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

Bank of Lao PDR

No 01/BOL
Vientiane Capital, date 02 April 2010

**Instruction on Implementation of Decree Law on Management of
Foreign Currency and Precious Metals No. 1/PC dated 17 March 2008**

- Pursuant to the Law of the Bank of the Lao PDR No. 5/NA dated October 14, 1999;
- Pursuant to the Decree Law on Management of Foreign Currency and Precious Metals No. 1/PC dated 17 March 2008.

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

**Part I
General Provisions**

Article 1: Purpose

To describe details of several articles of the Decree Law on Management of Foreign Currency and Precious Metals to facilitate the implementation with good result and to fulfill the objectives as stipulated in the Decree Law.

Article 2: Definition

- "The Decree Law" means the Decree Law on Management of Foreign Currency and Precious Metals No. 1/PC dated 17 March, 2008;
- "Foreign exchange business" means the transaction related to foreign exchange;
- "Commercial and service credit" means buying goods and services in credit or having goods and services before paying;
- "precious metals" means gold and silver bars which may be used as a means for international settlement.

**Part II
Use of Foreign Exchange**

Article 3: Use of Foreign Exchange

The use of foreign exchange is largely for external payment. Domestic goods, services, rents and fees payment including wages and salaries shall all be made in Kip.

As for duty free shops, payment may be made both in foreign currency and Kip. Other cases shall be authorized by the Bank of the Lao PDR.

Article 4: Foreign Exchange Trading

Commercial banks may carry out foreign exchange transactions in both domestic and international markets according to the regulations set by the Bank of the Lao PDR periodically.

Foreign exchange bureau may only carry out foreign exchange transactions in domestic market and have only the right to buy foreign notes, and traveler's checks but are not allowed to buy other commercial papers such as all kinds of bank drafts, orders of payment, bills of exchange, promissory notes, other payment documents or instruments valued in foreign currency which can be used to buy or sell in international transaction.

A commercial bank and a foreign exchange bureau may sell foreign exchange to the public within the amount determined by the Bank of the Lao PDR periodically.

Article 5: Objectives of Sale and Use of Foreign Exchange

A commercial bank may sell foreign exchange to the residents and non-residents of the Lao PDR according to the purposes as follows:

1. To pay for imported goods in foreign countries in the form of L/C, TT, SWIFT or Bank Draft, application set shall comprise of:

- Application for buying foreign currency by the importers;
- Goods order issued by the importers;
- Pro forma invoice issued by the exporters abroad;
- Selling-buying contract (in case goods orders and pro forma invoice are not available).
- Business license and export-import license.

2. To pay for transportation, insurance and warehousing, the application shall comprise of:

- Application for buying foreign currency of the service user;
- Goods delivery notes (transportation case);
- Insurance contract (insurance case);
- Warehouse receipt (warehousing case);
- Business license and export-import license.

3. To pay principal and interest incurred from foreign borrowing, application set shall comprise of:

- Application for buying foreign currency of the borrower;
- The foreign borrowing permit issued by the Bank of the Lao PDR;
- Loan contract with the repayment plan;
- Capital importation certificate stipulating loan importation issued by the Bank of the Lao PDR;
- Investment license;

- Business license.
4. For remittance of profit and dividend of a foreign investor, application set shall comprise of:
- Application for buying foreign currency of the foreign investor;
 - Dividend allocation agreement of management board or share holders' meeting;
 - Investment license;
 - Business license.
5. To transfer capital of a foreign investor back home or to the third country, application set shall comprise of:
- Application for buying foreign currency of the foreign investor;
 - Certificate for business downsizing or capital reduction, but still continuing business;
 - Capital importation certificate issued by the Bank of the Lao PDR;
 - Closure certificate, sale contract or sale of shares contract based on the decision of the management board or share holders' meeting or certificate of bankruptcy by the court.
6. For transferring the received interest and wage/salary of foreigners back home or to the third country, application set shall comprise of:
- Application for buying foreign currency of the foreign investor 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 currency from the authorized investor
 - Investment license from authority of the Lao PDR
 - Investment license from the authority of the invested country
 - The Bank of the Lao PDR's authorization for capital export.
8. For medical treatment, application set shall comprise of:
- Application for buying foreign currency;
 - Approval of a state or private hospital's director at provincial level for treatment overseas.
9. For education overseas, application set shall comprise of:
- Application for buying foreign currency;
 - Approval of Ministry of Education of the Lao PDR or the confirmation of a study place from an external institution.
10. For traveling overseas, application set shall comprise of:
- Application for buying foreign currency;
 - Passport with a visa issued by the Ministry for Foreign Affairs.

The Bank of the Lao PDR will not allow any persons to buy foreign exchange and deposit in the domestic accounts.

As for other transactions which require foreign exchange to settle with foreign parties, but are not stipulated in this article, a commercial bank may sell its foreign exchange, but the person who wants to buy foreign exchange has to fulfill the application set completely and correctly in accordance with the regulations.

Article 6: Exchange Rate Determination

The commercial banks and foreign exchange bureau may determine their own exchange rate based on the reference rate and regulations issued periodically by the BOL.

Part III

Opening and using of the bank deposit account by residents and non-residents of the Lao PDR

Article 7: Opening and using of bank deposit accounts in foreign currency account in Lao PDR of an individual or a legal person resident and non- resident of the Lao PDR

1. The opening of foreign currency account in Lao PDR of an individual or a legal person resident and non- resident of the Lao PDR, shall comply with the following:
 - An identification card or family book or passport;
 - To open an account for third party, there must be an authorization from the money owner and the identification card of the related person.
2. The use of foreign currency account of a resident and a non-resident individual of the Lao PDR.

The foreign currency account is used to receive the account owner's income both in cash and transferred money which are legally earned. The deposit of large amount of money or if the customer is not related with the business, the concerned commercial bank shall report to anti-money laundering unit of the Bank of the Lao PDR after the money has been deposited.

This money may be withdrawn in cash or transferred to another account. When the money is used to spend within the country, it shall comply with article 3 of this decree law and this instruction.

3. The opening a foreign currency account of a legal person, resident and non-resident of the Lao PDR, with a commercial bank shall file the application forms as follows:
 - Application for opening a foreign currency account;
 - Investment license issued by the Ministry of Plan and Investment.

4. The use of foreign currency account of a resident and a non-resident legal person of the Lao PDR

The foreign currency account is used to receive the account owner's income both in cash and transferred money which are legally earned, to receive investment fund, approved foreign loans, dividends or profit from approved investment abroad.

This money may be withdrawn in cash or transferred to another account. When the money is used to spend within the country, it shall comply with article 3 of this decree law and this instruction.

Article 8: Right to hold foreign currency of an individual

A resident and non-resident of the Lao PDR have the right to hold foreign currency by opening a bank account or having in their pockets. But when they want to spend within the country, they shall exchange into Kip with a commercial bank or a licensed exchange bureau.

Article 9: Opening and using a bank deposit Kip account of a non-resident of the Lao PDR

A commercial bank will allow non-residents of the Lao PDR to open bank deposit Kip account and allow the owner of the account to transfer or withdraw the money to pay for the goods, services and investment domestically and may exchange Kip into foreign exchange to bring back to their own country or to the third country.

Article 10: Opening and using a bank deposit foreign account (Nostro 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 who wants to open a nostro account shall file the following documents for approval:
 - Application to open a nostro account (with the forms issued by the Bank of the Lao PDR);
 - Business license or approval letter to open a branch or a resident representative office overseas (in case it is a business indicated in Article 11 of the Decree Law);
 - An approval letter for foreign borrowing issued by The Bank of the Lao PDR and External loan contract (in case the nostro account shall be opened according to conditions of the external loan).

For the nostro account of a non-banking legal person of the Lao PDR, only the current account is allowed.

Those legal persons of the Lao PDR who have bank accounts abroad without the

approval of the Bank of the Lao PDR shall inform the Bank of the Lao PDR and explain the necessity to the Bank of the Lao PDR to consider the approval.

Article 11: The management of foreign currency bank accounts opened within the Lao PDR and abroad

A person and a legal person who have bank an account in foreign currency with a commercial bank in Lao PDR shall comply with Article 3 and Article 5 of the Decree Law and this Instruction.

A person and a legal person who were allowed to have a nostro account abroad shall report the transactions of their account to the Bank of the Lao PDR every quarter. The money in this account may be transferred to the account within the country. When they want to spend within the country, they shall exchange into Kip with a commercial bank or a licensed exchange bureau.

Article 12: Supervision of revenue in foreign exchange

An individual resident and a legal person resident in the Lao PDR having income from exporting goods, services and other revenues from abroad shall bring full amount of these incomes to Lao PDR within 120 days starting from the date of payment. Once the money was brought into the country, it shall be deposited with a commercial bank located in Lao PDR unless it has been exempted by the Bank of the Lao PDR. When they want to spend within the country, they shall exchange into Kip with a commercial bank or a licensed exchange bureau.

As for the domestic revenue in foreign currency, it shall be deposited with a commercial bank located within Lao PDR. When they want to spend within the country, they shall exchange into Kip with a commercial bank or a licensed exchange bureau.

The Bank of the Lao PDR will consider allowing a person and a legal person to keep their revenue in foreign currency in their nostro account to be used for the following purposes:

- (1) To repay external loan as approved by the Bank of the Lao PDR according to Article 20 section 1 of this instruction.
- (2) To repay an external letter of credit that has been approved by the Bank of the Lao PDR according to Article 20 section 3.

The remaining amount after external debt payment shall be brought into Lao PDR.

Article 13: Bringing cash in foreign currency, and precious metals and kip in and out the Lao PDR

Residents and non-residents of the Lao PDR coming in and going out of the Lao PDR may bring in or out the Kip of no more than 20 million kip. Bigger amount shall be approved by the BOL.

Passengers coming into the Lao PDR may bring unlimited amount of cash in

foreign currency and/or precious metals. However, if the amount exceeds its equivalent of 100 million Kip, it shall be declared to the customs officer at the border check point.

The customs officer at the border check point will issue a declaration slip to the owner of money or previous metal as evidence.

Passengers going out the Lao PDR who wants to bring out foreign currency and /or precious metals with a value in excess of its equivalent 100 million Kip shall take along the declaration slip of bringing these in or get an approval from the BOL or from an authorized commercial bank.

Bringing cash in kip and foreign currency in and out the Lao PDR by a commercial bank and a financial institution located in Lao PDR shall comply with Article 19 of the Decree Law and this Instruction

Part IV

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

Article 14: Foreign Exchange Business Approval

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

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

In addition, those who have got an approval to operate foreign exchange business in the form of foreign exchange bureau or foreign exchange agent shall comply strictly with concerned regulations.

Article 15: Public Notice on Exchange Rate

A commercial bank and an authorized foreign exchange bureau shall put up a public notice on exchange rate which includes buying and selling rates. This notice must be clearly seen and shall be complied with.

Article 16: Bringing in or out of the Lao PDR foreign currency by commercial banks and other financial institutions

The commercial banks and other financial institutions which want to transfer foreign currency abroad to service their customers with the purposes for foreign exchange using provided in Article 5 of the Decree Law or to manage foreign exchange business shall comply with the regulations set by the Bank of the Lao PDR periodically.

The commercial banks and other financial institutions which want to bring in or out of the Lao PDR foreign currency in cash shall get an approval from the Bank of the Lao PDR by filing an application explaining the reason and necessity to bring in or out foreign currency attached by a statement of transactions of the currency they want to bring in or out of the country in the monthly report form provided by the Bank of the Lao PDR. When this is actually carried out, the money shall be declared at the customs check point for checking and signing an approval slip one of which shall be sent to the Bank of the Lao PDR on the following working day.

As for the bringing in or out of the Lao PDR foreign currency in cash of commercial banks and other financial institutions located at various provinces, they shall get an approval from the Bank of the Lao PDR, it can be either headquarters or its branch.

Article 17: Monitoring and reporting on foreign exchange business

The commercial banks and other financial institutions, foreign exchange bureau or foreign exchange agents operating foreign exchange business within the scope approved in the Lao PDR shall develop accounting documents for foreign exchange business, summarize the data and report to the Bank of the Lao PDR regularly according to the reporting form issued periodically by the Bank of the Lao PDR.

The Bank of the Lao PDR may monitor the transactions of foreign currency and accounting documents for foreign exchange business of commercial banks and other financial institutions, foreign exchange bureau or foreign exchange agents when it deems necessary in order to ensure the compliance of doing this business and reporting.

Part V Foreign Loans and Grants

Article 18: External borrowing of the 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 the Bank of the Lao PDR. Except the case the creditor does not allow to transfer 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 Bank of the Lao PDR for domestic payment.

The Bank of the Lao PDR 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 the foreign currency deposit account of the Ministry of Finance at the Bank of the Lao PDR or the foreign exchange bought from the Bank of the Lao PDR.

Article 19: External Grants

As for external grants, they shall comply with Article 24 of the Decree Law.

Article 20: External borrowing and the management of external commercial credit

1. External borrowing:

An individual resident and a legal person of the Lao PDR, including commercial banks and other financial institutions and state-owned enterprise, who want to borrow externally shall apply to the Bank of the Lao PDR for approval. The application documents include:

- An application for borrowing externally;
- A brief feasibility study of the project needing a foreign loan;
- The fund use plan, the debt payment plan;
- The draft of the loan contract or evidence of connection between borrower and creditor;
- Resolutions of the meeting or decision on external borrowing;
- Business license and tax license (for a legal person);
- A copy of investment license (for foreign investors).

Foreign borrowing including commercial credit of the state-owned enterprises shall be approved by the Bank of the Lao PDR and based on the agreement of the Ministry of Finance.

2. Management of external loans:

External loans shall be brought in and used through the account of the borrower opened at a commercial bank located in Lao PDR. Loans may be withdrawn from the account to exchange into Kip to be used domestically except for the case approved by the Bank of the Lao PDR.

The Bank of the Lao PDR or the Government will not provide a guarantee for private borrowing. The borrower shall report the loan implementation including disbursement, use and debt repayment to the Bank of the Lao PDR every month until the loan is fully repaid.

3. The approval and the supervision of commercial credit from abroad:

An individual person and a legal person who wish to give or receive a foreign commercial credit and a Foreign Service credit shall apply to the Bank of the Lao PDR for approval in order to manage foreign exchange. For other purposes, they shall comply with other agencies' regulations. The application documents include:

- An application to give/receive a foreign credit;

- Revenue and repayment plan;
- Draft of commercial credit contract or evidence of connection between the commercial credit receiver and giver;
- Business license and tax license (for a legal person);
- A copy of investment license (for foreign investors).

The person who is allowed to give or receive a foreign commercial credit and a Foreign Service credit shall report the receipt of their repayment or their payment to the Bank of the Lao PDR until the credit is fully settled.

The receipt of their repayment or their payment for foreign commercial credit and Foreign Service credit shall be made through the banking system.

A commercial bank will consider supplying foreign exchange to its customers or giving its money transfer service for such transactions.

Article 21: External Lending

A legal person in Lao PDR who wants to extend loan externally shall apply to the Bank of the Lao PDR with the following documents:

- Application for the external loan extension;
- Balance sheet and financial statement audited by the external auditor;
- The draft of the loan contract between borrower and creditor;
- Resolutions of the board of directors' meeting or shareholders' meeting of the lender;
- Payment guarantee issued by a credible bank in the country of the borrower.

An individual and a legal person allowed from BOL to extend a loan externally shall report of the performance of a loan from disbursement to full repayment. The transactions of this loan shall be made through the banking system.

Part VI Investment

Article 22: Foreign Direct Investment

A foreign investor who has an investment license from the Ministry of Plan and Investment shall transfer their fund with the amount and currency stipulated in the investment license to the Lao PDR through the banking transaction into the account opened with a commercial bank operating in the Lao PDR.

The foreign investor shall declare the importation of both foreign exchange and capital in materials including the approved external loan to the Bank of the Lao PDR every year until the importation of the capital match the approval in order for the Bank of the Lao PDR to issue a certificate of capital importation as an evidence during the repatriation of the fund.

Capital importation in cash shall have a declaration slip from the customs check point and a bank statement of which the cash was brought into Lao PDR, but to certify this amount of money, there will a fine imposed on according to regulations. If cash was brought in without aforementioned evidence the Bank of the Lao PDR will not issue a certificate of capital importation.

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

Those foreign investors who have headquarters in the provinces will declare their capital importation with a branch of the Bank of the Lao PDR or an authorized commercial bank in order to issue a certificate of capital importation.

Article 23: Transfer of fund to foreign countries

1. An individual or a legal person invested in the Lao PDR who want to transfer approved profit, dividend, capital and interest received from their business operation, to the home country or the third country shall apply to a commercial bank with the following documents:

- An application to transfer the money;
- Bank account statement issued by the commercial bank where the money has been deposited;
- Certificate of capital importation issued by the Bank of the Lao PDR;
- An approval letter to borrow issued by the Bank of the Lao PDR (for the transfer of loan and loan interest);
- Decision of the board of directors or shareholders' meeting on the dividend distribution of the company.

2. For the transferring of capital out of the Lao PDR after the investment license has been expired or some parts or the whole business operation have been terminated, the application shall include:

- An application to transfer the capital back to the home country or to the third country;
- A certificate of capital importation issued by the Bank of the Lao PDR;
- The agreement or notice of the Ministry of Plan and Investment not to extend the investment license or that some parts or whole business operation of the company are to be terminated.

After the transferor has submitted the full and correct documents, the concerned commercial bank is responsible for considering the application immediately.

Article 24: Investment in foreign country of a resident of the Lao PDR

An individual and a legal person of the Lao PDR having a purpose to invest

externally both directly and indirectly, shall apply to the Bank of the Lao PDR to transfer the fund to invest abroad with the following documents:

- An application of the investor to transfer the money out of Lao PDR;
- A license to invest abroad from the Ministry of Plan and Investment;
- An investment license issued by the authority of the host country;
- A bank account statement of the investor issued by the commercial bank where the money has been deposited;

Part VII

Management of Precious Metals Business

Article 25: The establishment and the management of precious metals business

1. The establishment of a business for export and import of precious metals

An individual and a legal person of the Lao PDR having a purpose to operate an export and import of business of precious metals (gold and silver bars) which may be used as a means for international settlement shall file with the following documents and have following requirements:

- An application to establish a company for import and export of precious metals according to the forms provided by the Bank of the Lao PDR;
- The registered capital of at least 20 billion Kip of which 80 percent in cash and 20 percent in other assets;
- Feasibility study and business plan;
- Organization chart, knowledgeable and able personnel and equipment to operate the business;
- A certificate of court verifying of never being sentenced by court for individual;
- Having a proper office location and ensuring the security during business operations.

A foreign investor who wishes to establish a company for import and export of precious metals shall apply with the Ministry of Planning and Investment for the central level and to the Department of Planning and Investment for the provincial level as appropriate. In addition to the above mentioned documents, additional documents shall be submitted namely a copy of passport, short biography, history of business transactions or background of the person who wishes to operate a business for import and export of precious metals.

2. The supervision of precious metals business

- The import and export of precious metals shall be under the supervision of the Bank of the Lao PDR;
- The import and export of precious metals of the company each time shall be permitted by the Bank of the Lao PDR.
In addition, the person who wishes to get a license and/or the person who has a

license to operate a business for export and import of precious metals shall strictly comply with the regulations.

Part VIII

Planning the Balance of Payment

Article 26: Payments to Foreign Countries

The commercial banks and other financial institutions shall report their external transactions to the Bank of the Lao PDR monthly based on the reporting forms and instructions issued by the Bank of the Lao PDR. In addition, commercial banks and other financial institutions have the right to request the individuals and legal persons that operate the foreign currency business to report the foreign currency operations as necessary. In case there is a violation the Decree Law and this Instruction, the commercial banks and other financial institutions shall report to the BOL urgently.

Article 27: Planning the Balance of Payment

The Bank of the Lao PDR is responsible for compiling the balance of payment to monitor and analyze the international payments between Lao PDR and the rest of the world in foreign exchange.

All concerned parties are responsible to supply revenue and expenditure in foreign exchange and the revenue and expenditure plan in foreign exchange to Monetary Policy Department of the Bank of the Lao PDR.

The Monetary Policy Department of the Bank of the Lao PDR has the right to coordinate with concerned parties as it deems necessary.

Part IX

Inspection, Reward and Penalty

Article 28: Monitoring

The Ministries, ministry equivalents, the capital and all provinces are responsible for monitoring regularly the implementation of the Decree Law and this Instruction of agencies, enterprises and individuals under their purview.

The Bank of the Lao PDR is responsible for inspecting the implementation of the Decree Law and this Instruction of the commercial banks and other financial institutions and foreign exchange bureau. In addition, the Bank of the Lao PDR shall also compile the result of the implementation of the Decree Law and this Instruction of the ministries, ministry equivalents, the capital, provinces, and special zone and report to the Government regularly.

Article 29: Favor policy of good implementers

The Bank of the Lao PDR is responsible for following up the good performance of individuals, legal persons and organizations in the implementation of the Decree Law for rewarding according to the regulations set by the Bank of the Lao PDR periodically.

Public servants, soldiers, police and general public who have contributed to the task of foreign exchange and precious metals management by supplying information, arresting those who violated the Decree Law and this Instruction, either directly or indirectly, will receive rewards or other favors set by the Bank of the Lao PDR.

Article 30: Violations

The residents and non-residents of the Lao PDR who committed the following acts are considered as violation the Decree Law and this Instruction:

1. Using foreign exchange for payment transactions, including goods or service pricing in foreign currency in the Lao PDR without approval;
2. Operating foreign exchange business, including exchange foreign currency without approval;
3. Bringing in and out of the country cash in Kip, foreign currency or precious metals beyond the approved limit;
4. Opening and using foreign currency account abroad without approval or use this account beyond the approved limit;
5. Determination and implementation of exchange rate of a commercial bank and an exchange bureau are not complied with the regulations;
6. Borrowing or extending foreign currency loan or give/receive commercial credit with a foreigner without approval;
7. Bringing fund in cash of a foreign investor to invest in Lao PDR or after bringing the fund, the investor did not apply for capital importation certificate;
8. Not complying with the reporting regulations or misreporting;
9. Concealing mistakes or taking part in violating against the Decree Law or this instruction;
10. Other activities not in line with the Decree Law or this Instruction.

Article 31: Measures for violators

1. The violation section 1 of Article 30 for the first time, which is not serious or unintentional, shall receive a warning. Upon the second violation 500,000 Kip fine will be imposed by trade officer and/or economic police officer;
2. The violation section 2 of Article 30 for the first time, which is not serious or unintentional, shall receive a warning. Upon the second violation 3,000,000 Kip fine will be imposed by economic police officer;
3. The violation section 3 of Article 30 will be implemented as follows:
 - Violation for bringing in and out of the country cash in Kip the first time which is not serious or unintentional, the violator will be warned. Upon the second violation or the first violation with the value of 50 million or more, the penalty rate will be 50% of the value involved. Upon further violation after the first penalty, the violator will be fined 100% of the valued involved.

- Violation bringing in and out of the country cash in foreign currency and precious metals with the value of equivalent 100 million Kip or more without any evidence of declaration for bringing money in the Lao PDR or without an approval from the Bank of the Lao PDR, the violator will be warned. Upon the second violation or the first violation with the value of 200 million Kip or more, the penalty rate will be 50% of the value involved. Upon further violation after the first penalty, the violator will be fined 100% of the valued involved by the customs officer and concerned agency.
- 4. The violation section 4 of Article 30 for the first time, which is not serious or unintentional, shall receive a warning. Upon the second violation 50,000,000 Kip fine will be imposed.
- 5. The violation section 5 of Article 30 for the first time, which is not serious or unintentional, shall receive a warning. Upon the second violation 2,000,000 Kip fine will be imposed.
- 6. The violation section 6 of Article 30 for the first time, the penalty rate of 0.1% of the total loan will be imposed. Upon further violation, a penalty rate of 1% of the total loan.
- 7. The violation section 7 of Article 30 for the first time, the penalty rate of 10% will be imposed. Upon the second violation, the penalty rate of 50% of the cash to be certified at that time.

The violation section 8, 9 and 10 of Article 30 for the first time, which is not serious or unintentional, the violator will be given a written warning. Upon the second violation or the first violation with the value of 50 million Kip or more, the penalty rate will be 50% of the value involved. Upon further violation after the first penalty, the violator will be fined 100% of the valued involved.

The violation of sections 1 to 10 of Article 31 are having a strong effect on the national economic, financial and monetary system of the country, even though it is the first violation, it shall be prosecuted in accordance with the laws of the Lao PDR.

40 percent of the confiscated money or precious metals shall be allowed for reward and bonus according to regulations set by the concerned authorities to those who had a good performance. The remaining 60 percent of the confiscated value will be transferred to the government revenue account with relevant documents and the confiscated memo to the concerned agencies within 15 working days.

Part X: Final Provision

Article 32: Implementation

Ministry, ministry equivalents, provinces, Capital, other organizations including individuals and legal persons are responsible for the strict implementation of the Decree Law and this Instruction. Bank of Lao PDR is responsible for monitoring and reporting the implementation to the high level authority periodically.

Article 33: Effectiveness

This Instruction replaces the Instruction no.02/BOL dated 29 September 2003 on Implementation of Decree Law on Management of Foreign Currency and Precious Metals.

This Instruction takes effect from its signature date. Any previous regulations or decrees in conflict with this Instruction are hereby cancelled.

Governor of the Bank of the Lao PDR

[Sign and Seal]

Phouphet KHAMPHOUNVONG