

Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

**Government**

No. 386/Govt

Vientiane Capital, dated 27.10.2014

**Decree**

**On**

**Checks**

- According to the Law on the Government of the Lao PDR, NO. 02/NA, dated 06 May 2003;
- According to the Law on the Bank of the Lao PDR, NO. 05/NA, dated 14 October 1999;
- According to the Resolution of the Ordinary Government Meeting on August 2014 No.08/GOVT, dated 29 August, 2014;
- According to the Proposal Letter of the Bank of the Lao PDR No.449/BOL, dated 11 September, 2014

**Government issues this Decree:**

**CHAPTER I**

**General Provisions**

**Article 1: Objective**

This Decree determines principles, regulations and measures relative to issuing, application, making payment orders and transferring checks, paying money pursuant to a check, the rights and duties and liabilities of those who have relationships with checks in order to facilitate and to secure settlements, to focus on using checks instead of cash, to decrease charge of the printing of money and participate in stabilizing the national currency and to contribute of national socio-economic and environmental development.

## **Article 2: Checks**

Checks are financial document that is valuable as cash which are settlement instruments of goods, other charges, debt etc.

## **Article 3 Definition of Term**

The terms which are using in this Decree have meaning as follows:

1. Check Issuer refers to the Bank of the Lao P.D.R, National Treasury, Business bank and Financial Institute that has issued to those who has opened account;
2. Payers are account owners, or those who have been granted the right from the owner of an account, who order Check Issuer pay money to check holder;
3. Check recipients are those who receive checks directly from the payer who are able to present the check for payment with a Check Issuer or transfer check to someone else.
4. Check holders are those who possess checks who may be a personal, legal entity, a check transferee or a final holder;
5. Check transferee are those who have rights to possess check, to offer check to someone else by endorsed or do not endorsed it;
6. Check guarantors are those who guarantee settlement in the place of the payer or the check transferee according to the request of the recipient or the payer. One check may be guaranteed by individual, legal entity or many of people. A guarantee may guarantee the total amount of the check or any part thereof. A guarantee's contents must be clearly written on the check or attached to the check along with a signature of guarantor;
7. Check book refers to the gathered of check draft to be check book which have been issued by Check Issuer;
8. Banks receiving check refers to the Commercial Bank or Financial Institution that are not Check Issuer receive checks mean banks or other financial institutions which check holder proposed to pay money;
9. Check Clearing Center is a place where services on receive-send, to compare and calculate the net balance of check of commercial banks, national treasury and financial institution;
10. Check which does not provide a name of a recipient refers to the check that does not determine the recipient name or it is written that "Pay in Cash;
11. A check which provides a name of a recipient refers to the check upon which is written the name of a person who has the right to receive money clearly;
12. A check which is generally made payable to account is a check which has not written the account No on the middle between of two parallel lines marked in the upper left hand corner or on the middle of checks;
13. A check which is payable to a specific account is a check which has have written any account No on the middle between of two parallel lines marked in the upper left hand corner or on the middle of checks;

14. A traveler check is a check issued by a bank or financial institution to a purchaser [of a traveler check] which has high liquidity, able to exchange to be cash immediately.

#### **Article 4 State's Policy Regarding with Using Check**

State promotes and supports the individual, legal entity and domestic and foreign organization to use check in settlement instead of cash for convenient and security to the operation of financial transaction in Laos PDR.

#### **Article 5 Principles to Use Check**

Using checks must be performed according to the Basic Principle as follows:

1. Voluntary;
2. Equality;
3. Honesty, sincerity and mutually cooperated;
4. Respect and performed regulations and Law.

#### **Article 6 Scope to Use Check**

This Decree uses for individual, legal entity and domestic and foreign organization which has issued and used check and pay by check in Laos PDR or Foreign country.

### **Chapter 2**

#### **Type of Check and Issuing of Check**

#### **Article 7 Type of Check**

Check has types as follows:

1. A check which provides a name of a recipient;
2. A check which does not provide a name of a recipient or pay in cash;
3. A check which is made payable to account;
4. A traveller check;

#### **Article 8 Contents of Check**

Checks shall be printed together in Lao language and English consisting of header and Check paper which header and check paper shall be matched of account No of check owner and check No.

Check comprised of as follows:

1. Name and No of check;

2. Check issuer name;
3. Account No of payer;
4. Payment order, name and sure name of check recipient;
5. Amount of money which order to pay including with written in number and letter;
6. Currency;
7. Date;
8. Signature;
9. Signature and seal for legal entity.

Check issuer shall be by oneself responsible design of character, colorful and form of check paper on base of agreement of the Bank of the Lao PDR.

#### **Article 9 Duration of Payment**

After check received check holder is able payment at check issuer or bank which is acceptable check within time flame 180 days from the date of check received onward, if it is exceed than such time flame unable payment.

In the case that the check holder delays presentation of the check for payment because of force majeure which causes that person to be unable to present the check for payment accordance with such time flame, the check holder shall be presented a check for payment at check issuer or bank receiving check within time flame 10 days from the date that the force majeure ceases..

In the case that it is advance check, the check holder is able to present a check for payment at check issuer or bank receiving check from the date which is written on the advance check onward until 180 days completely.

#### **Article 10 Person those have Right to Issue Check**

Person those have right to issue check comprised of as follows:

- Bank of the Lao PDR;
- Commercial Bank;
- National Treasury;
- Authorized financial institutions to issue check from the Bank of the Lao PDR.

For the Commercial Bank, National Treasury and Financial Institution shall be only member of the Check Clearing Center which have right to issue check.

#### **Article 11 Participant in Using Check**

Participants in using check comprised of as follows:

1. Check Issuer;
2. Payer;
3. Check Guarantor;

4. Check Recipient;
5. Check Holder;
6. Check Transferee;
7. Bank receiving check
8. Check clearing center.

### **Chapter 3**

#### **Check Application**

##### **Article 12 Check Application**

Individual or legal entity is able to use check in settlement of goods or service which payer must be responsible to pay as amount of money that is written in check paper to the check recipient or check holder.

After check recipient or check holder received check then took such check to present for payant at check issuer or bank receiving check as time frame that is prescribed in article 9 of this Decree.

##### **Article 13 Proposal of Request to Use Check Book**

Those who have purpose of request to use check book shall be proposed to the check issuer which have main conditions as follows:

- Have current account with the check issuer ;
- Other conditions as determination of check issuer.

##### **Article 14 Check Written Method**

Payer must be completely refilled the contents by written or printing on the check paper as follows:

- The amount of money must be matched of written in number and letter;
- Write name and sure name of the check recipient except the check which does not provide a name of a recipient;
- Date of check signed
- Signature and seal for payer who is legal entity;

Writing check is able to written in Lao language or English which must be used the colorful ink and same intensity, never written by pencil or writing through carbon paper.

##### **Article 15 Form of Using Check**

The manner in which checks are used is as follows:

1. A check which does not provide a name of a recipient of money [payee] refers to the Check Issuer or the bank receiving check must immediately pay money to the check holder when proposed to pay money after it is correction inspected and completed of check;
2. A check which provides a name of a recipient of money [payee] refers to the check issuer or the bank receiving check shall only pay money to the person whose name is so provided;
3. A check which is generally made payable to account refers to the check issuer or the bank receiving check is able to transfer into the account of the check holder at any bank;
4. A check which is payable to a specific account refers to the check issuer or the bank receiving check shall be only transferred into the account which is provided in between middle of two parallel lines;
5. A travelers check is a check which the check holder is able to use in settlement of products, service charges and others or present to pay in cash at the bank or other financial institution but such check is unable to pay at the check clearing center.

#### **Article 16 Advance Check Payment**

Those who have check book is able to pay check by prescribed date of advance pay money. Advance payer shall be presented a check at check issuer first for certification and then offer to the check recipient. After the check certified check issuer shall be deducted money at the payer account equally the amount of money that certified in check until the due date for payment which is provided in check.

#### **Article 17 Person is Unable to Pay Check**

Person is Unable to Pay Check have as follows:

- Those who is account restricted;
- Those who is unable on behavior;
- Those who is on revival business except it is authorized from the agencies that have relevant right.

#### **Article 18 Transferring of Check**

The transfer of checks is the transfer of checks from any individual to another individual with endorsement, provided in the specific agreement or transfer without any of written letter. Transferring of checks can have multiple successive endorsements. Transfers of checks that does not provide name of recipient is able to transfer to other else without endorsement.

#### **Article 19 Endorsement of Check**

Endorsement of check is endorsement on check paper or check paper attached document which is able to endorse by providing name or does not provide name of recipient, endorsement shall be clearly provided date.

Endorsement of check is the unconditional transfer of total amount of money which is provided for in the check paper to the check recipient. Transferring some amount of money which is provided for in the check with endorsement is effectiveness on Law.

Endorsement of check that provided name of recipient shall be provided name and sure name of recipient, date including with signature on the back of check paper. In cases of check receiver needs to transfer check to other else without proving name of recipient shall be written "transfer to the check holder" date including with owner signature on the back of check paper.

After the check issuer or the bank receiving check have paid money completely as amount which is provided for in the check, there is no any parts have right to endorse the check onward.

#### **Article 20 Present a Check through the Electronic System**

Present a check through the electronic system is transfer picture and data of check through the electronic system which the bank receiving check is one who is prosed to the check clearing center to calculate of money and deducted the account of the check issuer.

Present a check through the electronic system is effectiveness on Law same as the present a check on the manner of documents.

For the manner and procedure of present a check through electronic system has provided in the specific regulations.

### **Chapter 4**

#### **Certification and Check Guarantee**

#### **Article 21 Check Certification**

Check issuer is able to certify a check to the check holder in order to guarantee of payment accordance with the present of the check holder or payer.

When the check issuer has certified a check, the account of the payer must be deducted in the amount certified for that check to await [actual] payment. Check certified has period of time equal with duration of payment accordance with providing in article 9 of this Decree, in case it is already certified but the account of payer has not deducted the check issuer shall be responsible for the occurred loses.

In cases of the amount of money in payer's account does not sufficient to the amount of money which is ordered to pay in that check the check issuer is able to guarantee the settlement accordance with check by issuing the over payment money to the payer as agreement between the check issuer with payer.

For the procedures of check certified has provided in the specific regulations.

#### **Article 22 Guarantee of Check by Individual or Legal Entity**

Check is able to entire or some guarantee by Individual, legal entity, national treasury, commercial bank or financial institution as the amount of money which is provided on the check paper. A check paper might be guarantee by individuals, legal entity, national treasury, commercial bank or financial institution.

Check guarantee shall be clearly written contents on the check paper or attached document including with the signature of guarantor.

#### **Article 23 Guarantee Check by Securities**

Check is able to guarantee by securities which have high value of payer, individual or third legal entity including with the letter of Exchange money, certificate of short term saving account.

Guarantee by securities of individual or third legal entity shall be have written agreement and certified signature for such securities owner. The agreement of securities given is able to draw up a document or specific guarantee agreement by signature of guarantor and those who accept the guarantee including with certification from the village chief or official of the court registration.

#### **Article 24 Guarantee by Payer or Check Transferee**

Payers have obligation to guarantee the payment accordance with entire amount of money which is provided in the check paper, the check transferee is automatically responsible in guarantee the payment to the check holder.

In cases of the check transferee has paid to the check holder money accordance with providing in the check paper the check transferee have right to claim money back at the check payer or the check transferee.

### **Chapter 5**

#### **Payment of and Dishonor of Checks**

#### **Article 25 Paying Money [Honoring a Check]**

A check holder is able to present a check for payment at the check issuer or at the bank receiving check.

When a check issuer has received a check which is owner issued to the payer, the check issuer must inspect the correctness and completion of the check accordance with providing in the article 14 of



this Decree. If deems that such check is corrected and completed the check issuer shall be immediately paid money accordance with the check.

For a bank receiving check when has received a check must inspected the correctness and completion of the check accordance with providing in the article 14 of this Decree and able to advance payment accordance with the amount which is provided in the check or pay money after received invoice from the check issuer through the check clearing center.

In the case that there is insufficient money in payer's account according to the amount which is ordered to be paid on that check, the check issuer or the bank receiving check has the right to refuse to make payment of the money.

#### **Article 26 Ordered Payment and Withdrawing Money which is Foreign Currency**

Ordered payment check for settlement of products and service charge in Laos PDR shall be only paid in cash.

A check that is foreign currency is able to withdraw in foreign currency or in Lao Kip accordance with exchange rate of the commercial bank on the withdraw date as check.

#### **Article 27 Effect of Paying money**

When a check issuer or a bank receiving check has paid money according the amount which is provided in the check paper completely and consistent with the article 25 of this Decree, deemed that rights and obligations of payer at check holder has ended.

In cases of fail inspection before pay money as amount in the check of the check issuer's officials or the bank receiving check must be performed as follows:

1. A check issuer or a bank receiving check has right to claim money back at the money recipient accordance with over payment of money if payment of money over than amount of money which is provided in the check paper;
2. A check issuer has right to more deduct the payer's account completely as the amount of money if it is completed payment of money accordance with the amount which is provided in the check paper but the check issuer has deducted the payer's account un-completely as the amount which have paid.

#### **Article 28 Dishonoring [Checks]**

Check Issuers or Banks receiving check have the right to dishonor payments accordance with check in some cases as follows:

1. Counterfeiting of payer's signature
2. The check is suspected of being illegally obtained, the payer was coerced into signing the check payment;
3. The person who was granted rights makes a payment order in excess of the rights granted;

4. The grantee of rights makes a payment order inconsistent with the objectives that the account owner has agreed upon with the check issuer or bank receiving check;
5. The currency in the check ordered for payment is not the same currency as in the Currency Account;
6. The amount of money written in number and in letter does not matched;
7. The check is imperfect [defective], e.g.: a check written in pencil or a carbon copy signature, a check has crossed out, dirty, a check has written and erased or lacks some other term as provided for in Article 8 of this Decree;
8. The check which is written un-correct accordance with providing in article 14 of this Decree;
9. The payers do not have money or do not have enough money in the account, don't have account, the account has been restricted or the account has been closed;
10. there is an objection to the payment order for whatever reason;
11. the check holder who presents the check for payment did not receive the check through endorsement or the endorsement is improper;

Dishonoring as a check of the check issuer or the bank receiving check shall be certified a such dishonoring on the back of the check and written including with the reason for dishonoring within time flame 2 days officially to the relevant person accordance with providing in article 29 of this Decree.

#### **Article 29 Notifying of Dishonoring**

Those who dishonored from the check issuer or bank receiving check shall be written inform to the payer. For the check which have direct received from payer or inform to the check transferee, for a check which is received transferring by individuals to the payer who is the account owner within time flame 5 days officially from the date which is received the dishonoring onward.

In cases of the check which is certified from the check issuer, the check holder is replace of payer to directly notified of dishonoring of the check issuer or bank receiving check.

In cases of person who dishonored from the check issuer or bank receiving check have not notified to the participants in using check for information within time flame 5 days officially, he/she will be the person who is responsible to the effect except there is coincident or majeure which is caused to be an obstacle to such notifying or other necessary reasons by written certify from the relevant organization.

After the coincident, majeure and other necessary reason ended and recovery to normal. The time flame of notifying of dishonoring must be continued by plus the date before necessities, coincident or majeure happened with the period of such event ended completely 5 days officially accordance with providing in 3 paragraph of this article.

Notifying of dishonoring as check shall be comprised of the contents such as: check No, amount of money, reason, date of present for withdraw, name and sure name, payer's address, signed and submitted that dishonored certificate including with check to the check holder.

### **Article 30 Dishonoring without Cause**

When the check issuer or the bank receiving check have received present for withdraw from the check holder but the check issuer or the bank receiving such check dishonor a check without cause or not consistent with the content which is provided in article 28 of this Decree the check issuer or the bank receiving check must be liable to compensate for damages arising from such refusal.

## **Chapter 6**

### **Lost, Unclean or Damaged Check**

### **Article 31 Damaged Checks**

When a check lost shall be performed accordance with each of the cases as follows:

1. Payer have received a damaged check paper or damaged check book which is unpaid shall be immediately informed that check issuer;
2. Check recipient or check holder have made damaged of the check payment order shall be immediately informed to the payer in order to notified to the check issuer for information.
3. Check issuer shall be suspended the payment in that account and immediately written inform to the every banks, national treasury and financial institution;
4. Check issuer have received notification of damaged check delay but have already paid a money will have no any liability;
5. Bank receiving check have received a damaged check delay or have not received the notification form the check issuer but have already paid a money accordance with the check, the check issuer shall be returned a money to the bank receiving check without conditions as amount which is paid by the bank receiving check;
6. Check issuer have receive notification of damaged check but have not paid a money to the check holder, such a check issuer shall be liable for damages arising;
7. Delay notification of damaged check if it is caused by any participant in using check, that participant in using check shall be liable for damages arising;
8. Every of damaged check notified or check book shall be immediately written informed to the payer or check issuer. In cases of necessary it is able to inform by phone calling after that shall be written inform to the payer or check issuer within time flame of 2 days officially.

### **Article 32 Unclean or Damaged Check**

Never use the check payment order which is unclean or damage and invisible the entire of content or some part of check accordance with providing in article 8 and 14 of this Decree. A check holder or check recipient have right to propose at the payer to renewal check as the content which is provided in that unclean or damaged check.

Payers have right to renewal check as the content which is provided in the unclean or damaged check if the check holder or check recipient have an evidence legally and ale to certify of acquisition and possession of such check.

## **Chapter 7**

### **Measures Against Violators**

#### **Article 33 Making a Payment Order without Money**

Any person who intentionally makes a check payment order without money in [his/her] account or [the money in the account is] insufficient to meet the amount written on the check shall be fined as the amount of money which is written in that check paper and imprisoned accordance with providing in the Criminal Law. Exception in cases of it is certified from the check issuer.

#### **Article 34 Forging of Check**

Any person who forges a check, amend, erase or other method which is purpose to change the entire of content or some part of the check paper accordance with providing in article 8 and article 14 of this Decree shall be fined from 5.000.000 Kip (five million) to 20.000.000 Kip (twenty million) or forging the amount of money on a check shall be fined as the amount of money which is written in that check paper and imprisoned accordance with providing in the Criminal Law.

#### **Article 35 Using an Honored Check**

Those who has used an honored check which has paid from the check issuer or the bank receiving check by transferring or payment for products or service charge shall be fined accordance with the written amount in the honored check and he/she shall be imprisoned same as making a payment order without money accordance with providing in article 33 of this Decree.

## **CHAPTER VII**

### **Final Provisions**

#### **Article 36 Implementation**

The Bank of the Lao PDR, the Ministry of Finance, and relevant parties are hereby assigned to strictly implement this Decree.

Participants in using check are hereby notified for information and strictly implement this Decree

#### **Article 37 Effectiveness**

This Decree is effective from the date of its signature and after it has published in an official gazette 15 days.

This Decree superseded the Decree on Check No. 175/PM, dated 22 October, 19996

Any of provisions of regulations which conflict with this Decree are hereby canceled.

**Government of Laos PDR**

**Prime Minister**

[seal of the Prime Minister]

[signature]

**Thongsing THAMMAVONG**