



Unofficial Translation

**Lao People's Democratic Republic**  
**Peace Independence Democracy Unity Prosperity**

President of Lao PDR

No. 104 /PO  
Vientiane Capital, dated 19 August 2022

Unofficial Translation  
**Decree of the President**  
**of the Lao People's Democratic Republic**  
**on the Promulgation**  
**of the Law on Foreign Exchange Management (Amended)**

- Pursuant to the Constitution of Lao People's Democratic Republic (Amended 2015), Chapter VI, Article 67, Point 1;
- Pursuant to the National Assembly's Resolution No. 47/NA, dated 7 July 2022 on the Adoption of the Law on Foreign Exchange Management (Amended);
- Pursuant to the Proposal Letter of the National Assembly's Standing Committee No. 05/NASC, dated 5 August 2022.

**The President**  
**of the Lao People's Democratic Republic issues decree as follows:**

Article 1 Promulgation of the Law on Foreign Exchange Management (Amended).

Article 2 This Decree enters into force from the date of signature.

**The President**  
**of the Lao People's Democratic Republic**

**Thongloun Sisoulith**



**Lao People's Democratic Republic**  
**Peace Independence Democracy Unity Prosperity**

National Assembly

No. 47/NA  
Vientiane Capital, dated 7 July 2022

Unofficial Translation  
**Resolution**  
**of the National Assembly**  
**on adoption of the Law**  
**on Foreign Exchange Management (Amended)**

Pursuant to the Constitution of Lao People's Democratic Republic (Amended 2015), Article 53, 1 and the Law on the Amendment of some Articles of the Law on the National Assembly and the Law on Provincial People's Assembly (Amended 2020), Article 11

After the broad and in-depth consideration by the Third Ordinary Session of the IX National Assembly regarding the contents of the Law on Foreign Exchange Management (Amended) during the Session's agenda of 28 June 2022 and it was approved during the morning session of 7 July 2022.

**The Meeting has resolved:**

Article 1 To adopt of the Law on Foreign Exchange Management (Amended) by the majority of the first round of votes by the parliamentarians present at the session.

Article 2 This Resolution is effective from the date of signature .

**The President of the National Assembly**

Dr. Saysomphone Phomvihane



**Lao People's Democratic Republic**  
**Peace Independence Democracy Unity Prosperity**

National Assembly

No. 15/NA  
Vientiane Capital, dated 7 July 2022

**Unofficial Translation**  
**The Law**  
**on Foreign Exchange Management**  
**(Amended)**  
**Part I**  
**General Provisions**

**Article 1 (Amended) Purposes**

This law defines the principles, regulations and measures to effectively and efficiently support and promote currency circulation, trade, service, effective and efficient investment; strengthening external balance of payment and foreign exchange reserves, aimed at enhancing the stability of Lao Kip; broadening international economic corporation and contributing to the national socio-economic development of Lao PDR.

**Article 2 (Amended) Foreign Exchange Management**

Foreign exchange management is the implementation of principles, regulations and measures related to foreign currencies and gold of residents and/or non-residents of the Lao PDR in the possession or use; external payment related to trade, service, grant aid, investment, loans, deposits and carrying cash into and out of the Lao PDR.

**Article 3 (Amended) Terminology**

Terms used in this law are defined as follows:

1. **Currency** refers to Lao Kip and foreign currency use in form of coins, bank notes, electronic and digital money;
2. **Foreign Currencies** refers to other currencies legally and officially recognized and used in within the jurisdiction, country and region concerned;
3. **Gold** refers to gold bars, grains and other forms which is international payment instrument;
4. **Investment** refers to direct investment and portfolio investment;
5. **Exchange rate** refers to the price of one currency in comparison with another currency;

6. **Possession** refers to the holding of currencies in form of cash, deposits in bank account and other forms as defined by Bank of the Lao PDR;

7. **Residents of the Lao PDR** refers to:

- Lao citizen residing in the Lao PDR;
- Lao citizen studying, traveling, visiting or receiving a medical treatment abroad;
- Lao citizen residing abroad for less than one year, except for Lao officials or staff, posted to representative offices of the Lao PDR abroad;
- Government organizations and civil society organizations of the Lao PDR operating domestically and abroad;
- Lao or foreign Individuals and legal entities, residing in the Lao PDR, operating and registered in compliance with the law of the Lao PDR, including their representative office located abroad for less than one year;
- Foreigner who are not embassy official or staff, foreign consular official, or member of the staff of international organizations; working in the Lao PDR for more than one year;
- Permanent residents or stateless persons residing and working permanently in the Lao PDR.

8. **Non-residents** of the Lao PDR refers to:

- Foreign Individuals and legal entities residing abroad;
- Foreigner studying, traveling, visiting or receiving medical treatment in the Lao PDR;
- Foreign representative office, representative office of international organizations, and their official or staff of foreign embassy, consulate, or international organizations, and consultant and experts, working in the Lao PDR, including their family;
- Foreigner living in the Lao PDR for less than one year;
- Representative office of foreign legal entities in the Lao PDR for less than one year;
- Lao citizen living abroad for more than one year not for studying or medical treatment.

9. **Payment Service Provider** refers to a commercial bank, financial institution or other legal entities, authorized by Bank of the Lao PDR to directly provide service to clients with their own payment system or connected with the other payment system operator;

10. **Spot Foreign Exchange Trading** refers to foreign exchange selling or buying between contractual parties in a foreign currency against Lao Kip in the amount and at the exchange rate at time of transaction;

11. **Foreign Exchange Swaps Contract** refer to an agreement between two parties to selling or buying foreign exchange against Lao Kip at the exchange rate of the date of agreement signed transaction, with the commitment to swap back which same amount of the foreign currency on the maturity date at the future exchange rate as defined in the agreement;

12. **Forwards Contract** refers to an agreement between two parties on future selling or buying of a foreign exchange against Lao Kip, stating the pre-defined

exchange rate, the amount in Lao Kip, the amount in the foreign currency, delivery date and pre-defined terms and conditions. The forwards exchange rate may be higher or lower than the exchange rate on the delivery date;

**13. Foreign Exchange Options Contract** refers to an agreement between two parties, whereas the seller gives the right to buyer in the exchange Lao Kip with a designated foreign currency as pre-defined in the contract with the future date of delivery, the amount, period and exchange rate as pre-defined in the contract. The buyer has the right, but not the obligation, to buy or sale. The seller has the obligation to follow the option chosen by the buyer and has no right to cancel the purchase or sale of the foreign currencies.

#### **Article 4 (Amended) State Policy on Foreign Exchange Management**

The State manages the foreign exchange by law enforcement, policy and regulation issuance in order to manage the use of foreign currencies by the public economically, optimizing the benefits and building up foreign reserves.

The State encourages Individuals, legal entities and all organization involve to participate with the aim of foreign exchange management by using foreign currencies in accordance with laws.

The State pays attention to raise awareness and understanding of public on the principles for the possession and proper use of foreign currencies in accordance with laws.

The State promotes foreign exchange management by creating enabling environment, providing of human and financial resources to foreign exchange supervision authority.

#### **Article 5 (Amended) Principles of Foreign Exchange Management**

The foreign exchange management shall be based on following principles:

1. Compliance with periodic guidance, policies, laws, strategic plans and social economic development plan;
2. Centralized and unified foreign exchange management in collaboration with concerned sectors country-wide;
3. Vision, decisiveness, transparency, fairness and accountability;
4. Ensure the independence and stability of national currency;
5. Obligated contribution by public in the implementation, cooperation and involvement in foreign exchange management.

#### **Article 6 (Amended) Scope of the Law**

This law enforces against resident and non-resident Individuals, legal entities and organizations conducting foreign exchange transaction in the Lao PDR.

#### **Article 7 (Amended) International Cooperation**

The State promotes and broaden with regional and international cooperation on foreign exchange management activities through sharing information, experience, technical, technology, and human resource development and the implementation of treaties and international agreements to which the Lao PDR is a party to, and concerned agreements.

## **Part II**

### **Foreign Currencies Possession and Use in the Lao PDR**

#### **Article 8 (Amended) Foreign Currencies Possession**

Residents and non-residents of the Lao PDR are able to possess foreign exchange from their legal earnings by opening a deposit bank account at commercial bank within the Lao PDR and/ or holding cash in accordance with laws and regulations.

State revenue collected in foreign exchange and conduct through the Ministry of Finance shall be deposited with Bank of the Lao PDR.

Bank of the Lao PDR defines principles, regulations pertaining to the opening of bank accounts of residents and non-residents of the Lao PDR.

#### **Article 9 (Amended) Foreign Currencies Use**

Individuals, legal entities, and organizations, with foreign currencies in their possession, before receiving and making domestic payment for goods and services, debt service, dividends, payroll or wages and other obligations in the Lao PDR shall merely convert into Lao Kip with a commercial bank.

State revenue foreign currencies to be used within the country, shall be sold to Bank of the Lao PDR at the daily reference rate of Bank of the Lao PDR.

All price value (price tags) determination, posting and media advertisements of goods and services, payroll or wages and other value must be stated in Lao Kip. All goods and services price shall be based on Lao Kip.

Bank of the Lao PDR considers and proposes to the government for specific purposes of foreign currencies use in the territory of Lao PDR such as special economic zones, border trade zones, duty-free shops, including payment for government's obligations by enterprises that received foreign currencies income.

Specific utilization purposes of foreign exchange are defined in a separate regulation.

## **Part III**

### **External Payment**

#### **Article 10 (New) External Payment**

External payment is a monetary transaction related to international trade and service, income and grant aid, direct investment, portfolio investment, Loans, off-shore deposits and carrying cash into and out of the Lao PDR.

Residents and non-residents of the Lao PDR can use foreign exchange for conduct purposes as defined in Paragraph 1 of this Article by making payment through the banking system or international payment service providers.

## **Chapter 1**

### **International Trade and Services**

#### **Article 11 (New) International Trade and Services**

International trade and services are import-export of goods and/or services by residents and non-residents of the Lao PDR, that causing of payment.

Services consist of tourism, education, health, insurance, transport, telecommunication, labor and other services.

#### **Article 12 (New) International Payment for Trade and Services**

Resident importers-exporters of the Lao PDR shall have a specific bank account for international payment for import and export goods and services at a commercial bank, located in Lao PDR.

Goods and services importers shall have a specific bank account at a commercial bank located in Lao PDR and able to request to buy foreign currencies from the commercial bank which they open specific bank account. The commercial bank will consider the sale of foreign currencies according to the import priority products list and in accordance with criteria as defined in concerned regulations.

Goods and services exporters shall repatriate the export proceeds back to Lao PDR through their specific bank account in Lao PDR, that foreign currencies income with commercial bank their open specific bank account according to concerned regulations. In case good and service exporters need to pay for raw materials, production fees or services related to the production of exported, they can request to buy foreign currencies with that commercial bank.

The commercial bank providing specific bank account service shall comply with principles, standards and conditions in foreign exchange management related to goods and services import-export as required by Bank of the Lao PDR's regulations.

Bank of the Lao PDR defines principles, methods, conditions, including ratio and period related to export income management and provision of foreign exchange to import goods and services with the external parties.

## **Chapter 2**

### **External Income and Grants**

#### **Article 13 (New) External Income**

External income consists of grants, compensation of employees and other incomes. External income shall be remitted into and out of Lao PDR through payment service providers.

#### **Article 14 (Amended) International Grants**

International grants refer to fund, received or supported without payback obligations, consisting of government grants, grants from international organizations and other parties.

Ministry of Planning and Investment takes lead collaboration with Ministry of Foreign Affairs, Ministry of Finance, related ministries, ministry-equivalent organizations, local administration organization in centralized grants management as well as exchange of information with Bank of the Lao PDR.

Grants received shall be transferred through payment service providers to their bank account in Bank of the Lao PDR or commercial bank in Lao PDR, which commercial bank shall report to Bank of Lao PDR according to regulations.

Individuals, legal entities and organizations, wishing to provide external grants, shall process through the banking system of the Lao PDR.

#### **Article 15 (New) Compensation of Employees**

Compensation of employees consists of salary or wages, bonus, welfare and other legitimate income.

Foreign employees, working in Lao PDR, who are legally employed can remit their income abroad through payment service providers by completing documents as required by Bank of the Lao PDR.

Lao employees, working abroad, shall remit income to Lao PDR through payment service providers, where their accounts are opened with commercial bank located in Lao PDR.

Commercial banks shall report to Bank of Lao PDR according to regulations.

#### **Article 16 Other External Income**

Other external income of Individuals, legal entities and organizations from insurance, gifts and rewards shall be transferred into and out of Lao PDR through payment service providers.

### **Chapter 3 Foreign Direct Investment**

#### **Article 17 (New) Foreign Direct Investment**

Foreign direct investment refers to capital import to investment in Lao PDR by non-residents of Lao PDR or capital export to investment abroad by residents of Lao PDR, resulting in the legitimate ownership of the business.

Capital imported into Lao PDR is the total capital, including registered capital in form of owner's equity and/or debt, which can be import in form of money and/or in-kinds according to concerned regulations.

#### **Article 18 (Amended) Import of Capital for Direct Investment in Lao PDR**

Foreign investors shall import the registered capital and all capital into the Lao PDR according with concerned laws. After completing business registration, foreign investors shall open specific bank accounts at commercial banks located in the Lao PDR to deposit the investment fund. Financial transactions of the investor shall be performed through a specific bank account, including capital transfer to Lao PDR; profits and dividends transfers and loan repayment of interests and principals to foreign



countries. In case of carrying capital in form of banknotes (cash) into Lao PDR for investment, the investor shall have certificate documents of cash declaration from customs officers at the border check point.

Certificate documents shall be presented to Bank of the Lao PDR after each tranche of registered capital and all capital imported into Lao PDR within thirty days since the capital is imported into the Lao PDR.

A foreign investor purpose to utilize the capital in the specific bank account in Lao PDR, shall sell the foreign currencies to the commercial bank, where the bank account is opened, and able to purchase foreign exchange from the same commercial bank for international settlement according to regulations of Bank of the Lao PDR.

The commercial bank, providing specific bank account service is obligated to monitor the investor's import and export capital, report to Bank of the Lao PDR, and comply with service requirements according to regulations.

#### **Article 19 (Amended) Export Capital for Investment Abroad**

Residents of the Lao PDR, with the purpose to export capital for direct investment abroad, shall comply with requirements defined in the Law on Investment Promotion, and obtain the approval from Bank of the Lao PDR in accordance with policies and offshore investment plan.

Residents of the Lao PDR shall open a specific bank account with a commercial located in Lao PDR for transferring of capital and repatriating of income from the investment back to the country.

The commercial bank, providing bank account service for direct investment abroad shall comply with requirements of Bank of the Lao PDR.

The government defines policies and prepare capital export plan to assure currency stability and strength of foreign exchange reserves of the country.

### **Chapter 4 Portfolio Investment**

#### **Article 20 (New) Portfolio Investment**

Portfolio investment is either import of capital for the investment in equity and debt securities within in Lao PDR by non- residents of Lao PDR or export of capital for portfolio investment abroad by residents of Lao PDR.

#### **Article 21 (New) Portfolio/Securities Investment in Lao PDR**

Non-residents of Lao PDR, wishing to import the capital for investment in securities in Lao PDR, shall open a bank account with a commercial bank in Lao PDR for the securities/portfolio investment according to the Law on Securities and concerned regulations.

Non-residents of Lao PDR, investing in securities in Lao PDR, can transfer the start-up equity, dividends and profits back to their respective country through the bank account opened for securities/portfolio investment, according to the Law on Securities and concerned regulations.

Lao Securities Commission takes ownership in defining activity plan and investment priority in the Lao Securities Exchange to provide information to Bank of the Lao PDR.

**Article 22 (New) Portfolio Investment Abroad**

Residents of the Lao PDR, wishing to invest in portfolio investment abroad, shall get approval from the Lao Securities Commission according to the Law on Securities and concerned regulations.

Residents of the Lao PDR, having portfolio investment abroad shall repatriate starting capital, dividends, interests and other income arisen from the investment back to Lao PDR through the banking system.

The Lao Securities Commission has the duty to prepare external portfolio investment plan and monitor the investment activities as well as report to Bank of the Lao PDR.

**Article 23 (New) Offshore Equity Securities Issuance**

Legal entities and organizations, authorized by the Lao Securities Commission to issue equity securities abroad, shall mobilize fund and transfer to Lao PDR. If the fund needs to be utilized abroad, approval from Bank of the Lao PDR is required.

## **Chapter 5**

### **External Loans**

**Article 24 (New) External Loans**

External loans consist of government's loans and other parties' loans from other countries in form of direct loans, indirect loans such as government bonds, corporate bonds, trade credit and guarantee letters for credit.

**Article 25 (Amended) Government's External Loans**

Government's external loans consist of direct loans, bond issuance and loan guarantees of Lao government with foreign governments. The loan is in compliance with the Law on Public Debt Management.

Ministry of Finance notifies the loan plan, debt service plan and loan guarantee plan to Bank of the Lao PDR.

Government's external Loans shall be centrally deposited in the account of Ministry of Finance or the government's project accounts opened with Bank of the Lao PDR. The proceeds may be directly used for international settlement or to be converted to Lao Kip at Bank of the Lao PDR for domestic utilization.

Government's loans to other countries shall be centralized and managed at Ministry of Finance in collaboration with Bank of the Lao PDR.

#### **Article 26 (Amended) External Loans by Other Parties**

External loans by other parties consist of loans between financial institutions, individuals, legal entities and civil-society organizations in Lao PDR with non-residents of Lao PDR.

Financial institutions, individuals, legal entities and civil-society organizations in Lao PDR, wishing to provide or receive the external loans, shall obtain approval from Bank of the Lao PDR according to concerned regulations and shall report on the repayment to Bank of the Lao PDR until the loans are fully repaid. Providing or receiving the external loans shall only be done through the banking system.

#### **Article 27 (Amended) External Trade Credit**

External trade credit refers to good and service buying or selling contracts in form of credit between of residents of Lao PDR and non- residents of Lao PDR.

Providing or receiving external trade credit for one year or less shall be directly done through commercial banks located in Lao PDR and in compliance with policies and regulations of Bank of the Lao PDR.

Providing or receiving external trade credit for more than one year requires approval from Bank of the Lao PDR through commercial banks.

Commercial banks shall periodically report on trade credit transactions to Bank of the Lao PDR.

#### **Article 28 (New) External Debts**

External debts are financial obligations of residents of the Lao PDR, created by loan, loan guarantee, receiving trade credit from abroad, issuing government bonds or corporate bonds to non- residents of the Lao PDR and deposits of non-residents of Lao PDR.

External debts of Lao PDR consist of:

1. Public debts, which are external public debts;
2. Debts of financial institutions, which are external debts of Bank of the Lao PDR, commercial banks and non-bank financial institutions as defined by Bank of the Lao PDR;
3. Debts of other parties, which are external debts of civil society organizations, non-financial institutions such as individuals and legal entities.

Bank of Lao PDR, in collaboration with Ministry of Finance and other concerned ministries, compile information and monitor external debt situations of Lao PDR as well as takes ownership to incorporate in the annual national socio-economic development plan.

#### **Article 29 (New) External Debt Strategy**

The government assigns Bank of the Lao PDR, in collaboration with Ministry of Finance, Ministry of Planning and Investment and other concerned ministries, to consider external debt management strategy to propose to the National Assembly for consideration and approval, aiming at assurance of effective and efficient management, making external debt situations to be at manageable level.

External debt management strategy shall have the following contents:

1. Assessment of external debt position of the government, financial institutions and other non-government and non-financial institutions;
2. Definition of overall guidance, targets and strategy in external debt management;
3. Definition of short, medium and long term ratio of external debt, which shall not exceed debt security standard and appropriate for the periodic economic growth;
4. Definition of methods for periodic debt allocation and liquidity management plan;
5. Definition of implementation measures and mechanism.

Bank of Lao PDR is mandated with collection of statistics of external debts comprehensively, assessment of debt situations and report to the government periodically such as new loan contracts, external debt stocks, annual debt payment obligation and debt structure.

## **Chapter 6**

### **International Deposits and Carrying Cash into and out of Lao PDR**

#### **Article 30 (New) Deposits of Non-Residents of Lao PDR**

Non-residents of Lao PDR are able to open bank accounts in Lao Kip and foreign currencies with commercial banks located in Lao PDR according to regulations of Bank of the Lao PDR.

Commercial banks shall monitor and report on deposits of non-residents of Lao PDR to Bank of the Lao PDR according to regulations.

#### **Article 31 (New) Deposits of Residents of Lao PDR Abroad**

Residents of Lao PDR are able to open bank accounts abroad as authorized by Bank of the Lao PDR for the following purpose:

1. Business operations of commercial banks;
2. For loan receiving and repayment of loans, including trade credit, transacted with foreign parties;
3. Investment abroad, establishment of branches or representative offices abroad as authorized by competent authorities;
4. Other purposes according to regulations of Bank of the Lao PDR.

Those, having bank accounts abroad according to Paragraph 1 of this Article, shall report transactions of their bank accounts to Bank of the Lao PDR according to regulations.

Students, diplomats and employees posted to work abroad and laborers working abroad are able to open bank accounts abroad without authorization from Bank of the Lao PDR.

Bank of the Lao PDR defines principles and regulations related to utilization of bank accounts abroad.

### **Article 32 Carrying Cash into and out of Lao PDR**

Residents and non-residents of Lao PDR are able to carry ~~in~~ cash into Lao PDR on accordance with the amount determined by Bank of the Lao PDR, the excess amounts shall be declared to the customs officials at the border check point in order to get certificate document.

Residents and non-residents of Lao PDR are able to carry cash out of Lao PDR in the amount determined by Bank of the Lao PDR. the excess amount shall be approved by Bank of the Lao PDR. In case the exporter has certificate documents related to carry cash into Lao PDR, the exporter is able to declare the document to the customs officials at the border checkpoint in order to carry the cash out.

## **Part IV**

### **Exchange Rate Regime, Foreign Exchange Service, Interbank Foreign Exchange Market and Gold Business Activities**

#### **Article 33 (Amended) Exchange Rate Regime**

Lao PDR applies the market-based foreign exchange system supervised by the Government.

Bank of the Lao PDR defines reference rate in compliance with an overall goal of the monetary stability on periodical basis.

Bank of the Lao PDR has rights and duties to define the foreign currencies which can be used and/or traded on periodical basis.

#### **Article 34 (New) Foreign Exchange Service**

Foreign exchange service consists of a foreign exchange transfer, deposit and loan service in foreign currencies and currency exchange.

The duties of the foreign exchange service operators have duties to advertise, provide training, organize workshops, marketing relating to foreign exchange service through different channels including online social media in consistence with concerned regulation.

#### **Article 35 (New) Foreign Exchange Transfer Service**

Only payment service providers licensed by the Bank of the Lao PDR have the rights to provide domestic and international foreign exchange transfer service. The Bank of the Lao PDR defines the rules and the condition relating to these transfer activities.

#### **Article 36 (New) Deposit and Loan Service in Foreign Currencies**

Only commercial banks in the Lao PDR have the rights to offer deposit and loan service in foreign currencies. Foreign currencies deposit products consist of current account, saving account, fixed deposit account and other type of deposit account, with or with no interest. Foreign currencies loan products consist of loans, letters of credit, bank guarantees, and other types of credit aimed at promoting production and service activities with foreign currencies incomes. The Bank of the

Lao PDR defines policies and regulation relating to deposit and loan providing in foreign currencies, reserve requirement ratio, interest rate, the insurance rate of deposit and limit of the protection on periodical basis.

**Article 37 (New) Currency Exchange Service**

Only Commercial banks registered in Lao PDR have the rights to provide currencies exchange service in compliance with the foreign exchange regulation of the Bank of the Lao PDR. Foreign exchange conversion of one currency to another one needs to be proceeded through Lao Kip.

The Bank of the Lao PDR defines policy, rules and regulation in general relating to the currency exchange service activities.

**Article 38 (New) Interbank Foreign Exchange Market**

Interbank foreign exchange market consists of interbank market for foreign exchange trading and interbank market for loan.

The interbank foreign exchange market is the market where commercial banks perform selling and buying transaction. The products in this market consist of spot contract and foreign exchange derivative to secure the risk in exchange rate as swap, forward, options contract. Participants in this market include commercial banks and other concerned sectors authorized by the Bank of the Lao PDR.

The interbank loan market is defined as the market where commercial banks perform interbank deposit and loan transaction aiming to manage the capital and foreign exchange liquidation. The products of the market consist of a deposit and short-term, medium-term and long-term loan in foreign currencies.

The Bank of the Lao PDR defines regulation to supervise and inspect the operation of the market including foreign currency, reporting of the transaction.

**Article 39 (New) Gold Business**

Gold business consists of import, export, selling, buying, saving, lending and certifying the quality of the gold.

Import and export gold enterprises licensed by the bank of the Lao PDR have the rights to import, export, sell and buy gold, which is international payment instrument, in accordance to the regulation of the Bank of the Lao PDR.

Specific financial institutions authorized by the Bank of the Lao PDR have the rights to provide service in the forms of selling-buying, saving, lending, import, export and issuing of certifying the gold quality, which is international payment instrument, in according to the regulation of the Bank of the Lao PDR.

## **Part V**

### **Balance of Payment and Foreign Exchange Reserve**

**Article 40 (Amended) Balance of Payment**

The balance of payment is the statistics which compiles economic exchange transaction between residents and non-residents of the Lao PDR, including international

trade, incomes and foreign grant, foreign direct investment, portfolio investment, loan, international deposit during a certain period.

The Bank of the Lao PDR shall summarize statistic compilation of balance of payment on quarterly and annually basis in coordination with concerned ministries, organizations and local authorities.

#### **Article 41 (Amended) Balance of Payment Plan**

The Bank of the Lao PDR coordinates with concerned ministries and organizations to formulate a balance of payment plan, compiling information on foreign exchange reserve management and macro-economic monitoring. This information is then periodically reported to the government.

Residents and non-residents of the Lao PDR performed international financial transactions shall cooperate, compile transaction information to the Bank of the Lao PDR, concerned officials, and authorities.

#### **Article 42 (New) Foreign Exchange Reserve**

Foreign exchange reserves are assets defined as elements in the financial statements of the Bank of the Lao PDR. They consist of foreign currencies, treasury bills, special drawing rights, foreign currencies bonds and internationally accepted gold and used for international payments.

The Bank of the Lao PDR effectively manages foreign exchange reserve to support the implementation of the financial plan during a period as indicated in the Law of the Bank of the Lao PDR and other concerned regulation.

## **Part VI Prohibition**

#### **Article 43 (Amended) General Prohibition**

Individuals, legal entities and organizations are prohibited from the following acts:

1. Making payment and/or receiving payment in foreign exchange in Lao PDR noncompliance with this law and other laws concerned;
2. Price value determination, posting and/or media advertisement of goods, services and other value, price base structure of goods and services in foreign currencies in Lao PDR;
3. Advertising and/or announcing foreign exchange service, training, marketing on foreign currencies through all media channels;
4. Manipulating the exchange rate with fake News or unreliable source of information which causes negative effects on exchange rate;
5. Setting and publicly making their own exchange rate without permission from the Bank of the Lao PDR;
6. Domestic and international payment of products and service through payment system against noncompliance to the Law of the Lao PDR;

7. Providing foreign exchange service with no permission from the Bank of the Lao PDR;
8. Using foreign exchange service including currencies exchange, money transfer with individuals or legal entities with no permission from the Bank of the Lao PDR;
9. Opening and using bank account abroad noncompliance to this law;
10. Using other account which is not specific bank account for external payment of goods, service and investment;
11. Possessing incomes from export of goods, service and investment abroad with no permission;
12. Failing declaring or declaring over the delayed transfer of the capital into Lao PDR to the Bank of the Lao PDR;
13. Transferring the capital to invest abroad without permission;
14. Providing or obtaining external loan noncompliance to this law and other laws concerned;
15. Failing declaring the customs authorities concerned on importing cash exceeding the permitted amount; and exporting cash exceeding the permitted amount without permission from the Bank of the Lao PDR and without declaration to the customs authorities concerned;
16. Refusing to provide information or providing unreliable, incomplete information relating to the foreign exchange activities;
17. Obstructing or refusing to cooperate with officials and authorities concerned in the implementation of foreign exchange management activities;
18. Concealing or colluding in any offense concerned to foreign exchange transaction;
19. Other actions which violate the law or regulations.

#### **Article 44 (Amended) Prohibition for Foreign Exchange Service Operator**

Foreign exchange service operator is prohibited from the following acts:

1. Operating foreign exchange service noncompliance to the law and regulations and/or the scope of licensed business;
2. Directly or indirectly using, utilizing or setting favorable conditions for individuals, other legal entities to operate the foreign exchange service on behalf;
3. Manipulating the exchange rate by setting the exchange rate noncompliance to the regulation of the Bank of the Lao PDR, confinement of foreign exchange, making fraud or distorting the information relating to the factors which affect the exchange rate;
4. Conspiring with the service users to operate the foreign exchange transaction to make benefits for individuals or group of people which is noncompliance to this law and other regulations concerned;
5. Offering bribes to officials or state authorities concerned;
6. Concealing the information, inaccurately providing and/or reporting or falsifying documents related to the foreign exchange activities;
7. Other actions which violate the law or regulations.



#### **Article 45 (Amended) Prohibition for Authority or Official Concerned**

Authorities or officials concerned who have acts as defined in the article 43 of this law and is prohibited from the following additional acts:

1. Taking roles as advisor, employee for foreign exchange service providers which is related to his/her own duty;
2. Conspiring, setting favorable condition or making benefits from foreign exchange transaction which is not complied with the law and regulation concerned;
3. Disclosing confidential information of individuals, legal entities or organizations under his/her own duty without permission;
4. Claiming, requesting, soliciting bribe, acting in a biased way, retaining, falsifying documents on foreign exchange management activities;
5. Abusing their positions for personal and/or group of people and collective benefit from foreign exchange management including related business operation;
6. Neglecting his/her own duty to foreign exchange transaction offense;
7. Other actions which violate the law or regulation.

## **Part VII**

### **Supervision and Inspection of Foreign Exchange Activities**

#### **Chapter 1**

#### **Supervision of Foreign Exchange Activities**

#### **Article 46 (Amended) Foreign Exchange Activities Supervisory Authority**

The government of the Lao PDR manages foreign exchange activities centrally and unanimously nationwide by authorizing the Bank of the Lao PDR to directly supervise foreign exchange activities and act as the central agency to cooperate with Ministry of Finance, Ministry of Planning and Investment, Ministry of Industry and Commerce, Ministry of Public Security, Ministry of Labor and Social Welfare, Ministry, organization and local administration organization concerned according to their role.

#### **Article 47 (Amended) Rights and Duties of the Bank of the Lao PDR**

The rights and duties of the Bank of the Lao PDR to manage foreign exchange activities are to:

1. Define a policy, strategy, law and other regulation relating to foreign exchange management and propose them to the Government for consideration;
2. Enhance policy, strategy and law to the regulation, plan, project, program in detail to implement;
3. Promote, disseminate, advise and support implementation of the law and regulation relating to foreign exchange management activities nationwide and promote the public awareness in using Lao Kip effectively and sufficiently;
4. license, suspend or dissolve the operation of foreign exchange service and supervise operation units;

5. Consider the opening of bank account abroad, provide or receiving loans and foreign trade credit within the scope of the role;
6. Supervise and monitor foreign exchange flow relating to the mining, selling-buying and digital asset exchange;
7. Provide capacity building, training and enhance knowledge for its official and related authorities on foreign exchange activities;
8. Develop and use modern information communication technology system, survey, collect, analyze, estimate and systematically compile information on foreign exchange management;
9. Impose the administrative measures and regulation relating to foreign exchange activities to those who violate against the law;
10. Cooperate with the related sectors on the implementation of foreign exchange management law, regulation and plan;
11. Cooperate with international, sub-regional, regional and international organization on the foreign exchange activities;
12. Summarize and report the implementation of foreign exchange management to the government on a regular basis;
13. Perform other rights and duties as defined in the concerned law.

**Article 48 (Amended) Rights and Duties of Ministry, other organizations and Local Authority**

Ministries, organizations and local administration organization shall have rights and duties to advertise, disseminate and support implementation of the law and regulation relating to the foreign exchange management activities; promote public awareness raising in effectively and sufficiently using currencies; impose administrative measures to the business under its supervision who violate against this law depending on its role. Additional roles and duties are following:

1. Ministry of Finance have rights and duties to monitor and inspect the carry cash into and out Lao PDR, prepare the government's loan, debt service and international loan guarantee plan to the Bank of the Lao PDR and coordinate with the Bank of the Lao PDR to create and implement the loans and foreign debt management strategy; monitor and inspect import-export of goods and service in accordance to the certain needs and exchange information with the Bank of the Lao PDR to supervise foreign exchange and implement the fiscal plan; impose necessary measures against those who import and export foreign currency exceeding the amount approved out of the Lao PDR without declaration and /or with no permission;
2. Ministry of Planning and Investment has rights and duties to centrally supervise and support the ministries, other sectors and local administration organization concerned to analyze the capital to be invested in Lao PDR, monitor and inspect import-export of the capital of the foreign investors in Lao PDR and investors in the special economic zones; monitor and inspect grant with information submitted to the Bank of the Lao PDR to supervise foreign exchange; impose the measures to those who violate against as indicated in concerned law;
3. Ministry of Industry and Commerce has rights and duties to monitor, inspect value determination, posting and media advertisements, payment and receive payment of goods, services and other value including setting up the price base structure in Lao

Kip; develop integrated management tools of the enterprises who import-export goods and services with support to the enterprise to open specific bank account; provide information of the foreign exchange relating to import-export of goods; registered enterprise information; import of the capital of the enterprises in foreign currencies to the bank of the Lao PDR; impose the necessary measures to those who conduct value determination and post, advertise, receive and pay for goods, services and other in foreign exchange with temporary suspension of the licensing for those who import-export goods and services noncompliance to this law;

4. Ministry of Labor and Social Welfare has rights and duties monitor value determination, advertise salary or wages in compliance with this law; support outflow-inflow wage remittance transaction in Lao PDR through payment service providers and provide the information related to labor to the Bank of the Lao PDR to use in foreign exchange management;

5. Ministry of Public Security has rights and duties to supervise, monitor, inspect and impose the necessary measures on those who use, currency exchange, carry cash into and out the Lao PDR and provide foreign exchange service without permission and noncompliance to this law and other concerned regulations;

6. Ministry of Energy and Mining, Ministry of Agriculture and Forestry and other ministries have rights and duties to support and monitor and inspect incomes from export of goods and services to the Lao PDR, capital inflow and outflow out of the Lao PDR; import and export capital to Lao PDR, settle and use registration capital and all capital of enterprises under its supervision;

7. local administration organization have rights and duties to provide, supervise, monitor and inspect foreign exchange management activities in accordance to its roles.

## **Chapter 2**

### **Inspection of Foreign Exchange Activity**

#### **Article 49 (Amended) Foreign Exchange Activity Inspection Authority**

The foreign exchange activity inspection authorities are:

1. Internal Inspection Authority that is determined as foreign exchange supervising organization in Article 46 of this law;
2. External Inspection Authorities consist of the National Assembly, Provincial people's council, the State Inspection Authority, the State Audit Organization, Lao Front for National Construction, the Lao National Veterans Federation, Mass organizations; Civil Service organizations and the Mass Media.

#### **Article 50 (Amended) Inspection Content**

The content of foreign exchange activities inspection is:

1. Implementation of the law related to foreign exchange management and other concerned laws;
2. Performance of rights and duties of foreign exchange activity supervisory authority as well as impose the lawful measures to those who violate against the law;
3. Foreign exchange service;
4. Other necessary and important contents.

#### **Article (51) Form of Inspection**

There are three forms inspection below:

1. Regular Inspection conducted according to the inspection plan on a regular and certain periodic basis;
2. Advance notification inspection which is unplanned operation in case of necessity with advance notification to those who undergo an inspection;
3. Emergency Inspection which is an urgent inspection without advance notification to those who undergo an inspection.

The inspection of foreign exchange activities shall be strictly carried out in accordance with the law and regulations.

### **Part VIII**

## **Reward Policy for Good Performers and Measure Against Violators**

#### **Article 52 Reward Policy for Good Performers**

Individuals, legal entities or organizations which have strictly complied with and contributed to the successful implementation of this law shall be entitled to receive awards and other benefits in accordance with regulations.

#### **Article 53 (Amended) Measure Against Violators**

Individuals, legal entities or organizations which violate this law or other concerned laws and regulations on foreign exchange management to cause damage to the state and public may subject to reeducation, disciplinary action, fines, administrative measures, pay for civil compensation and/or criminal liabilities, depending on the severity of the case. The implementation of the disciplinary action and payment of civil compensation is accordance to the concerned laws.

#### **Article 54 (Amended) Educational Measure**

Individuals, legal entities or organizations which violate against this law, other law and regulations on foreign exchange management for the first time with minor offenses may subject to be warned and recorded by the authorities concerned. The officials and authorities concerned who violate against the law will be reeducated by the concerned authorities and their own organizations.

#### **Article 55 (Amended) Fine Measure**

Individuals, legal entities and organizations including concerned officers and officials who violate against this law, law and regulation on foreign exchange management and imposed on educational measures under article 54 of this law, but repeatedly violate against the law shall be fined on each case basis as following:

1. Fine from 10.000.000 (Ten million) Kip to 20.000.000(Twenty million) Kip for:

a. Foreign exchange activities which violate the point number 1, 6, 7, 8, 9, 10, 11, 13, 14 and 15 under article 43 of this law with equivalent less than 10.000.000 (Ten million) Kip;

b. Price value determination, posting and/or media advertisements of goods, services, salary, wages and other value, price base structure of goods and services in foreign exchange in Lao PDR;

c. Advertising and/or announcing foreign exchange service, training, marketing on foreign currency through all media channels; noncompliance to this Law and concerned regulation relating to foreign exchange activities;

d. Setting and publicly making their own exchange rate without permission from the Bank of the Lao PDR;

e. Refuse to cooperate with officers and officials concerned relating to foreign exchange management.

2. Fine 10% (Ten percentages) of the amount violated for foreign exchange activities against points number 1, 6, 7, 8, 9, 10, 11, 13, 14 and 15 under article 43 of this law equivalent from 10.000.000 (Ten million) Kip or above.

The repeated violation shall be fine twofold of the last fined value.

#### **Article 56 (New) Other Administrative Measures**

The enterprises which have been imposed on educational measure and fined under article 54 and 55 of this law, but repeatedly violate against foreign exchange management regulations shall be imposed on administrative measure as following:

1. Suspend export goods and services licensing due to operating external payment of goods and services which are not operated through the specific bank account, refusing transfer incomes from export to Lao PDR within the time period indicated or refusing sell foreign currencies from export to the Commercial Banks in according to the regulation;

2. Suspend import goods and service licensing due to failed operation of external payment of goods and services through the specific bank account;

3. Disallow to obtain approval to import the capital in Lao PDR relating to certification required for delayed import of the capital indicated by the Bank of the Lao PDR, not propose for certification or not report the recent import of the capital involved with insufficient reasons;

4. Suspend the transfer of money out of Lao PDR or suspend financial transaction through banking system in case of foreign borrowing activities conducted without permission or have not report the loan operation in accordance to the regulations of the Bank of the Lao PDR;

5. Suspend business operations in accordance to concerned regulations.

#### **Article 57 (Amended) Criminal Measure**

Individuals, legal entities including officers and officials concerned which violate against this law, constituted criminal offense and cause damage to the economic, financial, currency system of the Lao PDR shall be punished in accordance with the Penal Code and other laws which determine the criminal punishments.

Individuals and/or legal entities who manipulate the exchange rate, such actions shall be considered as criminal offenses.

**Article 58 (New) Manipulation of the exchange rate**

Individuals legal or entities who manipulate the exchange rate setting unreliable news, distorting information relating to factors negatively affect to the exchange rate, setting exchange rate, selling and buying foreign exchange noncompliance to the regulation of Bank of the Lao PDR, inconsistent with the real situation and cause damage to economic, fiscal and monetary of the Lao PDR shall be imprisoned from one year to five years and fined from 50.000.000 (Fifty million) Kip to 100.000.000 (One hundred million) Kip.

**Part IX**  
**Final Provision**

**Article 59 Implementation**

The Government of the Lao People's Democratic Republic implements this law.

**Article 60 (Amended) Effectiveness**

The law shall be effective from 1 October 2022 after the President of the Lao PDR issued the Promulgation Decree and it has been disseminated on the Official Gazette.

This Law replaces the Law on Foreign Exchange Management, reference number 55/NA, 22 December 2014.

**President of the National Assembly**

Dr. Saysomphone Phomvihane