

Unofficial translation

Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

Bank of Lao PDR

No: 811/BOL  
Vientiane, 18 October 2010

## **Decision**

### **On Measure on commercial banks violation**

- According to Law on Bank of Lao PDR No: 05/NA, 14 October 1999
- According to Law on Commercial Bank No: 03/NA, 26 December 2006
- According to the Decree on implementation of Commercial Bank No: 275/PM, 25 September 2009
- According to researching and proposing of Commercial Bank and Financial Institute Management Department No: 172/CFMD, 02 November 2009

### **Governor of Bank of Lao PDR issued the decision:**

#### **Article 1. Objective**

This decision defines the measure on offenders of the Commercial Bank Law and other Regulations which Bank of Lao PDR has issued to educate and strengthen awareness on Law enforcement, to ensure Commercial Banks grow up, strong, safe and sustainable.

#### **Article 2. Scope of Application**

This decision is used for Commercial Banks, Principle Shareholders, Administrators and staffs of Commercial Banks that violate the Law on Commercial Bank and other Regulations which Bank of Lao PDR has issued.

Commercial Banks in the meaning of this decision includes foreign Commercial Banks and Commercial Banks' branches located in Lao PDR.

### **Article 3. Violation**

Violation in this decision including:

1. Violation on Establishment and Permission License using.
2. Violation on Business running restrictions (Article 43 of Law on Commercial Bank)
3. Violation on Security Measure (Article 44 of Law on Commercial Bank)
4. Violation on Reporting Regime following to Bank of Lao PDR (Article 65 of Law on Commercial Bank)
5. Violation on Regulation of Registration Capital and Investment Capital Using
6. not cooperate, not follow the instructions of inspectors from Bank of Lao PDR or External auditors
7. not follow the commands, instructions or notifications of Bank of Lao PDR

### **Article 4. Measures on violation**

If Commercial Banks, Principle Shareholders, Administrators and Staffs of Commercial Banks violate Law on Commercial Bank or other Regulations which Bank of Lao PDR has issued, those will be conducted as following:

1. In the case of sparse violation will be:
  - Warned in document
  - Fined 1,000,000 kip or less
2. In the case of being performed the measures in number 1 of this article, but those continue violating or violate severely will be:
  - Fined from 1,000,000 to 10,000,000 kip
  - Await or remove the position of Administrator
  - Limit fund raising, credit releasing and others which Bank of Lao PDR sees those are necessary.
  - Remove Establishment Permission License and carry on settlements.
  - Put the trails according to the Law

## **Article 5. Warning and Fine**

1. Warning must be written in document include the contents as following:
  - Name of Commercial Bank which is warned
  - Contents of violation
  - Specify duration of resolution
  - Measures after being warned but still continue violating
2. Fine must be written in document include the contents as following:
  - Name of Commercial Bank which is fined
  - Contents of violation
  - Numbers of violation
  - Number of being fined
  - Amount of fine
  - Specify duration of resolution
  - Measures after being warned but still continue violating

## **Article 6. Violation on Establishment and Permission License using**

Commercial Banks will be ceased and remove Permission License if those have actions which are violation as following:

1. Be allowed to establish base on incorrect information providing, the information is important which may make the banks not secure.
2. Do not start the business within 90 days since the day they are allowed.
3. The action of Commercial Bank within first 3 years is not consistent the business plan which has proposed for establishment with minor reasons.

Commercial Banks will be warned or fined from 1,000,000 kip to 10,000,000 kip if those have actions which are violation as following:

1. Run business which is incorrect to the permission
2. Hand over, transfer or let others use its Permission License.

## **Article 7. Violation on restrictions of business running**

Commercial Banks which violate the restriction of business running defined in article 43 of Law on Commercial Bank will be performed by measures according to the article 4 of this decision.

## **Article 8. Violation on Security Measures**

Commercial Banks which violate the security measure defined in article 44 of Law on Commercial Bank will be performed by measures according to the article 4 of this decision.

## **Article 9. Violation on Reporting Regime**

Commercial Banks which send the report late, report incorrectly or do not follow the Reporting Regime defined in article 65 of Law on Commercial Bank and according to defining of Bank of Lao PDR will be performed by measures as following:

1. In the case of sending report late:
  - Will be warned in document
  - In the case of being warned, but it continues violating will be fined 1,000,000 kip a day
2. In the case of sending the report incorrectly:
  - Will be warned in document
  - In the case of being warned, but it continues violating or it's severe violation will be fined from 1,000,000 kip to 10,000,000 kip
  - Await or remove administrator position
  - Limit fund raising, release credits or other measures which Bank of Lao PDR see those are necessary
  - Remove establishment Permission License and conduct the settlement

## **Article 10. Violation on Registration Capital and Investment Capital using**

Commercial Banks which violate the regulations on Registration Capital or Investment Capital Using will be performed by the measures according to the article 4 of this decision

**Article 11. Not cooperate, not follow the instructions of inspectors or auditors**

Commercial Banks which do not cooperate do not follow the instruction of inspectors from Bank of Lao PDR or external auditors will be performed by the measures according to the article 4 of this decision.

**Article 12. Not follow commands, guidelines or notifications of Bank of Lao PDR**

Commercial Banks which do not follow the commands, guidelines or notifications of Bank of Lao PDR will be performed by the measures according to the article 4 of this decision.

**Article 13. Implementation**

Granting Department of Commercial Banks Management for implementation, monitoring, warning and fine those commercial banks which violate this decision.

**Article 14. Effect**

This decision is effected since the day it has been signed and it is replaced the Regulation on Security Protection of Commercial Bank and Financial Institutes which are responsible to Bank of Lao PDR No: 04/BOL, 15/01/1996.

Those regulations and notifications were enforced previously which against this decision are canceled.

**Governor of Bank of Lao PDR**

[Seal and Signature]

Phouphet Khamphounvong