

LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Bank of the Lao PDR

No 01/BOL

Vientiane Capital, dated 02 April 2010

Guideline

**on Implementation of Executive Decree on Management of Foreign Exchange and Precious Metals
No. 01/PO, dated 17 March 2008**

- Based on Law of the Bank of Lao PDR No. 05/NA, dated 14 October 1999;
- Based on the Executive Decree on Management of Foreign exchange and Precious Metals No. 01/PO, dated 17 March 2008.

The Governor of the Bank of the Lao PDR issues the Guideline:

Chapter I
General Provisions

Article 1. Purpose

To expand the detailed contents of some articles of the Executive Decree on Management of Foreign exchange and Precious Metals No. 01/PO dated 17 March 2008, to felicitate the implementation aiming to fulfill the purpose as provided in the Executive Decree.

Article 2. Words Definition

- “Executive Decree” means Executive Decree on the Management of Foreign exchange and Precious Metals No. 01/PO, dated 17 March 2008;
- “Foreign exchange Business” means to the transactions which are related to Foreign exchange;
- “Commercial and Service Credit” means to the purchase of goods and services in credit or receiving goods and services before the payment;
- “Precious Metals” means to gold bars and granular silver which can be used as international transactions instruments.

Article 3. Use of Foreign Exchange

The use of foreign exchange in largely for external payment. Domestic goods, services, leases, and other fees including salary payment shall be made all in Kip. For duty free shops where payment maybe made both in foreign exchange and Kip. Other cases shall be authorized by the Bank of the Lao PDR.

Chapter II

Foreign Exchange Trading

Article 4. Foreign Exchange Trading

The commercial bank can operate activities on foreign exchange trading within domestic and foreign market in compliance with regulations issued by the Bank of the Lao PDR in each period.

Foreign Exchange Bureaus can operate activities on foreign exchange trading within domestic market only, have only the right to buy foreign notes and traveler's checks but are not allowed to buy other commercial payer such as: all kinds of bank drafts, orders of payment, bills of exchange, promissory notes, other payment documents or instrument valued in foreign exchange which can be used to buy or sell in international transaction;

The commercial banks and foreign exchange bureaus may sell foreign exchange to the public in the amount of money as prescribed by the Bank of the Lao PDR in each period.

Article 5. Objectives of Sale and Use of Foreign Exchange

The sale of foreign exchange to residents and non – resident of the Lao PDR from a commercial bank according to the following objectives:

1. Transfer to pay for imported goods in the form of Letter of Credit (LC), Transfer by Telegram (TT), Swift transfer (SWIFT) or Bank Draft shall complete documents as follows:
 - Application for buying foreign exchange by the importers;
 - Goods order issued by the importers;
 - Proforma invoice issued by the importers abroad;
 - Selling – Buying contract (in case goods orders and proforma invoice are not available);
 - Enterprise Registration Certificate and business operation authorization (import-export).
2. Transfer to pay for transportation, insurance and warehousing, the application shall comprise of:
 - Application for buying foreign exchange of the service user;
 - Goods order issued by the importers;
 - Selling – Buying contract (in case goods order and proforma invoice and not available);
 - Enterprise Registration Certificate and business operation authorization (import-export).
3. Transfer to pay principal and interest incurred from foreign borrowing, application set shall comprise of:
 - Application for buying foreign exchange of foreign currency of the borrower;
 - Loan authorization issued by the Bank of Lao PDR;
 - Loan contract with the repayment plan;
 - Loan importation certificate issued by the Bank of Lao PDR;
 - Investment license;
 - Enterprise Registration Certificate

4. For remittance of profit and dividend of foreign investors, application set shall comprise of:
 - Application for buying foreign currency of foreign investor;
 - Dividend allocation agreement of management board or shareholder's meeting;
 - Investment license;
 - Enterprise Registration certificate.
5. To transfer capital of foreign inventor back home or to the third country, application set shall comprise of:
 - Application for buying foreign exchange of foreign investor;
 - Certificate for business down sizing or capital reduction, but still continuing business (in case of down sizing of the company);
 - Capital importation certificate issued by BOL;
 - Closure certificate, activities selling – buying contract or sale of shares certificate based on the decision of the management board or shareholders meeting or certificate of bank by the court in case of closure of activities).
6. For transferring the received interest or wage/salary of foreigners back home or to the third country, application set shall comprise of:
 - Application for buying foreign exchange of the foreign investors or employees;
 - Employment contract relating to income;
 - Certificate of deposit or bond ownership
7. For capital investment abroad, application set shall comprise of:
 - Application for buying foreign exchange from the authorized investor;
 - Investment license from authority of the Lao PDR;
 - Investment License from the authority of the invested country;
 - BOL authorization for capital export.
8. For medical treatment, application set shall comprise of:
 - Application for buying foreign exchange;
 - Approval of a state hospital's or private hospital's director at provincial or capital city level for treatment overseas.
9. For education overseas, application set shall comprise of:
 - Application for buying foreign exchange;
 - Approval of Ministry of Education of the Lao PDR on the confirmation of a study place from an external institution.
10. For travelling overseas, application set shall comprise of:
 - Application for buying foreign exchange;
 - Passport with a visas issued by the Ministry of Foreign Affairs.

The Bank of Lao PDR does not allow to buy foreign exchange for moving in domestic account.

For other transactions which need to use foreign exchange the pay to foreign countries which are not indicated above, the commercial bank may sell foreign exchange for, but the application to buy foreign exchange shall fully and legally complete certified documents on such need.

Article 6. Determination of Exchange Rates

The commercial bank and foreign exchange bureaus can determine their own exchange rate based on the reference rate issued in each period by the BOL.

Chapter III

Opening and Using of the Bank Deposit Account by Residents and Non-Residents of the Lao PDR

Article 7. Opening and using of the Bank Deposit Account in Foreign Exchange by Residents and Non-Residents in the Lao PDR

1. The opening of foreign exchange account of an individual or a legal person and a resident and non-resident of the Lao PDR shall comply with the following:
 - Identity Card, or family book or passport;
 - If opening an account for third party, there must be an authorization from the money owner and the identification card of the related person.
2. The using of the bank deposit account in foreign exchange by residents and non-residents of the Lao PDR.

The account in foreign exchange is used to receive the revenue of the account owner including cash income and transferred money from lawful source. The deposit into the account which has a large amount on the client has business relationship, the commercial bank shall report to the anti-money laundering unit of the Bank of the Lao PDR concerning such transaction after recording in the account.

The money in such account may be withdrawn in cash or transferred to the account of the third party. If there is a need to pay within the country shall comply with Article 3 of the Executive Decree and this Guideline.

3. The opening of foreign exchange account of legal entity, residents and non-residents of the Lao PDR with the commercial bank, the application shall comprise of:
 - Application for opening foreign exchange account
 - Investment license issued by the Ministry of Planning and Investment if it is a foreign investor;
4. The using of foreign exchange account of legal entity, residents and non-residents of the Lao PDR.

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The foreign exchange account is used to receive the income of the account's owner from lawful business operation to receive investment capital, to receive authorized external loan, to receive authorized from the lawful investment abroad.

To withdraw in cash or transfer to the third party. For the domestic payment shall comply with Article 3 of the Executive Decree and this Guideline.

Article 8. Rights to Possess Foreign Exchange of Individuals

Individual residing and not residing in the Lao PDR have the rights to possess foreign exchange in the form of opening deposit account with commercial bank or to keep with them but when they need to expense in the domestic they shall exchange in kip from the commercial bank or from the authorized foreign exchange bureaus.

Article 9. Opening of Account in kip and Using Kip Account by Non-Residents of the Lao PDR

The commercial bank has the duty to provide services on opening kip account to non-residents of the Lao PDR and allow to the account's owner to transfer or withdraw for goods payment, services and domestic investment and can exchange in foreign exchange back to the country or to the third country.

Article 10. Opening and Using a Bank Deposit Foreign Account of a Resident of the Lao PDR

1. The following residents of the Lao PDR are allowed to open nostro account:
 - Person who represents the government of the Lao PDR abroad;
 - Person who is allowed to study overseas;
 - Person who is allowed to work overseas including staff of the company authorized to operate overseas.
2. A legal person of the Lao PDR wishing to open nostro account shall make an application to the Bank of the Lao PDR for authorization and shall complete the file documents as follows:
 - Application to open a nostro account (according to the form issued by the Bank of Lao PDR);
 - Business license or approval to open a branch or a resident representative office overseas (in case it is a business) indicated in Article 11 of the Executive Decree);
 - Loan from overseas approval issued by the Bank of Lao PDR and external loan contract (in case the nostro account shall be opened according to conditions of the external loan);

The opening of nostro account overseas of legal entity which is not commercial bank located in the Lao PDR is authorized only particularly the current account.

Legal entity located in the Lao PDR which has opened nostro account without obtaining the approval from the Bank of Lao PDR shall notify concerning such deposit account and propose its necessity to the Bank of Lao PDR to consider for approval.

Article 11. The Management of Foreign Exchange Bank Accounts within the Country and Abroad

Individuals and legal entities which have foreign exchange account at the commercial bank in the Lao PDR must operate in accordance with Article 3 and 5 of the Executive Decree and this Guideline.

Individuals and legal entities which have obtained the authorization to open nostro account must termly report their accounting activities to the Bank of Lao PDR. The mentioned money in the account may transfer to the account within the country.

Article 12. Supervision of Revenue in Foreign Exchange

An individual resident and a legal person resident in the Lao PDR having income in foreign exchange such as from goods exportation, international servicing and all incomes from abroad shall completely import into the Lao PDR within 120 days from the day of receiving the payment. After importation shall deposit such foreign exchange in commercial bank in the Lao PDR, except only the case that has obtained the authorization from the Bank of Lao PDR. If there is the need to expense within the country shall exchange in kip with commercial bank or authorized foreign exchange bureaus.

For the income in foreign exchange inside the country shall bring to deposit in a commercial bank in the Lao PDR. If there is the need to expense within the country shall exchange in kip with a commercial bank or authorized foreign exchange bureaus.

The Bank of Lao PDR will consider to approve to individuals, legal entities to keep their incomes in foreign exchange in nostro account in order to use into the following cases.

- (1) External payment of loan according to the authorization of the Bank of Lao PDR in accordance with Article 20 clause 1 of this Guideline.
- (2) External credit payment according to the planning authorized by the Bank of Lao PDR in accordance with Article 20, clause 3 of this Guideline.

For the remained income from external debts payment shall transfer all into the Lao PDR.

The commercial bank has the duty to monitor the importation of income in foreign exchange of individuals and legal entities which are their customers in order to report to the Bank of Lao PDR.

Article 13. Bringing Cash in Foreign exchange and Precious Metals and Kip in and out of the Lao PDR

Residents and non-residents coming in and going out of the Lao PDR may bring in or out the kip of more than 20 million kip. Bigger amount shall be approved by the Bank of Lao PDR.

Passengers coming into the Lao PDR may bring unlimited amount of cash in foreign exchange and or precious metal. But, if the value is equal to 100 million kip shall declare to customs officers at the border check point.

The customs' officers at the border checkpoint have the duties to issue foreign exchange certificate and/or precious metal importation certificate as evidence.

Passengers going out the Lao PDR who want to bring out cash in foreign exchange and/or precious metals which have a value equal to 100 million kip or more shall have foreign exchange and/or precious metal importation evidence or receive authorization from the Bank of Lao PDR or assigned commercial bank.

For the bringing cash both in kip and foreign currency out-in the Lao PDR of a commercial bank or other financial institution in Lao PDR is to perform in compliance with Article 29 of the Executive Decree and Article 16 of this Guideline.

Chapter IV

Foreign Exchange Operation of a Commercial Bank and a Foreign Exchange Bureau

Article 14. Foreign Exchange Business Approval

An individual and a legal entity, who is not a commercial bank wishing to operate foreign exchange business in the form of foreign exchange bureau shall get the approval from the Bank of Lao PDR or from the commercial banks which are authorized by BoL. The Conditions for foreign exchange business approval include:

- Having good financial position and good creditability from society;
- Having appropriate location for the service and is the area where foreign currency buying-selling needed;
- Having staff capable in foreign exchange business;
- Having registered capital of 200 million kip in Vientiane capital and 100 million in provinces;
- Having a business relation to one of the commercial banks operating in the Lao PDR;
- Certificate of court verifying of never being sentence by court in a theft, fraud or foreign exchange business case.

In addition, the person who gets the approval to operate foreign exchange business in the form of foreign exchange bureau shall strictly adhere to regulations.

Article 15. Fixation Notice on the Exchange Rate

A commercial bank and foreign exchange bureau which are authorized to operate foreign exchange business shall fix notice on the exchange rate of buying-selling at the prominent place, visible and shall operate the buying-selling according to the exchange rate of fixed notice.

Article 16. Bringing in or Out of the Lao PDR Foreign Exchange by Commercial Banks and other Financial Institutions

The commercial banks and other financial institutions that want to bring out the foreign exchange to service their customers for the purpose indicated in the Article 5 of the Executive Decree or to manage their foreign exchange business shall comply to regulations issued by the Bank of Lao PDR in each period.

The commercial banks and other financial institutions that want to bring in-out foreign exchange in cash into/from the Lao PDR shall obtain the approval from the Bank of Lao PDR. The application shall include the explanation on the need to import-export cash, summary on the operation of

receiving and paying cash currency which need to bring in-out based on the printed form of the monthly report of the Bank of Lao PDR. At the time of actual bringing in-out the money shall be declared to the customs officer at the border check point for control and certification in the approval letter and shall send a copy of approval letter with the endorsement of the customs officer at the border check point to the Bank of Lao PDR within the following official working day.

In bringing in-out foreign exchange cash from the provinces, the commercial banks and other financial institutions can apply to BoL headquarters or its branch.

Article 17. Inspection and Reporting on Foreign Exchange Business Operation

The commercial banks and other financial institutions or foreign exchange bureaus operating foreign exchange business within the scope of approval shall develop accounting documents for foreign exchange business, summarize the data and report to BoL regularly according to the reporting form issued periodically by the BoL.

The Bank of Lao PDR has the rights to monitor evidence documents of the operation and accounting record of foreign exchange business of all commercial banks, other financial institutions and exchange bureaus when deemed necessary in order to ensure the correctness of business operation and reporting.

Chapter V Loan and Grant

Article 18. External Borrowing of Government

All foreign borrowing of the government shall centralize in the deposit account of the Ministry of Finance or the account of government projects opened at BoL. Except the case that the creditor does not allow to transfer of the loan to the Lao PDR, then this loan can be used for direct payment to external party or for exchanging to kip with the BoL for domestic payment.

The BoL is responsible for account holding, servicing and monitoring the external debt payment of the government based on the debt service schedule provided by the Ministry of Finance and foreign currency deposit account of the Ministry of Finance at BoL or the foreign exchange bought from the BoL.

Article 19. Grant Aid

For grant aid shall be performed in compliance with Article 24 of this Executive Decree.

Article 20. External Borrowing and the Management of External Commercial Credit of Individuals and Legal Entities

1. External Borrowing

Individuals and legal entities residing in the Lao PDR including the commercial banks, other financial institutions and State owned enterprises desiring to make external borrowing shall complete documents to the Bank of Lao PDR to consider for approval as follows:

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- Approval for external borrowing approval;
- Economic feasibility study of the person who wants to borrow externally;
- Schedule of the using and repayment of loan;
- Draft of loan contract or evidence of communication between borrowing and creditor;
- Resolution of meeting or decision on external borrowing;
- Enterprise registration certificate and tax registration certificate (for legal entity);
- Copy of investment license (for foreign investors).

For external borrowing including external commercial credit of a State owned company shall be obtained the approval from the Bank of Lao PDR and based on the consent of the Ministry of Finance.

2. Management of External Borrowing

External borrowing shall bring in to deposit account and use through deposit account of the borrower opened in the commercial banks in the Lao PDR or withdraw to exchange in kip for domestic payment, except the case obtaining approval from the Bank of Lao PDR.

The Bank of Lao PDR or the government will not guarantee the loan payment of private individual. The borrower has the duty to report on the performance of loan contract including the withdraw, the use and loan payment to the Bank of Lao PDR every month until such loan will be fully repaid.

3. Approval and management of external commercial credit

Individuals or legal entities who have the intention to grant or receive external commercial credit and servicing shall request the authorization from the Bank of Lao PDR for the purpose to manage the foreign exchange. Regarding other purposes shall be performed in accordance with regulations of relevant party. The application shall comprise of:

- Application for approval to grant, receive external credit;
- Revenue and repayment plan;
- Draft of commercial credit contract or evidence related to external commercial credit between the beneficiary and commercial creditor;
- Enterprise registration certificate and tax registration certificate (for legal entity)
- Copy of investment license (for foreign investor).

The authorized person to grant or receive external commercial credit and servicing shall report on the receipt of payment or his payment to the Bank of Lao PDR until its fulfillment.

The receipt of payment or payment of external commercial credit shall operate through the banking system.

The commercial bank has the duty to consider regarding the provision of foreign exchange to its customers or the transfer services for the payment of such goods through its bank.

Article 21. External Lending

Legal entity resident in the Lao PDR who extends to loan externally shall apply to the BoL with the following documents:

- Application for the external loan extension approval;
- Balance sheet and financial statement audited by external audit firm;
- Draft of external loan extension contract between the creditor and borrower;
- Resolution of board of directors or shareholder's meeting of the lender;
- Document issued by the commercial bank having good creditability of the borrower's country.

Legal entity authorized by the Bank of Lao PDR to extend an external loan shall report on the performance of a loan contract from the disbursement to full repayment according to the contract, the operation of such loan shall pass through the banking system.

Chapter VI Investment

Article 22. Foreign Investment in the Lao PDR

Foreign investors authorized to invest from the Ministry of Planning and Investment shall import capital to the Lao PDR according to the amount and in the currency specified in the investment license. When importing the capital shall deposit such capital at a commercial bank located in the Lao PDR.

The foreign investor shall declare the import both foreign exchange and capital in kind including the approved external loan to the Bank of Lao PDR every year until the importation match the approval in order to be a reference for the withdrawing of capital.

In case that the importation is in cash shall have a certificate of cash declaration to customs officers at the border check point and a copy of bank account statement that is related to imported cash from any commercial bank located in the Lao PDR. But the certificate of such capital shall be fined according to regulations, if the importation of capital in cash does not have the above mentioned evidence, the Bank of Lao PDR will not absolutely issue the certificate on the importation of capital in cash.

The Bank of Lao PDR responsible for checking the evidence of actual capital importation and issuing a certificate of actual capital importation to the investors regularly.

For foreign investors who have the principal office in the local, the investor shall notify the importation of capital to the Bank of Lao PDR branch or authorized commercial bank to issue the capital importation certificate according to regulations.

Article 23. Transfer of Fund to Foreign Countries

An individual or a legal entity who invest in the Lao PDR may transfer the money to foreign countries as follows:

1. Transfer of profit, dividend distribution, principal of loan and loan interest back to the country or to the third country. The application shall comprise of the following documents:

- Application to transfer the money;
 - Copy of bank account statement of the person who applies to transfer of a commercial bank;
 - Capital importation certificate issued by the Bank of Lao PDR;
 - Loan approval certificate issued by the Bank of Lao PDR (for the transfer of loan principal and interest);
 - Resolution of the board of directors meeting or shareholder's meeting concerning the dividend distribution of the company.
2. For the transferring of capital out of the Lao PDR after the investment license has been expired of some parts or the whole business operation have been terminated, the application shall include:
- Application to transfer the capital back to the home country or to the third country;
 - Certificate of capital importation issued by the BoL;
 - Decision or notification not to extend the investment license or that some parts or whole business operation are to be terminated issued by the Ministry of Planning and Investment.

After the transfer of money has properly and completely completed documents; the Bank of Lao PDR has the duty to consider to transfer such money immediately.

Article 24. Investment in Foreign Country of a Resident of the Lao PDR

An individual or a legal entity having a purpose to invest externally both directly and indirectly shall complete documents to apply for transferring money to invest in foreign countries to the Bank of Lao PDR as follows:

- Application of the investor to transfer capital out of the Lao PDR;
- Investment license abroad issued by the Ministry of Planning and Investment;
- Investment license issued by the authority of the invested country;
- Bank account statement of the investor issued by the commercial bank where the money has been deposited.

Chapter VII
Management of Business on Precious Metal

Article 25. Establishment and Management of Business on Precious Metal

1. Establishment on import-export of precious metal business:

Individuals and legal entities resident of the Lao PDR want to operate the business on importation and exportation of precious metal (gold bar and granular silver) of which foreign countries have used to be instrument for transaction shall complete documents and conditions as follows:

- Application to establish precious metal importation and exportation company according to the printed form of the Bank of Lao PDR;

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- Registered capital at least 20 billion kip, within that 80% in cash and 20% in other assets;
- Technical feasibility study and business operations plan;
- Organizational structure, personnel which have capacity and equipments serving business operation;
- Criminal clearance certificate for individual;
- Having the safety of services.

For foreign investors who want to incorporate their companies in the Lao PDR for operating precious metal importation and exportation business shall submit their application documents to the Ministry of Planning and Investment for the central level or to the planning and investment division for the provincial level depending case by case.

In addition to the above mentioned documents it should have to complete additional documents such as: copy of passport, the background of the person who wants to operate on precious metal importation and exportation business.

2. Management and control of precious metal business

- Precious metal importation and exportation business operation shall be subject to the management and control of the Bank of Lao PDR;
- Actual precious metal importation-exportation in each time by the precious metal importation and exportation company shall have an approval from the Bank of Lao PDR.

Beside that, the person who want to request for authorization and/or the authorized person to undertake business operations on importation and exportation of precious metal shall strictly perform in accordance with relevant regulations.

**Chapter VIII
Planning the Balance of Payment**

Article 26. Compiling Revenue and Expenditure in Foreign Exchange

Commercial banks and other financial institutions are responsible for reporting foreign exchange revenue-expenditure and transaction situation with foreign countries to the Bank of Lao PDR regularly in every month according to the reporting printed form and the instructions issued by the Bank of Lao PDR. In addition commercial banks and other financial institutions have the rights to request the individuals and legal entities that operate foreign exchange business to report data on foreign exchange operations as necessary. In case of their customers do not properly operate in consistence with the Executive Decree and this Guideline, the commercial bank and financial instructions shall report to the Bank of Lao PDR urgently.

Article 27. Planning the Balance of Payment

The Bank of Lao PDR has the duty to plan the balance of payment in order to monitor and analyze the balance payment situation between the Lao PDR with foreign countries based on data of revenue- expenditure in foreign exchange from relevant parties.

Relevant parties have the duties to provide data on revenue-expenditure in foreign exchange and revenue-expenditure plan in foreign exchange to the Monetary Policy Department of the Bank of Lao PDR.

The Monetary Policy Department of the Bank of Lao PDR has the right to coordinate directly with concerned parties when deemed necessary.

Chapter IX

Inspection, Policies towards Productive Persons and Measure against Violators

Article 28. Inspection

Ministries, ministry equivalents, Vientiane capital and provinces have the duties to regularly inspect the implementation of the Executive Decree and this Guideline of all departments, divisions, enterprises and persons that are under their supervisions.

The Bank of Lao PDR has the duty to inspect the implementation of the Executive Decree and this Guideline of commercial banks, other financial institutions and foreign exchange bureaus and also the duty to regularly compile the result of the inspection of the implementation of the Executive Decree and this Guideline of ministries, ministry equivalents, Vientiane capital and provinces in order to compile and report to the government in each period.

Article 29. Policies towards the Productive Persons

The Bank of Lao PDR has the duty to gather outstanding deed of individuals, legal entities and organizations in the implementation of foreign exchange and precious metal management tasks in order to commend according to regulations issued by the Bank of Lao PDR from time to time.

Officers, officials, military, police and population who have contributed into foreign exchange and precious metal management tasks, direct or indirect arrest related to the violation of the Executive Decree and this Guideline will receive commendations or other privileges issued by the Bank of Lao PDR.

Article 30. Violation

The following acts of residents and non-residents of the Lao PDR are considered as a violation to the Executive Decree and this Guideline:

1. Use of foreign exchange for payment transactions, including goods and service pricing in foreign exchange in the Lao PDR without approval;
2. Operate foreign exchange business, including foreign exchange shop without approval;
3. Bring cash in kip, cash in foreign exchange or precious metal in-out of the Lao PDR in excess of the amount without approval;
4. Open and use foreign exchange account abroad without approval or use this account beyond the approval scope;

5. Determination and application of the rate of exchange by commercial banks and foreign exchange bureaus which is not lawful as provided;
6. Borrow or extend foreign exchange loan or receive, grant, commercial credit with foreign countries without approval;
7. Bring in capital in cash of the foreign investors who invest in the Lao PDR or already imported capital but not having a capital importation certificate yet;
8. Failure to perform in accordance with reporting procedures or incorrect reporting to the reality;
9. Conceal the offense or in complicity with the wrongdoing against the Executive Decree and this Guideline;
10. Other acts that are not consistent to the Executive Decree and this Guideline.

Article 31. Measures against Violators

1. First time violation of clause 1 of Article 30 and is a minor case or an act of innocence will be admonished. If once has been admonished but still continue to act will be fined 500.000 kip from the trade's officer and/or economic police;
2. First time violation of clause 2 of Article 30 and is a minor case or an act of innocence, the violator will be admonished. If once has been admonished but still continue to act wrongly will be fined 3.000.000 kip from the economic police;
3. Violation of clause 3 of Article 30 will be imposed to the following measures:
 - First time, bringing cash in kip in-out of the Lao PDR in excess without approval from the Bank of Lao PDR and is a minor case or an act of innocence, the violator will be admonished. If once has been admonished but still continue to act in recidivism for the second time or first wrongdoing but the value is more than 50 million kip, will be fined 50% of the violated value. If still to act wrongfully, the violator will be fined 100% of the violated value.
 - Bringing cash in foreign exchange and precious metal out of the Lao PDR which has a value equivalent to more than 100 million kip with evidence to declare to bring in the Lao PDR or without approval of the Bank of Lao PDR will be admonished.

If once has been admonished but still to act in recidivism for the second time of the first offence which has a value more than 200 million kip will be fined 50% of the violated value. If still continue to commit an offense, the violator will be fined 100% of the violated value from customs officer at the border checkpoint and relevant parties.
4. First time of violation of clause 4 of Article 30 and is a minor case or an act of innocence the violator will be admonished. If once has been admonished but still continue to act wrongfully will be fined 50.000.000 kip;

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5. First time of violation of clause 5 of Article 30 and is a minor case or an act of innocence, the violator will be admonished. If once has been admonished but still continue to act wrongfully will be fined 2.0000.000 kip;
6. First time of violation of clause 6 of Article 30 will be fined 1% of loan value;
7. First time of violation clause 7 of Article 30 will be fined 10%. If commit another offense will be fined 50% of certified cash amount at that time.

First time of violation of clause 8,9,10 of Article and is a minor offense or an act of innocence, the violator will be admonished and recorded in writing. If once has been admonished but still continue

to commit a second time or violate first time but the value is equal to 50 million or more, will be fined 50% of the violated value.

If still continue to commit the offense in recidivism will be fined 100% of the violated value.

The offense from clause 1 to clause 10 of Article 31 which cause seriously damages to economic-financial system and foreign exchange is considered as a first offense will be taken action according to laws of the Lao PDR.

For the money and precious metal which are received from the fine will be confiscated and authorize to deduct 40% of the value earning from the fine in order to be an award or bonus and divide in accordance with regulations of the relevant competent-organization granted to the productive persons.

For the remained 60% of the fine value shall remit to the list of revenue of the State's budget including other evidence related to the fine and also the fine minute to each relevant party within 15 official working days.

Chapter X Final Provisions

Article 32. Implementation

Ministries, ministry equivalents, provinces, Vientiane capital and relevant parties in the social including individuals and legal entities have the duties to strictly implement the Executive Decree and this Guideline, the Bank of Lao PDR is the body to monitor the performance and report to the higher level in each period in order to settle issues on time.

Article 33. Effectiveness

This Guideline supersedes the Guideline No. 02/BoL, dated 29 September 2003 concerning Implementation on the Management of Foreign Exchange and Precious Metals No. 01/PO, dated 9 August 2002.

The Guideline is effective from the date of its signing. Any provisions, regulations which contradict this Guideline are hereby repealed.

The Governor of the Bank of Lao PDR

[seal and Signature]

Phouphet KHAMPHOUNVONG

Unofficial translation