



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

President

No. 012/PO
Vientiane Capital, dated 04.02.2015

DECREE
of the
PRESIDENT
of the
Lao People's Democratic Republic

**On the Promulgation of the Law on Anti-Money Laundering and
Counter-Financing of Terrorism**

- Pursuant to Chapter VI, Article 67, point 1 of the Constitution of the Lao People's Democratic Republic;
- Pursuant to Resolution No. 08/NA, dated 21 July 2014, of the National Assembly; and
- Pursuant to Proposal No. 032/NASC, dated 22 August 2014, of the National Assembly Standing Committee.

**The President of the Lao People's Democratic Republic
Decrees that:**

Article 1. The Law on Anti-Money Laundering and Counter-Financing of Terrorism is hereby promulgated.

Article 2. This decree is effective from the date it is signed.

President of the Lao People's Democratic Republic

[Seal and Signature]

Choummaly XAYASONE



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

National Assembly

No. 08/NA

**RESOLUTION
Of the
National Assembly
Of the
Lao People's Democratic Republic
On the Approval of the
Law on Anti-Money Laundering and Counter-Financing of Terrorism**

Pursuant to Article 53, point 2 of the Constitution and Article 3, point 1 of the Law on National Assembly of the Lao People's Democratic Republic in relation to the rights and duties of the National Assembly.

After the 4th Ordinary Session of the VII National Assembly Legislature, wide studies and considerations were undertaken and agreement was reached on the content of the Law on Anti-Money Laundering and Counter-Financing of Terrorism in the agenda of the afternoon session of 21 July 2014;

The Meeting resolved that:

Article 1. The Law on Anti-Money Laundering and Counter-Financing of Terrorism is approved by majority votes.

Article 2. This Resolution is effective from the date it is signed.

Vientiane Capital, dated 21 July 2014
President of the National Assembly

[Seal and Signature]

Pany YATHOTOU



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

National Assembly

No. 50/NA
Vientiane Capital, dated 21 July 2014

Unofficial Translation

Law on Anti-Money Laundering and Counter-Financing of Terrorism

Part I General Provision

Article 1: Objective

This law sets principles, regulations and measures relating to the managing, monitoring, inspecting the campaign of anti-money laundering and counter-financing of terrorism (herein after called “AML/CFT”) to make it efficient aimed at combating, preventing, curbing and eliminating these offences. Making the economic and financial system strong and sound, creating peace and order in society, integrating it regionally and internationally, and contributing to national socio-economic development.

Article 2: Money Laundering

Money laundering is the transformation, utilisation, displacement, exchange, acquisition, possession, transfer of true ownership of funds or other properties of an natural person, legal person or organisation that knows, knew or suspects that the properties are derived from the predicate offences to conceal or disguise their characteristics, origin, and location. This is aimed at legalising the funds or properties.

Article 3: Financing of terrorism

The financing of terrorism is an intentional act, both direct and indirect, of an natural person, legal persons or organisations that attempt to give, collect, acquire funds or properties, legally or illegally, wholly or partially, to supply funds to terrorism, terrorist or linked to a specific terrorism act whether the funds or properties are used in the actions or not.

Article 4: Anti-money laundering

The combat and interception of money laundering is an act of natural persons, legal persons and organisations that are directly tasked to finding, combating, preventing, curbing, and eliminating money laundering as defined in article 2 of this law. It is an offence that endangers national security, causes damages to the national socio-economic basis.

Article 5: Counter-financing of terrorism

The counter-financing of terrorism is an act of natural persons, legal persons and organisations whose direct tasks are to find, combat, intercept, curb, and eliminate financing of

terrorism as defined in article 3 of this law. It is an offence that endangers the economic system and affects the national political regime.

Article 6: Actions of money laundering

Actions of money laundering are as follows:

1. Conversion, transfer of funds or properties with an aim of concealing or disguising the proceeds of crime, giving assistance to predicate offenders to avoid the legal consequences e.g. the prosecution;
2. Conceal or disguise origin, location, transfer, possession, movement or ownership of rights to the funds or properties;
3. Acquisition, possession, use of funds or properties derived from predicate offences such as illicit loan release or other properties, use of illicit funds and properties in direct investment;
4. Involvement in conspiracy, attempts or aid, promotion, facilitation or giving advice on offences as defined in subparagraph 1, 2 and 3 above.

In addition to the above, money laundering is demonstrated as follows:

1. Acknowledgement with intent of committing money laundering based on objective causes;
2. An act or evidence not necessarily judged by the court as a predicate act to prove the funds or properties derived from the offence.

In addition to criminal cases against violators who launder money, there must criminal cases brought against the original violator, as well.

Article 7: Acts of terrorism

Acts of terrorism are actions of natural persons, groups of people, organisations or terrorist organisation within or outside of the territory of the Lao PDR with funds provided to the act of terrorism as follow:

1. Actions that aim to cause effects on the national security, socio-economic basis, foreign and international organisations, cause problems to international relations of the Lao PDR or cause chaos to people in society;
2. Actions that affect lives, health, freedom, or physical and psychological intimidation;
3. Seizure, damage of properties, break-in, attack, obstruction, causing damage and chaos to computers and communications, internet systems or digital instruments of state organisations, legal persons and natural persons;
4. Processing, production, utilisation, packaging, collecting, transportation of explosives, radioactive substance, toxics, inflammables, and weapons trafficking, equipment, vehicles including advice for certain actions with aims defined in subparagraph 1 and point 2 of this article;
5. Disseminating, influencing, encouraging, imposing, hiring or creating conditions, aiding for the actions defined in subparagraph 1, 2, 3, 4, 7 and 8 of this article;
6. Organizing, financing, participating and attempting to participate in the organisation, teaching, training for the target(s) to conduct actions defined in subparagraph 1, 2, 3, 4, 5, 7 and 8 of this article;
7. Acknowledgment of actions to be evidence of terrorism based on objective causes.
8. Other terrorist-held offences as defined in international agreements or treaties which the Lao PDR is party to.

Article 8: Definitions

The terms used in this law have the following meaning:

1. **Predicate offences** are all criminal offences which are the cause of money laundering including offences committed outside the territory of the Lao PDR that cause proceeds of

crime. These include frauds, robbery or theft, murder and grievous bodily injury, kidnapping, illegal restraint and hostage-taking, illicit trafficking in stolen and other goods, counterfeiting currency, forgery, counterfeiting and piracy of products, corruption and bribery, sexual exploitation including sexual exploitation of child, trafficking human being and migrant smuggling, illicit trafficking in narcotic drugs and psychotropic substances, illicit trafficking of war arms and explosives, participation in an organized criminal group and racketeering, terrorism including financing of terrorism, environmental crime, tax crimes, insider trading and market manipulation, smuggling (including in relation to customs), extortion, piracy and others.

2. **Proceeds of crime** refers to money or properties earned directly or indirectly from the predicate offences, properties transformed or changed, wholly or partially, to other properties including returns from investment.
3. **Terrorist** refers to natural persons, groups of people, organisations or terrorist organisation committed actions defined in article 7 of this law;
4. **Terrorist organisation** means any group of terrorists having an intention, attempting to commit, participating in, co-operating, organising, leading to commit terrorist acts, directly or indirectly and acts of terrorism as defined in Article 7 of this law;
5. **Funds or properties** are referred to tangible and intangible properties, movable or immovable assets and all documents or financial tools of all forms either in electronic or digital format, certificates of ownership, or benefits from funds or properties;
6. **Financed funds** refer to funds or properties which natural persons, organisations or terrorist organisation supply or use in terrorist activities;
7. **Financial institutions** refer to commercial banks, micro-finance institutes, loan-credit releasing companies of all types, pawnshops, leasing companies, money transfer service companies, currency exchange shops, insurance companies, stock companies, asset management companies or others;
8. **Designated non-financial businesses and professions** (herein after called “DNFBPs”) refer to companies or distribution representatives and (services of) financial payment tools management, agents of real estate companies, businesses of valuables goods and antiques, bar association or law enterprises, notary agencies, audit companies, casinos or others;
9. **Transactions** refer to conducting an activity concerning account opening, depositing, withdrawal, transfer of money, currency exchange, precious metals transaction, goods or other services;
10. **Suspicious transactions** refer to transactions that do not conform with the background, occupation, and status of customers;
11. **Beneficiary** means natural person(s) who ultimately benefits from a business operation, activity or transaction includes those persons who exercise ultimate effective control over a legal person;
12. **Politically exposed persons** (herein after called “PEPs”) means foreign politicians, state officials, and officials of international organisations;
13. **Foreign politicians** refer to persons who are or were in positions, gain trust, and play important roles in domestic and foreign affairs, including members of their families or persons with close connections with these people;
14. **State officials** refer to persons who are or were in important positions, trusted and play a role in the Lao PDR, including members of the executive board, executive members of state enterprises or joint venture, including their family members or those with close connections with them;
15. **Officials of international organisations** refer to people who take or took the position of member of the executive board, management member, gain trust, and play a role in the international organisation, including their family members or those with close connections with them;

16. **Shell banks** mean the banks that do not have tangible address in the country where they are authorised to operate or are not lawful companies in the financial institution group;
17. **Non-profit organisations** refer to legal persons or organisations that carry out main activities for the causes of charity, religions, culture, education, environment, public health, sports-physical education, humanitarian and social work, vocational promotion, with no returns;
18. **Corresponding banks** refer to a representative bank or intermediate in the settlement among banks both in the country and abroad;
19. **Wire transfer** means the transaction on behalf of a natural person, legal persons or organisation via a financial institution by way of electronic transfer, which the beneficiary will get the sum of money at other financial institution;
20. **Seizing** means keeping the properties or moveable objects as evidence by the order of related authoritative organisations;
21. **Freezing** means the prohibition of transfer, offer, transaction, exchange, pawn, security, destruction or change, movement or activity of funds, immovable or moveable assets, including deposit bank accounts, by the order of related authoritative organisation;
22. **Confiscation** means the nationalisation of properties or objects, wholly or partially, owned by offenders in accordance with a court decision.
23. **Resolution of the UN Security Council** means are solution on a list of names of terrorism-related natural persons, group of people, legal persons and organisations as defined in Chapter VII of such resolution;
24. **Anonymous account** means a deposit account in which its data differs or cannot verify the account owner's details such as name, surname, date of birth, address, age and occupation;
25. **Customer** means natural persons, legal persons or organisations that use the services of the reporting entities.
26. **Bearer negotiable instruments** meant bank cheques, traveller's cheques, money orders, bonds, bank drafts and others;
27. **Organized criminal group and racketeering** means group of persons that impose and menace to illegally extorting funds or properties from natural person, legal persons or organisation;
28. **Environmental crimes** meant an offence that cause great damage to the environment such as illicit traffic of protected wildlife and aquatic animals, unlawful exploitation of natural resources, destruction of forests, destruction of crops, illegal hunting, illegal fishing.

Article 9: Policies on AML/CFT

The state supports, encourages natural persons, legal persons or organisations of all sectors to participate in the combat, prevention, curbing and elimination of money laundering and financing of terrorism.

The state pays attention to the dissemination and training of the general public to be aware of the effects of money laundering and financing of terrorism, which damage national security, social peace and orderliness, and the national, regional and international economic systems.

The state supports and encourages the campaign of AML/CFT by supplying budget, personnel, means/vehicles and modern techniques and equipment to relevant competent authorities for their effective performance.

Article 10: Principles of AML/CFT

The campaign of AML/CFT shall observe the following main principles:

1. Ensure national sovereignty, security, and peace and normal socio-economic activities;

2. Ensure the protection of legitimate rights and benefits of natural persons, legal persons or organisations;
3. Oppose all the phenomena of abuse of power, application of excessive authority, which damage the legitimate rights and benefits of natural persons, legal persons or organisations;
4. Ensure the compliance with the laws, international agreements and treaties which the Lao PDR is party to.

Article 11: Protection

The staff and authorities working on AML/CFT including those participating in the work such as informants, information gatherers, witnesses, experts and their families, will be protected in accordance with laws against revenge, threats against life, health, freedom and damage to their dignity, reputation or private properties.

Article 12: Obligations in AML/CFT

Natural persons, legal entities and organisations are obliged to render co-operation and participate in the combat and interception of money laundering and financing of terrorism.

Article 13: Scope of the law enforcement

This law applies to natural persons, legal persons and organisations, both local and foreign, running business operations inside and outside of the territory of Lao PDR involved in money laundering and financing of terrorism.

Article 14: International co-operation

The state encourages the relations and co-operation with foreign countries, regions and international community in AML/CFT through exchange of lessons, information, seminars, upgrade of technical knowledge and capacity building, technical assistance, and implementation of international agreements and treaties, which the Lao PDR is party to.

Part II Campaign of AML/CFT

Chapter 1 Activities of AML/CFT

Article 15: Activities of anti-money laundering

The activities of anti-money laundering are the activities of reporting entities and relevant parties to combating, preventing, curbing, and eliminating of behaviour of legalising illicit funds and properties.

The details of the said activities are defined in separate regulation.

Article 16: Activities of counter-financing of terrorism

The activities of counter-financing of terrorism are the activities of reporting entities and relevant parties to combating, preventing, curbing, and eliminating behaviour of terrorism financing.

The details of the said activities are defined in separate regulation.

Chapter 2

Reporting entities

Article 17: Reporting entities

Reporting entities are legal persons and organisations which have the obligation to report information or suspicious activities of being money laundering and financing of terrorism to the Anti-Money Laundering Intelligence Office (herein after called “AMLIO”).

Reporting entities which consists of financial institutions and DNFBPs as defined in subparagraph 7 and 8 of article 8.

Article 18: Rights and Obligations of reporting entities

The reporting entities have the following rights and obligations:

1. Establish AML/CFT Programme
2. Implementation of risk assessment and risk based approach ;
3. Implement Know Your Customer measures;
4. Customer Due Diligence measures;
5. Gather detailed information on customers;
6. Gather information about customers’ transactions;
7. Dealings with PEPs;
8. Dealings with corresponding banks;
9. Collect data on wire transfer;
10. Data recordkeeping;
11. Postponement of transactions;
12. Reporting;
13. Suspicious transaction report
14. Confidentiality.

Overseas branches and companies in the group of the reporting entities are obliged to fulfil articles 19 to 32 of this law.

In case the laws of the country where the branches and group companies are situated do not allow the application of these obligations, the reporting entities shall notify the supervisory agency which are under its management.

Article 19: Establish AML/CFT Programme

The reporting entities must establish and implement AML/CFT programmes as follows:

1. Policies and procedures, follow-up and control, procedures for the recruitment of qualified staff;
2. Training plans, and on-going training for staff;
3. Internal control on the implementation of this Law and other related laws and regulations;
4. Assessment of the campaign of AML/CFT.

The reporting entities must appoint officials at executive level or qualified senior official with experience in AML/CFT to take charge of data collection and reporting and the work stipulated in paragraph 1 of this article, who will also serve as a co-ordinator with the AMLIO.

Article 20: Implementation of risk assessment and risk based approach

The reporting entities shall implement risk assessment and risk based approach of money laundering and financing of terrorism by determining, assessing, monitoring and mitigating the risks.

The mechanism of implementation of risk assessment risk based approach is defined in a separate regulation.

Article 21: Know Your Customer measures

The reporting entities must know about customers by requesting them to show their identification papers such ID card, household registration book, passport, enterprise registration licence or other official papers that can justify the customers' identity or their representatives. Their information will be recorded, their papers duplicated and kept carefully.

The mechanism of Know Your Customer is defined in a separate regulation.

Article 22: Customer Due Diligence measures

The reporting entities must apply CDD measures to customers for the following cases:

1. Provide services or establishing business relations with new customers;
2. Carrying out occasional transactions, one time or several times that leads to suspicion;
3. The transactions are complex, of high value, and shows irregular character;
4. The transactions are suspected of money laundering or financing of terrorism;
5. The data/information about customers is not complete or suspected to be incorrect;

In addition, the reporting entities must pay continual attention to customers to ensure the data and information provided in the past is still true presently and ensure that the customers' business operations accord with the business operation records including efforts to learn about the source of funds or properties, if necessary.

The reporting entities must pay special attention to business relations or transactions with natural persons, legal persons or organisations in the country where the law on AML/CFT is not available. Or if available, the enforcement of the law is not strict yet.

The mechanism for the implementation of Customer Due Diligence measures is defined in a separate regulation.

Article 23: Collection of detailed data on customers

The reporting entities must collect, verify and confirm the data on customers who are natural persons such as names and surnames, date of birth, nationality, address and occupation of customers.

For customers who are legal entities, the reporting entities must collect, verify and confirm the data on name and address of companies, the identity paper of the director, information on stakeholders, operations and size of the business.

In case it is incapable of gathering detailed data on customers as defined in paragraphs one and two of this article, the reporting entities must cease service or business relations with that customer and must consider it is suspected and report it to the AMLIO as defined in article 30 and 31 of this Law.

Article 24: Data Collection on customers' transactions

The reporting entities must collect data on aims and objectives of customers in using the service or establishing business relations with their institutes.

The reporting entities must try to find if the customers' business ties are for their own behalf or for others. This is to find the real beneficial owner such as fund or property owners as well as funds used in the establishment of the enterprise.

Article 25: Dealings with PEPs

The reporting entities must have an appropriate system of risk management to find if customers or beneficiaries are PEPs.

In addition to articles 19 to 32 of this Law, the reporting entities shall also observe as follows:

1. Report to their board of directors or their senior executives officers to request for permission before initial operation or continuing the business operation or transaction with the customer;
2. Take appropriate measures to find out the source of funds or properties;
3. Follow up the business ties and transactions of customers continually.

Article 26: Dealings with corresponding banks

Financial institutions which maintain business ties or other similar ties with a corresponding bank shall act as follows:

1. Review the legal person status of the corresponding bank they are doing business with;
2. Gather data on the nature of business operation of the corresponding bank;
3. Assess the creditability, management and audit of the corresponding bank based on the data provided for the public;
4. Assess the implementation of the campaign of AML/CFT of the corresponding bank;
5. Observe the law relating to the business relations with corresponding banks.

If corresponding banks have business ties or transactions with anonymous banks or companies in the group, the reporting entities shall not establish or continue business ties with the corresponding banks or companies within the group.

Article 27: Data collection on wire transfer

In each service of wire transfer, the financial institution must gather and check the information about name and surname, address, account number, and purpose of the transferor's transfer.

In case of acting as the medium of the transfer, the financial institution must ensure that the information about the transfer or and details about the transfer are collected correctly and completely before further delivery to the beneficiary.

In case the financial institution receives the transferred money with no information or missing information on the transferor, it has to check and find the missing information from the transferring institute or the beneficiary. If it is not provided, the financial institution receiving the transfer shall refuse the payment to the beneficiary and transfer the money back to the transferring financial institution and report the case to the AMLIO in due time.

The management of domestic and foreign transfer is defined in a separate regulation.

Article 28: Data record-keeping

The reporting entities shall carefully keep information on customers, documents on business ties and transactions of customers for further supply to the AMLIO and other related organisations.

In keeping the information, it is advised to do as follows:

1. Duplicate the certificates of customers and beneficiaries from the transactions and keep them for at least ten years after the end of the business ties with the customers;

2. The data on the transactions of customers shall be kept for at least five years from the day they are achieved.

Article 29: Postpone the transactions

When it is suspected that the customers' transactions are activities of money laundering or financing of terrorism, the reporting entities must postpone the transactions for three working days and then report the cases to the AMLIO for consideration.

Article 30: Reporting

The reporting entities must report to the AMLIO in case the customer request to do the following transactions:

1. Cash Transaction Reports;
2. Wire Transfer Reports;
3. Other transactions according to the stipulations of the AMLIO.

The Bank of the Lao PDR is responsible for setting the value of cash transactions, money transfer which are required for reporting, and issuing legislations on reporting.

Article 31: Suspicious transaction report

In the case of suspicion or act of customer leading to suspicion that a transaction may be from predicate offence, related and connected to money laundering and financing of terrorism, reporting entities shall report the transaction to AMLIO within three days. This includes attempts to process the transaction successfully or unsuccessfully, with no limit of transaction amount.

Article 32: Confidentiality

The executives and staff of the reporting entities shall keep secret the reporting of the transactions suspected of being acts of money laundering or financing of terrorism, or information reported to the AMLIO.

Maintaining customers' confidentiality by the reporting entities as defined in their statute or agreement shall comply with this law.

The executives' officers and staff of the reporting entities will not be taken disciplinary or criminal actions against for disclosing customers' secrets, if the reporting or the provision of information is done with sincerity, in compliance with this law, and will not face any legal ramifications.

Chapter 3

Obligations on declaring cash, valuable goods and bearer negotiable instruments

Article 33: Declaration of cash, valuable goods and bearer negotiable instruments at border crossings

Natural persons who take cash, valuable materials goods and bearer negotiable instruments in and out of the Lao PDR, whose value exceeds the limit fixed by the Bank of the Lao PDR at each period, need to declare them to customs officers at border checkpoints. Customs officers will be further reported to the AMLIO.

Article 34: Examination by customs officers at border crossings

Customs authorities at border checkpoints are responsible for checking the correct declaration of cash, valuable goods and bearer negotiable instruments of natural persons entering/exiting of the Lao PDR in accordance with the Law.

In case the customs authorities on the cross border detect or suspect that there is non-declaration or underreporting of cash, valuable goods and bearer negotiable instruments related money laundering and financing of terrorism, they will be seized or sequestered immediately and reported to the AMLIO along with being investigated and interrogated to determine their source.

In case if there is incorrect declaration, in accurate amount, non-declaration or false declaration related to cash, valuable goods and bearer negotiable instruments on the cross border will be fined in accordance with the relevant regulations.

Chapter 4

Activities of legal persons or organisations and non-profit organisations

Article 35: Activities of legal persons or organisations

Legal persons or organisations set up and operating business in the Lao PDR shall strictly apply this law and related regulations to ensure that their activities will not serve as a tool of money laundering and as a source of financing of terrorism.

Article 36: Activities of non-profit organisations

Non-profit organisations set up and operating in the Lao PDR shall strictly apply this law and related regulations and be monitored, and inspected on a regular basis to avoid being used as a tool of money laundering and as a source of financing of terrorism.

Article 37: Transparency of legal persons, organisations and non-profit organisations

Legal persons, organisations and non-profit organisations must operate within the scope of their rights and duties especially on supplying data on ownership, real beneficiaries, and data on their internal management while ensuring transparency, clarity, completeness and accuracy in each period.

Relevant authorities which grant licences to legal entities, organisations and non-profit organisations shall gather those pieces of information as stipulated in article 28 of this law.

Investigation agencies, supervisory agencies of the reporting entities, the AMLIO, and other relevant authorities can have access to the information at any time.

Chapter 5

Provisional Measures

Article 38: Use of provisional measures

Competent authorities are eligible to take provisional measures to seize or freeze funds or properties in case they detect, find or suspect that money is being laundered or financing terrorism.

Taking provisional measures must be in conformity with the laws of the Lao PDR. In the meantime, it must ensure the rights and benefits of the third person and shall not affect regular operation of the financial and monetary system. But this must be reported to the People's Prosecutor General within twenty-four hours.

The procedures of the implementation of provisional measures are defined in a separate regulation.

Article 39: Freeze without advance warning

Competent authorities have right to freeze funds or properties related financing of terrorism without advance warning to the beneficiary of the funds or properties to prevent transfer or further delivery to terrorist.

Article 40: Seizure, Freeze of funds or properties of terrorists

The funds or properties of persons and entities including terrorists, groups of terrorism financiers and international terrorist organisations stipulated in resolutions S/RES/1267 (1999), S/RES/1373 (2001) and its successors of the UN Security Council shall be seized and freeze without delay.

The procedures of the implementation of seizure, freeze of funds or properties of terrorists must follow specific legislation.

Article 41: Confiscation of funds or properties

In case there is enough evidence for the funds or properties to be involved in predicate offences, money laundering, financing of terrorism and each offence, the court shall pass a decision for the confiscation of funds or properties as follows:

1. funds or properties derived from predicate offences including properties gained from investment or from exchange or value of the properties related to the activities;
2. funds or properties to be used in committing the offence;
3. funds or properties and other benefits which are income from funds or properties of criminal actions;
4. financial instruments related to offences;
5. funds or properties defined in subparagraph 1 and 4 whose rights to ownership are transferred to a natural person, except the court views that the owner of the funds or properties acquire them from the transactions legally or are granted their ownership legally.

The court decision ordering the confiscation must point out the nature, quantity, value and other necessary details of the funds or properties.

Part III

International Co-operation in AML/CFT

Article 42: Principle of international co-operation

International co-operation in AML/CFT between organisations of the Lao PDR and foreign organisations shall follow the principle of respect for independence, sovereignty and territorial integrity, non-interference in each other's domestic affairs, mutual benefit, conformity with international agreements and treaties which the Lao PDR is party to.

Article 43: Content of international co-operation

International co-operation in AML/CFT shall do as follows:

1. gather, study, and exchange of information, technologies and lessons on money laundering and financing of terrorism;
2. sign agreements with foreign countries or adhere as party to the international treaties and agreements on AML/CFT;
3. mutual assistance in developing and training officials in professional skills and training for upgrading the capacity of related staff and officials;
4. Execute the international agreements and treaties which the Lao PDR is party to.

Article 44: Mutual Legal Assistance

Mutual Legal Assistances aimed at the requests, co-operate for investigation, seizure and freeze funds or properties of the accused, defendant, offenders, use of other measures of Law, extradition, request for additional information and evidence related to offences.

The mechanism and procedures of Mutual Legal Assistance follows the related laws of the Lao PDR.

Article 45: Content of the request for Mutual Legal Assistance

Request for Mutual Legal Assistance shall include the following items:

1. Official letter from the relevant authority of requesting state;
2. Name and surname, position of the official of requesting state who is in charge of conducting the investigation, engaged in, prosecution or proceedings
3. Name and surname, position of the official of requested state who is in charge of conducting the investigation, engaged in a lawsuit in court against, or considering the case;
4. The purpose and the reasons of the request;
5. The facts in support of the request;
6. Any known details that may facilitate identification of the person concerned, in particular name and surname, marital status, nationality, address and location, occupation and other necessary details;
7. Any important information necessary for identifying and tracing the natural persons, funds or properties, taking provisional measures, according to the request;
8. Legislative reference towards offences of the accused and the suspect.

In addition, Mutual Legal Assistance must observe the content of each case as follows:

1. In the case of requests for provisional measures, a description of the requested measures sought
2. In the case of requests for the issuance of a seizure order or confiscation order, a statement of the relevant facts, disputes and arguments to enable the competent authorities to issuing the order;

In the case of a request for the enforcement of an order relating to seize or freeze the following:

- 1). A certified copy of the order, and a statement of the grounds for issuing the order if they are not indicated in the order itself;
- 2).The order is enforceable and not subject to ordinary means of appeal;
- 3). Where necessary and if possible, any documents and information concerning third-party rights of claim on the funds or property.

In the case of requests for extradition, if the natural person has been convicted of an offence, the original or a certified copy of the judgment or any other document setting out the conviction and the sentence imposed, the fact that the sentence is enforceable and the extent to which the sentence remains to be served, can be provided according to the request.

Article 46: Request for additional information

The People's Prosecutor General or competent authorities may request for additional information from the requesting state if necessary, in facilitation of actions according to the request for Mutual Legal Assistance.

Article 47: Requirement of confidentiality

The Competent authority of the Lao PDR must ensure the confidentiality of requests from the related states.

Article 48: Delays in notification

In case there will be delays or difficulties in taking provisional measures or investigation of actions in response to the requests for mutual legal assistance, there will be a need to notify the cause or give advice to competent authorities.

Article 49: Requests refusal

The competent authority of the Lao PDR may refuse the requests defined in articles 43 and 44 of this Law, if such request is not consistent with article 42 of this Law.

Chapter 5 Prohibitions

Article 50: General prohibitions

Natural persons, legal persons and organisations related to the AML/CFT are prohibited from the following behaviours:

1. Having dealings related to, being involved in money laundering or financing of terrorism;
2. Maintaining relations in all forms and giving any type of assistance in money laundering or financing of terrorism;
3. Giving bribes to staff or competent authorities;
4. Falsifying documentation or official seals;
5. Concealing, disusing, threatening, impeding and obstructing the functions of competent authorities;
6. Opening or using anonymous accounts or accounts under the using name of natural persons, legal persons or intangible organisations;
7. Other activities that contravene laws and legal regulations;

Article 51: Prohibitions for staff and competent authorities

Related staff and competent authorities are prohibited related to AML/CFT from the following behaviours:

1. Abusing rights, functions and position, use of violence, coercion or threats for personal benefit;
2. Disclose confidential information to unrelated natural person, legal persons or organisations;
3. Collusion, requesting, demanding and receiving bribes;
4. Being unresponsive towards ones responsibilities, impeding transaction paper work involved in transactions;
5. Other activities that contravene laws and legal regulations.

Article 52: Prohibitions for reporting entities

Reporting entities are prohibited related to AML/CFT from the following behaviours:

1. Having dealings with anonymous banks, financial institutions, legal persons or organisations;
2. Having dealings with banks abroad that do not have regulations on AML/CFT;
3. Opening anonymous accounts;
4. Having business dealings or performing transactions with natural persons, legal persons or organisations on the United Nations security council list;
5. Other activities that contravene legal regulations.

Part V

Management Body and Inspection of the Campaign of AML/CFT

Chapter 1

Management

Article 53: Management body of AML/CFT

The Government is to manage the AML/CFT activities centrally and unanimously in the nation, by assigning the National Coordination Committee (herein after called “NCC”) which is directly responsible for managing, monitoring, inspecting on the basis of co-ordination with other concerned authorities and related local administrations.

The Management body of AML/CFT is the NCC that has the role of chief of staff for the Government in implementation of this law and international standards relating to this work and attaining achievement.

The NCC on AML/CFT which is non-permanent body consists of: Chairman, Deputy Chairman and a number of members who will be appointed or removed by the Prime Minister.

Deputy Prime Minister is the Chairman of NCC on AML/CFT, Governor of Bank of Lao PDR is the first deputy chairman and act as standing member of the committee, Deputy Minister of Ministry of Public Security is the second deputy chairman and other members with equivalent-ranking of Deputy Minister from relevant ministries and Deputy Head of related organizations.

The organizational structure, activities and budget of the NCC for AML/CFT is set out in specific regulations.

Article 54: Rights and Duties of NCC

The NCC for AML/CFT has the following rights and duties:

1. Study, form, amend national strategies, policies and regulations regarding AML/CFT for the Government’s consideration;
2. Transpose the national strategies, policies, and regulations regarding AML/CFT into work plans, programmes, and projects as well as implement in each period to conform with regional and international standards;
3. Endorse action plans for AML/CFT and solve pending problems of AML/CFT systems;
4. Direct, stimulate, manage and monitor the implementation and dissemination of national policy, programmes, and laws and regulations regarding AML/CFT of terrorism of the AMLIO, supervisory agencies and other relevant agencies;
5. Train, upgrade professional skills of staff about AML/CFT;
6. Take administrative measures against natural persons, legal entities or organisations that breach this law;
7. Co-ordinate with various sectarian authorities, local government administrations, and relevant parties related to AML/CFT in nationwide;
8. Relate with, co-operate with foreign countries, regionally and internationally on AML/CFT;
9. Summarize and report on its activities to the Government on a regular basis;
10. Perform rights and duties as defined in the laws and assigned by the Government.

Article 55: Anti-Money Laundering Office

The AMLIO is one organisation in the organisational structure of the Bank of Lao PDR and has the operational independence concerning his activities.

The AMLIO has main roles and tasks in data collection, analysis, dissemination, co-ordination with related parties both domestically and internationally for the combat and prevent of money laundering and terrorism financing.

The AMLIO uses the budget of the Bank of the Lao PDR.

Organisational structure and activities of the AMLIO are defined in separate regulation.

Article 56: Working Regime

The NCC for AML/CFT operates according to the meeting regime. The meetings of the NCC for AML/CFT consist of ordinary meeting and extraordinary meeting.

Ordinary meeting is held every three months with of more than half of the quorum of members.

Extraordinary meeting may be held as needed upon convocation of the Chairman of NCC or upon proposal of more than half of members.

The meetings of the NCC for AML/CFT can agree on issues by the majority of the members attending the meetings. In case the votes are equal, the vote of the Chairman of the National Committee for AML/CFT will be decisive.

Chapter 2 Inspection

Article 57: Inspection body for AML/CFT

The Inspection body for AML/CFT include:

1. Internal Audit Organisation: is the same organisation with the Management body of AML/CFT as defined in article 53 of this law;
2. External Audit Organisation includes the National Assembly, the Government Inspection and Anti-Corruption Organisation, and the State Audit Organisation, Lao Construction Front, Mass organizations, Mass media and the people.

Article 58: Content of the inspection

The campaign of AML/CFT will be inspected on the following accounts:

1. The implementation of this law and other related laws;
2. The performance and responsibility of staff or related competent authorities.

Article 59: Forms of Inspection

The inspection of activities in the areas of combating and prevention of money laundering and financing of terrorism has the content as follow:

1. Inspection on regular basis;
2. Inspection with advance notification;
3. Ad hoc inspection.

Regular inspection is any inspection carried out in accordance to regular plans within certain time periods.

Inspection with advance notification is any unplanned inspection carried out when it is deem necessary and it is carried out with advance notification given to the person to be inspected.

Ad hoc inspection is any inspection carried out urgently without providing advance notice.

The operation of activities in combating and preventing money laundering and financing of terrorism arrived out by the inspection authorities shall be in line with the laws and regulations in strict manners.

Part VI

Policy on good performance and measures against violators

Article 60: Policies on good performance

Any natural person, legal person or organisation producing notable results in the performance of this law primarily in the areas of cooperation or supply information on behaviours or activities suspected of being money laundering and financing of terrorism shall receive commendation and benefits derived from other policies in accordance with legal regulations.

Article 61: Measures against violators

Any natural person, legal person or organization violating a statute of this law shall undergo re-education measures, discipline, fines or criminal sanctions in accordance with the severity of the violation and shall make compensation for damages incurred.

Article 62: Re-education Measures

Any person, legal person or organisation violating a statute of this law that have incurred minor damages principally a delayed submission of a suspicious transaction report, not taking adequate care in regards to the confidentiality of a suspicious transaction report shall undergo re-education measures.

Article 63: Disciplinary Measures

Any staff personnel, officials committing an infringement of this law that is not a criminal offence and has incurred minor damages but are not sincere in making report, avoiding their duties, shall undergo disciplinary measures according to the severity of the case.

Article 64: Fining Measures

A natural person, legal person or any organization, which violates the prohibition as specified in article 50, 51 and 52 of this law in each case which not will be an criminal offence will be fined according to the light or heavy punishment.

The penalty in each case is specified in the separate regulation.

Article 65: Measures against Reporting Entities

Reporting Entities shall be subject to the following measures:

1. There is a violation or lack of implementation of its rights and obligations as article 18 of this law will be:
 - 1.1 Such person shall be warned in writing and take action to comply with the rights and obligations;
 - 1.2 Shall be fined as specified in the separate regulation.
2. There is violated the prohibition as specified in article 50 and 52 of this law will be:

- 2.1 Administrators shall be suspended or removed;
- 2.2 Withdrawing of business licenses or business registration certificates;
- 2.3 Shall be subject to legal proceedings of criminal and shall be fined with 100,000,000 up to 2,000,000,000 kip.

Article 66: Criminal measures for the offence of Money Laundering

Any natural person who commits a money laundering offence:

1. Below the amount of 1,000,000,000 Kip will be punished by detention from three to seven years and will be fined with 300,000,000 Kip up to 500,000,000 Kip and the properties will be confiscated.
2. From 1,000,000,000 Kip will be punished by detention from seven to ten years and will be fined with 500,000,000 Kip up to 700,000,000 Kip and the properties will be confiscated.

In the case of organized group or habitual offender, offenders will be punished by detention from ten to twelve years and shall be fined with 700,000,000 Kip up to 900,000,000 Kip and the properties will be confiscated.

The act of preparation and attempting to commit offence shall also be penalized.

Article 67: Criminal measures for the offence of financing terrorism

Any natural person who commits the offence of financing of terrorism:

1. Below the amount 1,000,000,000 Kip will be punished by detention from five to eight years and will be fined with 500,000,000 Kip up to 800,000,000 Kip and the properties will be confiscated.
2. From 1,000,000,000 Kip will be punished by detention from eight to twelve years and shall be fined with 800,000,000 Kip up to 1,000,000,000 Kip and the properties will be confiscated.

In the case of organized group or habitual offender, offenders will be punished by detention from twelve to twenty years and will be fined with 800,000,000 Kip up to 1,000,000,000 Kip and the properties will be confiscated.

The act of preparation and attempting to commit offence shall also be penalized.

Article 68: Criminal measures for the offence of insider trading and market manipulation offences

Any natural person who commits insider trading and market manipulation offences will be subject to imprisonment of six month to three years and shall be fined with 300,000,000 Kip up to 500,000,000 Kip and the properties will be confiscated.

In the case of organized group or habitual offender or cause serious damages, offenders will be punished by detention five to seven years and will be fined with 500,000,000 Kip up to 700,000,000 Kip and the properties will be confiscated.

The act of preparation and attempting to commit offence shall also be penalized.

Article 69: Criminal measures for the offence of participation in an organized criminal group and racketeering

Any natural person who commits an offence by participation in an organized criminal group and racketeering will be punished to imprisonment of three to six years and will be fined of 30,000,000 Kip up to 60,000,000 Kip and the properties will be confiscated.

The act of preparation and attempting to commit offence shall also be penalized.

Article 70: Criminal measures for the offence of extortion

Any natural person who commits the offence of extortion will be punished to imprisonment of two to five years and will be fined with 20,000,000 Kip up to 50,000,000 Kip and the properties will be confiscated.

The act of attempting to commit crime shall also be penalized.

Article 71: Criminal measures for the offence of environmental crime

Any natural person who commits the offence of environmental crime will be punished according to the severity of the case as defined in Penal Law and other law that defined criminal penalties.

**Part VII
Final provisions**

Article 72: Implementation

This law shall be implemented by the Government of the Lao People's Democratic Republic.

Article 73: Validity

This law shall come into force upon the date of promulgation by the President of the Lao People's Democratic Republic and after 15 days of notification of an official gazette.

Any regulations, provision conflicting with this law are hereby cancelled.

President of the National Assembly

[Seal and Signature]

Pany YATHOTOU