLIO in case a customer request to do the following transactions:

1. Cash Transaction more than a threshold;
2. Wire Transfer more than a threshold;
3. Other transactions as defined by AMLIO.

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.

#### **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.

#### **Article 32: Confidentiality**

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.

### **Section 3**

#### **Obligations on declaring cash, precious metal and bearer negotiable instruments**

#### **Article 33: Declaration of cash, precious metal and bearer negotiable instruments at border crossings**

Natural persons who carry cash, precious metal and bearer negotiable instruments 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 of cash, precious metal and bearer negotiable instruments when crossing Lao PDR's borders, a declarer will be fined in accordance with the relevant regulations.

## **Section 4**

### **Operations of legal persons or organisations and non-profit organisations**

**Article 35: Operations of legal persons or organisations**

Legal persons or organisations granted establishment and business operation in the Lao PDR shall strictly comply with this law and relevant regulations to ensure that their activities will not be exploited for money laundering and financing of terrorism.

**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.

**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, beneficial ownership, and data on their internal management while ensuring transparency, clarity, completeness and accuracy in each period.

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.

Investigative authorities, reporting entity regulators, AMLIO, and other competent authorities can have access to such records at any time.

## **Section 5**

### **Provisional Measures**

**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.

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.

**Article 39: Freezing without prior notice**

Competent authorities have the right to freeze funds relating to financing of terrorism without a prior notice to prevent a transfer or further delivery to a terrorist.

**Article 40: Seizure, Freezing of funds of terrorists**

Funds of natural persons and a legal entities 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.

**Article 41: Confiscation of funds**

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:

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 natural person, except the court views that the owner of the funds acquire 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.

## **Part III**

### **International Co-operation on AML/CF**

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**Article 42: Principle of international co-operation**

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.

**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.

#### **Article 44: Mutual Legal Assistance**

Mutual Legal Assurances 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.

#### **Article 45: Content of the request for Mutual Legal Assistance**

Request for Mutual Legal Assistance shall include the following items:

1. Official letter from the relevant authority of requesting state;
2. Name and surname, position of the officer of requesting state who is in charge of investigation, prosecution or ruling on a case;
3. Name and surname, position of the officer of requested state investigation, prosecution or ruling on a case;
4. The purpose and the necessity of the request;
5. The facts in support of the request;
6. Any known details that may facilitate identification of the person concerned, in particular name and surname, marital status, nationality, address and location, occupation and other necessary details;
7. Any important information necessary for identifying and tracing the natural persons, funds or properties, taking provisional measures, according to the request;
8. Legislative reference towards offences of the accused and the suspect.

In addition, Mutual Legal Assistance must observe the content of each case as follow:

1. In the case of requests for provisional measures, a description of the requested measures sought
2. In the case of requests for the issuance of a seizure order or confiscation order, a statement of the relevant facts, disputes and arguments to enable the competent authorities to issuing the order;

In the case of a request for the enforcement of an order relating to seize or freeze the following:

- 1). A certified copy of the order, and a statement of the grounds for issuing the order if they are not indicated in the order itself;
- 2). The order is enforceable and not subject to ordinary means of appeal;
- 3). Where necessary and if possible, any documents and information concerning third-party rights of claim on the funds or property.

In the case of requests for extradition, if the natural person has been convicted of an offence, the original or a certified copy of the judgment or any other document setting out the conviction and the sentence imposed, the fact that the sentence is enforceable and the extent to which the sentence remains to be served, can be provided according to the request.

**Article 46: Request for additional information**

The People's Prosecutor General or competent authorities may request for additional information from the requesting state if necessary, to facilitate a Mutual Legal Assistance request.

**Article 47: Requirement of confidentiality**

Competent authorities in the Lao PDR must ensure the confidentiality of requests from the requesting states.

**Article 48: Delays in notification**

In case there will be delays or difficulties in applying provisional measures or Investigating in response to a request for mutual legal assistance, competent authorities of a requesting state should be notified or advised .

**Article 49: Request refusal**

Competent authorities in the Lao PDR may refuse an mutual legal assistance request as defined in articles 43 and 44 of this Law, if such request is not consistent with article 42 of this Law.

## **Section5 Prohibitions**

**Article 50: General prohibitions**

Natural persons, legal persons and organisations related to the AML/CFT are prohibited from the following behaviours:

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;

**Article 51: Prohibitions for staff and competent authorities**

Related staff and competent authorities are prohibited related to AML/CFT from the following behaviours:

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.

**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.

## **Part V**

### **Management and Inspection of AML/CFT Practices**

#### **Section1**

#### **Management**

#### **Article 53: Management body of AML/CFT**

The Government is to manage the AML/CFT activities centrally and unanimously in the nation, by assigning the National Coordination Committee (herein after called “NCC”) which is directly responsible for managing, monitoring, inspecting on the basis of co-ordination with other concerned authorities and related local administrations.

The Management body of AML/CFT is the NCC that has the role of chief of staff for the Government in implementation of this law and international standards relating to this work and attaining achievement.

The NCC on AML/CFT which is non-permanent body consists of: Chairman, Deputy Chairman and a number of members who will be appointed or removed by the Prime Minister.

Deputy Prime Minister is the Chairman of NCC on AML/CFT, Governor of Bank of Lao PDR is the first deputy chairman and act as standing member of the committee, Deputy Minister of Ministry of Public Security is the second deputy chairman and other members with equivalent- ranking of Deputy Minister from relevant ministries and Deputy Head of related organizations.

The organizational structure, activities and budget of the NCC for AML/CFT is set out in specific regulations.

#### **Article 54: Rights and Duties of NCC**

The NCC for AML/CFT has the following rights and duties:

1. Study, form, amend national strategies, policies and regulations regarding AML/CFT for the Government’s consideration;
2. Transpose the national strategies, policies, and regulations regarding AML/CFT into work plans, programmes, and projects as well as implement in each period to conform with regional and international standards;
3. Endorse action plans for AML/CFT and solve pending problems of AML/CFT systems;
4. Direct, stimulate, manage and monitor the implementation and dissemination of national policy, programmes, and laws and regulations regarding AML/CFT of terrorism of AMLIO, supervisory agencies and other relevant agencies;
5. Train, upgrade professional skills of staff about AML/CFT;
6. Take administrative measures against natural persons, legal entities or organisations that breach this law;



7. Co-ordinate with various sectarian authorities, local government administrations, and relevant parties related to AML/CFT in nationwide;
8. Relate with, co-operate with foreign countries, regionally and internationally On AML/CFT;
9. Summarize and report on its activities to the Government on a regular basis;
10. Perform rights and duties as defined in the laws and assigned by the Government.

#### **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.

#### **Article 56: Working Regime**

The NCC for AML/CFT operates according to the meeting regime. The meetings of the NCC for AML/CFT consist of ordinary meeting and extraordinary meeting.

Ordinary meeting is held every three months with of more than half of the quorum of members.

Extraordinary meeting may be held as needed upon convocation of the Chairman of NCC or upon proposal of more than half of members.

The meetings of the NCC for AML/CFT can agree on issues by the majority of the members attending the meetings. In case the votes are equal, the vote of the Chairman of the National Committee for AML/CFT will be decisive.

## **Section 2 Inspection**

#### **Article 57: Inspection body for AML/CFT**

The Inspection body for AML/CFT include:

1. Internal Audit Organisation: is the same organisation with the Management body of AML/CFT as defined in article 53 of this law;
2. External Audit Organisation includes the National Assembly, the Government Inspection and Anti-Corruption Organisation, and the State Audit Organisation, Lao Construction Front, Mass organizations, Mass media and the people.

#### **Article 58: Content of the inspection**

AML/CFT practices will be inspected on the following accounts:

1. The implementation of this law and other relevant laws;
2. The performance and accountability of staffs or relevant competent authorities.

#### **Article 59: Forms of Inspection**

The inspection of AML/CFT practices has 3 forms,

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. Spotinspection is an urgent inspection without prior notice.

When undertaking AML/CFT practice inspection, officers of inspecting authorities shall strictly comply with the relevant regulations and laws.

## **Part VI**

### **Incentives for good duty performers and measures against violators**

#### **Article 60: Incentives for good duty performers**

Any natural person, legal person or organisation with notable enforcement performance of this law primarily in the areas of cooperation, reporting or providing information on behaviours or activities in suspicious of money laundering and financing of terrorism, shall be praised or awarded with other incentives in accordance with relevant regulations.

#### **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.

#### **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.

#### **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.

#### **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.

#### **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:
  - 1.1 Warned in writing and recommended to exercise their rights and obligations;
  - 1.2 Fined as per a separate regulation.

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.

#### **Article 66: Criminal measures on Money Laundering**

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.

#### **Article 67: Criminal measures on financing of terrorism**

Any natural person who commits an offence of financing of terrorism:

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 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.

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.

#### **Article 68: Criminal measures for the offence of insider trading and market manipulation offences**

Any natural person who commits insider trading and market manipulation offences shall be subject to imprisonment of six months to three years, fined LAK 300,000,000 Kip up to 500,000,000 Kip, and the properties shall be confiscated.

In case of an organized group, habitual offense or significant damages caused, an offender shall be deprived of freedom from 5 to 7 years, fined LAK 500,000,000 to LAK 700,000,000, with his/her properties to be confiscated.

The act of preparation and attempt to commit an offence shall also be penalized.

**Article 69: Criminal measures on participation in an organized criminal group and racketeering**

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.

The act of preparation and attempt to commit an offence shall also be penalized.

**Article 70: Criminal measures on extortion**

Any natural person who commits an offence on the ground of extortion shall be deprived of freedom from two to five years and fined from 20,000,000 Kip up to 50,000,000 Kip, and with his/her properties to be confiscated.

An attempt to commit this crime shall also be penalized.

**Article 71: Criminal measures on environmental crimes**

Any natural person who commits an environmental crime shall be punished according to the ground of offenses as defined in Penal Law and other laws that defines criminal penalties.

## **Part VII**

### **Final provisions**

**Article 72: Implementation**

This law shall be implemented by the Government of the Lao People's Democratic Republic.

**Article 73: Effectiveness**

This law shall come into force upon the date of promulgation by the President of the Lao People's Democratic Republic and after 15 days of publishing in the official gazette.

Any provisions contradicting with this law are hereby revoked.

**President of the National Assembly**

*[Seal and Signature]*

Pany YATHOTOU