

The Bank of the Lao PDR  
340/BOL

No.

Vientiane Capital, date: 28 April 2011

## **DECISION**

*on*

### **Scope of Management of Commercial Banks and Financial Institute of the Commercial Bank Supervision Department and Financial Institute Supervision Department and branches of the Bank of the Lao PDR**

- Pursuant to the Law on the Bank of the Lao PDR No. 05/NA, dated 14 October 1995 and amended version No. 05/NA, dated 14 October 1999;
- Pursuant to the Law on Commercial Banks No. 03/NA, dated 26 December 2006;
- Pursuant to the Agreement of the Meeting regarding Scope of Rights for Management of Commercial Banks and Financial Institutes dated 21 May 2010.

#### **The Governor of the Bank of the Lao PDR hereby issues this Decision:**

To define a scope of rights for the Commercial Bank Supervision Department and Financial Institute Supervision Department by assigning the following duties to the Commercial Bank Supervision Department (CBSD), the Financial Institute Supervision Department (FISD), and branches of the Bank of the Lao PDR (branches of BOL):

#### **Article 1. Consideration of Request for Incorporation of Commercial Banks**

- 1.1. The CBSD is in charge of considering requests for the incorporation of commercial banks, branches of foreign commercial banks, branches of local commercial banks, and assigning a branch of the BOL to monitor the progress of complying with the conditions for incorporation of commercial banks;
- 1.2. The FISD is in charge of considering requests for the incorporation of financial institutes in provinces that are beyond the jurisdiction of a branch of the BOL in accordance with procedures as stipulated in laws and regulations and the scope of rights assigned by the Governor of the BOL;

For requests by financial institutes in provinces that the branches of the BOL are in charge of, especially the incorporation license signed by the Governor of the BOL, the branches of the BOL shall consider and instruct an applicant to comply with conditions and procedures for incorporation. If an applicant fully meets the conditions, the application and supporting documents for incorporation of financial institutes and the comments of the branch of the BOL shall be delivered to the FISD for consideration and for the governor to propose approving it. If the FISD does not agree with the application, it shall provide reasons in writing to the branch of the BOL or instruct the branch of the BOL to conduct any necessary act for a proper and complete consideration of the application for incorporation of the financial institutes.

In the case of an incorporation license that the branch of the BOL authorized by the Governor of the BOL has approved, the branch that has granted the incorporation license to a financial institute shall deliver a copy of the incorporation license and required documents to the FISD. Moreover, the branch of the BOL shall summarize the statistical

data of financial institutes in provinces which fall within its responsibility and send it to the FISD;

In case of necessity, the FISD may take an application and supporting documents for the incorporation of financial institutes which fall under the jurisdiction of the branch of the BOL into consideration in accordance with the Governor's direction.

## **Article 2. On-site Inspection**

The CBSD and the FISD are responsible for on-site inspection at commercial banks, branches of foreign commercial banks, branches of local commercial banks, and financial institutes countrywide in accordance with their duties.

The CBSD and the FISD shall send inspection reports for commercial banks, branches of foreign commercial banks, branches of local commercial banks, and financial institutes to the relevant branch of the BOL.

The CBSD and the FISD may assign the branch of the BOL to conduct an on-site inspection at the commercial banks, branches of foreign commercial banks, branches of local commercial banks, and financial institutes located in the provinces under the supervision of a branch of the BOL. Upon completion, the branch of the BOL shall send an inspection report to the CBSD and the FISD.

## **Article 3. Documentary Examination**

The CBSD and the FISD shall conduct a documentary examination of commercial banks, branches of foreign commercial banks, branches of local commercial banks, and financial institutes countrywide in accordance with their duties.

Branches of the BOL are obliged to monitor the submission of the statements of financial position and conduct documentary examinations of branches of local commercial banks and financial institutes located in the provinces under the supervision of the branches of the BOL on the BOL's printed form, and then send a copy of the financial analysis and operational condition of the branches of local commercial banks and financial institutes to the CBSD and the FISD.

## **Article 4. Implementation**

The CBSD, the FISD, and the branches of the BOL are in charge of clarifying and strictly complying with this Decision.

## **Article 5. Effectiveness**

This Decision shall be enters into force on the date it is signed.

**The Governor of the Bank of the Lao PDR**

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Phouphet Khamphounvong