

LAO PEOPLE'S DEMOCRATIC REPUBLIC

5. Engaging in hazardous investments which are against the prohibition requirements of the Bank of the Lao PDR;
6. Distributing of excessive annual profits in comparison with earning capacity, capital position and asset quality as well as in comparison to the ratios fixed by the State;
7. Failure in observing loan loss provisions;
8. Violation of laws, regulations and orders of the State and those of the Bank of the Lao PDR;
9. Any corruption of officers;
10. Failure to make programmes for debt collection.

Article 3

The Bank of the Lao PDR will fix penalties against unsafe and unsound actions as follows:

1. A violation of any item in Article 2 will carry a penalty of 150,000 kip/day;
2. An offence committed due to negligent business conduct, which results in financial damage to the related commercial bank or financial institution, will carry a penalty of 500,000 kip/day;
3. An intentional or unintentional offence, which causes great damage to the commercial bank or financial institution concerned, will carry a maximum penalty of up to one million kip/day or 1% of the assets of the said commercial bank or financial institution.

Article 4

In case of corruption, the Bank of the Lao PDR has the right to establish a control committee for collecting data and prosecution files.

Article 5

In cases where the commercial bank or financial institution commits serious offences leading to the distortions which are harmful to the soundness of the banking system as well as to the financial institution, capital market and economic system of the country, the Bank of the Lao PDR will suspend or terminate any or all the activities of the said commercial bank or financial institution according to the seriousness of the offence. The Bank of the Lao PDR will establish a control committee to oversee the activities of the bank or financial institution in question on behalf of its board of directors in order to solve problems in a lawful manner.

Article 6

The present Regulation comes into effect from the date of its signing.

Vientiane, January 15, 1996

The Acting Governor
Of the Bank of the Lao PDR
(Signed and sealed)

Pany YATHOTOU