



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

**The National Committee for
Anti-Money Laundering and
Counter-Financing of Terrorism**

No. 10 /NCC
Vientiane Capital, dated 25 August 2021

Agreement
**On Anti-Money Laundering and Counter-Financing of Terrorism Measures for
Reporting Entities (Revised Version)**

- Pursuant to the Law on Anti-Money Laundering and Financing of Terrorism No. 50/NA, dated 21 July 2014;
- Pursuant to the Prime Ministerial Decree on Actions of the National Committee for Anti-Money Laundering and Counter-Financing of Terrorism, No. 350/PM, dated 1 October 2016;
- Pursuant to the Request from the Anti-Money Laundering Intelligence Office, No. 437/AMLIO, dated 07 April 2021.

**The Chairman of the National Committee for
Anti-Money Laundering and Counter-Financing of Terrorism Issues This Agreement:**

Section 1
General Provisions

Article 1 Objectives

The objectives of this agreement are to define the general principles, procedures and measures regarding the internal controls, customer due diligence, risk assessment and mitigation for the reporting entities in order to strictly implement the work of Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) at the reporting entities level to be efficient and effective.

Article 2 Risk Assessment and Mitigation

Risk assessment and mitigation is the definition, evaluation, monitoring and mitigate ML/FT risk that include its own and customers risks namely the customer, product and service, and geographic or country risks in order to reduce the risk before providing the service to, operating business and creating business relationship with both existing and new customers each time as specified in Article 20 of the Law on AML/CFT and Section 2 of this Agreement.

These obligations apply at (i) at the institutional level for the whole AML/CFT compliance program and (ii) at the customer level under risk based customer due diligence.

Article 3 Internal Controls

The internal control is the creation and implementation of the implementing plan of reporting entities including corporate group, foreign branches and subsidiaries both FIs and DNFBPs on Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) as defined in Article 19 of the Law on AML/CFT and Section 3 of this Agreement.

Article 4 Customer Due Diligence

Customers Due Diligence is the collection of information and documents or evidence which verifies the identity and transaction operation of the customers by the reporting entities while providing service or establishing business relationships at appropriate time as defined in Article 21 and 22 of the Law on AML/CFT and Section 4 of this Agreement.

Article 5 Definition

Terms used in this agreement have meanings as follows:

1. **Customer means:** Any person, either an individual, legal person, legal arrangement, or organization including a government organization using the services or carrying out any transaction with the reporting entity as specified in Clause 25, Article 8 of the Law on AML/CFT;
2. **Identification means:** Identify the information of customers, beneficiary, beneficial owner and any authorized individual representative acting on behalf of the customer, such as: name and surname, age, occupation, date of birth, place of birth, address, current data on contacts and other necessary information;
3. **Verification of identity means:** Verify the customers, including beneficial owner and any authorized individual representative, from the information and documents or evidence legally to prove the identification of the customer is correct and up to date before giving the service or creating business relationships each time as specified in Article 15 of this agreement;
4. **Transactions means:** Transactions as specified in clause 9 of Article 8 of the Law on AML/CFT;
5. **Credible information documents or source means:** The verification of documents, information and sources of data are identified as reliable and independent such as the original ID or address document, certified true copy by a notary/legal professional, and the documents or information that people or individuals, legal entities and organizations may access or disseminate generally which is information that the government agencies has created to help in research, verifying, identify or informing of information on a topic which may be paid for or not paid for in order to access or receive of such information. A copy of customer identifications is required the date, signature, name and recommendations by authorized officials each time;
6. **Legal Arrangement means:** Any Trust or legal agreement for individuals, legal

person or organizations where one party has the right to control, possess, use, benefit, buy-sell or manage a fund or asset through any method for the benefit of the other party or the beneficial ownership;

7. **Trust Service Provider or Trustee means:** Authorized representatives of Trust, who has the right to manage a fund, securities, assets, bank accounts, credit accounts and to hold the share of third party, registration enterprise, audit company and business unit with an approval to operate business as Trustee;
8. **Legal Person means:** Enterprises defined in the Law on Enterprise, as well as, cooperatives, domestic and foreign associations and foundations legally established as a legal person as defined in clause 6 of Article 3 of the promulgated Law on Penal Code No. 26/NA, dated 17 May 2017;
9. **Beneficiary means:** Natural person, legal persons or organizations that received benefits from its transactions and business relationships as defined in a contract or document;
10. **Beneficial owner means:** Refers to the individual (s) i.e. natural person who ultimately owns by over 25% of their business activities and transactions conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement as defined in Clause 11 of Article 8 of the Law on ALM/CFT;
11. **Political exposed persons mean:** Individuals as specified in Clause 12, 13, 14 and 15 of Article 8 of the Law on AML/CFT;
12. **Numbered account means:** An account opened by a customer in a commercial bank or financial institution but does not reveal the name of the account holder or the account owner and uses a numerical or alphabetical code instead, so that the account holder or account owner is not revealed so that deposits-withdrawals or other transactions can be made as normal;
13. **Anonymous account means:** A deposit account as specified in Clause 24 of Article 8 of the Law on AML/CFT;
14. **Fund means:** Fund or property as specified in Clause 5 of Article 8 of the Law on AML/CFT;
15. **Independent Internal Inspection means:** Specific internal inspection of AML/CFT work implementation including the direct report to Managing director and Board of directors;
16. **Corporate Group, Foreign branches and Subsidiaries means:** The corporate group, foreign branches and subsidiaries of which is composited of the reporting entities;
17. **DNFBPs means:** The sector as specified in Clause 8 of Article 8 of the Law on AML/CFT;
18. **Reasonable measures mean:** The appropriate measures in lined with ML/TF risks.

Article 6 General Principles

To implement all measures in this agreement has to follow the principles:

1. Ensure the verifications, identification and collection information that

- collected related and timely manner of to the actual customers;
2. Ensure the implement of measures in this agreement without tipping-offs customers and confidentiality of related staffs in reporting entities;
 3. Ensure consistency in the implementation of this agreement and the internal regulations of reporting entities.

Article 7 Scope

This agreement is to use for reporting entities as specified in Clause 7 and 8 of Article 8 and 17 of the Law on AML/CFT throughout the country.

Section 2 Risk Assessment and Mitigation

Article 8 Risk Assessment and Mitigation

Reporting entities must comply the principles of assessment and mitigate risk of money laundering and financing of terrorism as specified in Article 20 in the Law on AML/CFT and shall review and improve their own policies, principles, procedures or regulations per the standard conditions specified by the AMLIO periodically.

Reporting must assess its own and customers risks on the basis of at least identifying, valuing, monitoring and mitigating the risk of money laundering and financing of terrorism based on several risk factors, namely (1) customers, (2) products and services (existing and new products), (3) delivering channels, including use of new service methods or technology in servicing or conducting business, and (4) geographic areas or countries.

- (1) Outcomes of NRA and RBA;
- (2) Consideration of the main factors prior to identify the risk levels as well as assign the form of mitigating risks;
- (3) Risk review and improvement must be up to date; and
- (4) Document Risk assessment and submitted to AMLIO periodically.

Reporting entities must also cover the internal regulations as follow:

- (1) Have policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate the risks that have been identified;
- (2) Monitor the implementation of those controls and to enhance them if necessary; and
- (3) Take enhanced measures to manage and mitigate the risks where higher risks are identified.

Article 9 Risk Based Customer Due Diligence

Reporting entities must consider the intensity of measures for customer due diligence for all of their customers in accordance with the risk of money laundering and financing of

terrorism of the customer.

In case, the risks of money laundering or terrorist financing is high, reporting entities should be required to conduct enhanced CDD measures, consistent with the risks identified. In particular, they should increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious. The enhanced measures that must be taken for customer due diligence is defined in the Article 22 of this agreement.

In case, the risks of money laundering or terrorist financing is low, reporting entities may be permitted to apply simplified CDD measures, through an adequate analysis of risks by the reporting entity. The simplified measures should be commensurate with the lower risk factors, but are not acceptable whenever there is suspicious of ML/TF, or specific higher risk scenarios apply. If the customer has a low level of risk, simplified measures are specified in the Article 23 of this agreement.

The reporting entities shall have the appropriated measures for mitigating the risk of money laundering and financing of terrorism before servicing, conducting business and creating business relationships with new and old customers.

Article 10 Risk Factors for Low-Risk Customers

The reporting entities must conduct the risk assessment as defined in Clause 1 and 3 of Article 9 of this agreement by considering the low risks factors on money laundering and financing terrorism as follows:

1. Risk factors from customer that shall be considered at least following:

- customers who conduct transactions or business relationship on behalf of organization or state enterprise as defined in clause 1 of article 18 in this agreement as clearly;
- customer who is organizations or state enterprises as defined in clause 1 of article 18 in this agreement as clearly;
- customer who is public company, listed on the stock exchange, which is the public company, registered in the stock market and has sufficient level of transparency;
- customer who is low income with the exception of income tax payment;
- other factors that determined the reporting entities its self and by AMLIO.

2. Risk factors on products, conducting transactions, or service channel or new service technology must consider at least the following:

- the project on pension, retirement or fund of retirement or similar project for benefits of retirement of employees by cut the part of salary's staffs, wages and not allow members to transfer benefits to another person;
- products or financial services are appropriate service and within the limits specific

- types of customers can access those services;
- other factors that determined the reporting entities its self and by AMLIO.

3. Risk factors from areas or countries must consider at least the following:

- areas or countries has been trusted by assessment on money laundering and financing of terrorism that are effective from international organizations;
- areas or countries that have been assessed by trusted international organizations that corruption or other crime are in low levels.

Even though the customer is low risk, the reporting entities still have to continue to inspect and monitor the customer's transaction.

Article 11 Risk Factors for High-Risk Customers

The reporting entities must implement the risk assessment as specified in par 1 and 2 of Article 9 of this agreement by considering the high-risk factors of money laundering and financing of terrorism as follows:

1. Risk factors that caused by the customers, which consider at least as following:

- 1.1. In case of the identification of the customer or the beneficial owner indicates that the customers or the beneficial owner has any features as follows:
 - the structure of stakeholder is complex or unusual when compared with the nature of business;
 - the political exposed person;
 - conducting business or a profession with high risk;
 - conducting business or active transactions of customers mainly use the cash which does not consistent to business customers;
 - None citizen or not lives in Lao PDR;
 - legal person or legal arrangement has settled other's funds.
 - legal person who was hold of shareholders or shares issued in the form of anonymous holder;
 - considered that evidence of customers is a high-risk customer;
 - other factors that determined the reporting entities its self and by AMLIO.
- 1.2. In the event of the result of verify was found that the transactions or business relationships of customer has conducted in an unusual manner.

2. Risk factors on products, conducting transactions, or service channel or new service technology must consider at least the following:

- 2.1. Establishing the business relationships or transactions with legal person who has no enterprise registration or license on conducting business, or illegal;
- 2.2. Establishing the business relationships or transactions that are not revealed real name;
- 2.3. Establishing the relationships business or transactions with non-face to face operation;

- 2.4. Receive money transfer from unknown people or not relevant third party;
 - 2.5. other factors that determined the reporting entities its self and by AMLIO.
3. Factors as risks from high-risk geographic areas or countries, such as:
- 3.1 Countries identified by credible sources, such as mutual evaluation or detailed assessment reports or published follow-up reports, as not having adequate AML/CFT systems;
 - 3.2 Countries subject to sanctions, embargos or similar measures issued by, for example, the United Nations;
 - 3.3 Countries identified by credible sources as having significant levels of corruption or other criminal activities;
 - 3.4 Countries or geographic areas identified by credible sources as providing funding or support for terrorist activities, or that have designated terrorist organisations operating within their country.

The reporting entities must take the risk factors as defined in paragraph one of this article and other related information to consider the risk of customer as strictly in the case of reporting entities was assessed on risk factors with other information of customers, if it is as defined in the paragraph one of this article, the reporting entities must define a customer as a high-risk customer and must take an enhanced measures on customer due diligence as defined in Article 22 of this agreement.

Section 3 **Internal control**

Article 12 Internal controls

The reporting entities must implement the internal control programs against ML/TF by defining policies, procedure, internal independent audit and management and external audit as specified in Article 19 of the Law on AML/CFT.

Internal policies or regulations that specified in Paragraph 1 of this article must include corporate group wide programmes on AML/CFT including any branches and subsidiaries both domestic and foreign so that follow the implementation of reporting entity obligations as defined in Article 18 of the Law on AML/CFT.

Article 13 Corporate Group, Foreign branches and Subsidiaries

In the event that the corporate group, foreign branches and subsidiaries of the reporting entities located in foreign countries or Lao PDR must apply AML/CFT measures consistent with foreign countries or Lao PDR and head quarter.

In the event that the countries of above mentioned not allow corporate group, foreign

branches and subsidiaries to follow the AML/CFT measures of head quarter, the reporting entities must ensure that these corporate group, foreign branches and subsidiaries are required to implement additional AML/CFT measures as seeing appropriate so that manage the risks and also report to its supervision.

Article 14 Information Sharing Among Corporate Group, Branches and Subsidiaries

Reporting entities enable to exchange and share the information based on the adequacy, safety, confidentiality and tipping-off namely the suspicious transaction, money value transfer, electronic money transfer, correspondent bank, risk and customer due diligence measure among corporate group, branches and subsidiaries that operate business in the Lao PDR same as the reporting entities.

Section 4 Customer Due Diligence

Article 15 Measures on Customer Due Diligence

Customers Due Diligence is the collection of information and documents or evidence which verifies the identity of the customers, beneficial owners, and authorized individual representative by the reporting entities while providing service or establishing business relationships as defined in Article 16 to Article 19 of this Agreement. It would prove such information and documents or evidences on customer identification and customer transitions sufficiently, correctly and up to date as specified in Article 20 of this Agreement and based on the level of customer risk as specified Article 9 of this Agreement.

Article 16 Customer Due Diligence for Individuals

In the event that it is an individual, the reporting entities must at least collect information and documents or evidence legally of the individual as specified in Clause 1 and Clause 2 of this Article.

1. For individuals who are Lao:

- Name and surname;
- Date of birth;
- ID Card and Passport;
- Age and occupation;
- Address as the house registration or census book and current address;
- Name and location of workplace;
- Contact information such as: telephone or residential address and email address;
- Handwriting along with signature;
- Letters or documents along with handwriting or signature by authorized official or authorized individual representative for operating business and creating business relationship (if has);

- Other information necessary or as specified by the Anti-Money Laundering Information Office (AMLIO).

2. For individuals who are foreign or resident alien:

- Name and surname;
- Date of birth;
- Nationality, age and occupation;
- Passport issued by the government of the country of nationality
- Resident alien card (if a resident alien in the Lao PDR);
- Address as the house registration or census book and current address both in the home country and in the Lao PDR;
- Name and location of workplace both in the home country and in the Lao PDR;
- Contact information such as: telephone or residential address and email address;
- Handwriting along with signature;
- Letters or documents along with handwriting or signature by authorized official or authorized individual representative for operating business and creating business relationship (if has);
- Other information necessary or as specified by the Anti-Money Laundering Information Office (AMLIO).

Article 17 Customer Due Diligence for Legal Person

In case of legal person, the reporting entities must at least collect information and documents or evidence legally of the legal person as following:

- Name of the legal person;
- Office address;
- Contact information, such as: telephone, fax and official email address;
- Enterprise registration number and enterprise registration document that is not yet expired;
- Business operation license number and copy of the business operation license that is not yet expired;
- A letter or documents that regulate and bind the legal person or arrangement, as well as the names of the relevant persons having a senior management position in the legal person or arrangement;
- Business address and main business address certified in business operation license (if has);
- Tax registration number and copy of the tax registration that is not yet expired and copies of these documents;
- A letter or document with handwriting or a signature along with name and company seal of both the grantor and receiver of authority to make transactions or create

- business relationships on their behalf;
- The receiver of authority to make transactions or create business relationships on behalf of the legal person must follow Article 16 of this agreement;
- Other information necessary or specified additionally by the AMLIO.

Article 18 Customer Due Diligence for Organizations and Non-Profit Organizations

In case of an organization or a non-profit organization (NPO), the reporting entities must at least collect information and documents or evidence legally of the organization or NPO as specified in Clauses 1 and 2 of this Article.

1. For organizations:

- Organization name;
- Location;
- Contact information, such as: telephone, fax and official email address;
- Registration certificate;
- A letter or document regarding the objective of conduct transactions or creating business relationships each time;
- A letter appointing or granting authority in conduct transactions each time from the organization;
- A letter or document with handwriting or a signature along with name and company seal of both the grantor and receiver of authority to make transactions or create business relationships on the organization's behalf;
- Other necessary information or specified additionally by the AMLIO.

2. For NPOs:

- NPO's name;
- Location;
- Contact information, such as: telephone, fax and official email address;
- NPO registration certificate;
- A letter or document regarding the objective of conducting transactions or creating business relationships each time and copies of each document;
- A copy or a document registration or certifying or licensing the operation of activities or business from a relevant agency of government;
- A letter or document with handwriting or a signature along with name and company seal of both the grantor and receiver of authority to make transactions or create business relationships on the NPO's behalf;
- The receiver of authority to make transactions or create business relationships on behalf of the NPO must follow Article 8 of this agreement;
- Other necessary information or specified additionally by the AMLIO.

Article 19 Customer Due Diligence for Legal Arrangement

In case of the legal arrangement, the reporting entities should correct information as described in Article 16 or 17 of this agreement. In addition, the reporting entities should identify, gather information and documents or evidence legally about the trustee (s), settlor (s), protector (s), beneficiaries and other necessary information through the trust deed or equivalent:

Apart from the collecting the information as specified in Article 16 or 17 the reporting entities must collect the information and document related with a legal arrangement and other necessary information as specified by the AMLIO.

Article 20 Customer Due Diligence for all Customers

Reporting entities must perform a measures for the customer due diligence as specified in Paragraph 2 of this article with a reference to assessing and mitigating risk as specified in article 8 of this agreement in order to acknowledge or verify the customer applied the information and documents or evidence legally including the beneficial owner of the transaction or the business relationships that the customer is building or carrying out that are unrelated, unconnected, unlinked to money laundering or financing of terrorism or other predicate offence.

Reporting entities must perform a measure for the customer due diligence for their own customers including exiting and occasional customers, and an individual, legal person or legal arrangement as follows:

1. Identification of customers and checks to verification for information and documents or evidence legally that the customer uses to verify themselves from reliable sources;
2. Perform the appropriate measures to identify and take reasonable measure to verify the beneficial owner of the customer using the relevant data or information obtained from reliable source so that reporting entities satisfied who is the beneficial owner of customer;
3. Perform the necessary measures in order to request appropriate information on the objectives and intended nature of business relationship;
4. Scrutinizing transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the financial institution's knowledge of the customer, their business and risk profile, including where necessary, the source of funds;
5. Ensuring that documents, data or information collect under the customer due diligence process is up-to-date and relevant, by undertaking reviews of existing records, particularly for higher risk categories of customers.

Moreover, the reporting entities must implement Clauses 1 through 5 of Paragraph 2 of this Article of the agreement, reporting entities must verify information of customer, beneficial owner and authorized individual representative with information related to lists of individuals, legal person or organizations as follows:

1. Individuals, legal person or organizations who are specified on lists of individuals, legal person or organizations in resolutions of the Security Council of the United Nations regarding terrorism or financing of terrorism;

2. Individuals, legal person or organizations who are specified on internal lists of the Lao PDR regarding the ML-TF.

Article 21 Customer Due Diligence during Service or Creating Business Relationships with the Customers

Reporting entities must perform measures for customer due diligence during service or before creating business relationships with their customers in each situation as specified in Paragraph one of Article 22 of the Law on AML/CFT as follows:

1. When establish business relationships with their customer;
2. Customer make occasionally transaction, single transaction or several transactions that appear to be linked which have value of 100,000,000 kip (one hundred million kip) or more or equivalent;
3. There is information or suspicious that conduct a transaction or creating business relationships of the customer is the money laundering and financing of terrorism;
4. The previously obtained information identifying customers is not complete or suspected to be correct.

Reporting entities of which is DNFBP are required to following clause 1, 3 and 4 above and also implement the measure to their own customers as following:

1. Casinos serves the customers for making occasional transaction, single transaction or several transactions with over the threshold of 30.000.000 Kip (Thirty million Kip) a day;
2. Representatives of real estate company that provide service of the real estate buying-selling each time;
3. Precious metal and stones business provider that provide the service of the precious metal and stones buying-selling with the cash of over threshold of 100.000.000 Kip (Over one hundred million Kip);
4. Reporting entities prepare or perform the services instead of their customers as following:
 - Buying and selling of real estate; manage client money, securities or assets; banking account and securities account; the consultant of establishing, managing, and business operating to any company; of which it is included the legal arrangement and any trading business;
 - A legally establishing of legal person, managing director or secretariat of company, co-worker or other positions; accommodation of office arrangement or working place, dormitory; co-worker with legal person and legal arrangement; any company or trustee or other duties similar to legal person and arrangement and any stakeholder.

Article 22 Enhanced Customer Due Diligence

When the reporting entities has finished risk assessment as specified in article 8 of this agreement and define the customer as a high-risk customer in money laundering or financing

of terrorism, the reporting entities must take enhanced measure for customer due diligence as least following:

1. Determine more procedure or request more information from the customers such as the information or evidence in operation or activities of business, sources of capital (wealth) or income (funds) and information about the purpose of conducting transactions or business relationship. To determine this procedure, should consider the business relationship with the reporting entities that reliable in anti- money laundering and financing of terrorism as a reason to request more information;
2. Obtain the senior manager to approval prior to conducting transactions or establish a business relationship with high-risk customers and approve the procedure to verify the information through the customer due diligence in case of customers have high risk, which may cause to make reporting entities to be the tools or source of money laundering and financing of terrorism. If the customer fails to meet the CDD requirement. Reporting entities must deny or cease the relationships in transactions or business relationships with the customers and report the suspicious transactions report of money laundering or the financing of terrorism to the AMLIO;
3. Under take enhance ongoing CDD including transaction monitoring by ensure procedures detect the financial movement of high-risk customers as strictly by considering increasing frequency, step or track the business relationship and transactions, and also more frequently check the identity and those beneficial owner of customer and reporting entities must conducting this procedure as regularly.

In the event of consideration that customers has high risk previously with clean transactions or transparency activities which align with the customer identification and not suspicious to related to the money laundering and financing of terrorism, the reporting entities must consider to re-assess the risk level of the customer to consistent with the actual circumstance in each period.

Article 23 Simplified Customer Due Diligence

After the reporting entities has conducted the risk assessment as defined in Article 8 of this agreement and define the customer as a low-risk costumer in money laundering or financing of terrorism, the reporting entities may apply simplified CDD as least following:

1. Verifying the identity of the customer and the beneficial owner after the establishment of the business relationship as soon as possible;
2. Allow for greater flexibility in acceptable ID verification documents, address verification for individual customers who do not possess a national ID or passport, except where is suspicious to ML/TF;
3. Reducing the frequency of customer identification updates;
4. Reducing the degree of on-going monitoring and scrutinising transactions, based on a reasonable monetary threshold;

5. Not collecting specific information or apply extra measure in case the reporting entities understand the purpose and intended nature of the business relationship.

Reporting entities enable to verify the delayed verification under simplified measure to the customers has low risk and they must employ the procedures of risk management by considering optimal conditions that customer might utilize from creating the business relationship before the specification of risk level.

In the event of consideration that customers has low risk with respect to the above mention measure of risk mitigation, the reporting entities must conduct the simplified measures customer due diligence.

In the event of consideration that customers has low risk with active transactions or activities in a manner that involved or related to money laundering or financing of terrorism, the reporting entities must improve the risk of customers to be a high risk customers and conduct the enhanced measures customer due diligence immediately.

Article 24 Measure for authorized individual representative act on behalf of the customer

The reporting entities must take a measure of the customer due diligence as specified in Article 20 of this Agreement to authorized individual representative act on behalf of the customer, and must be able to verify that the person is so authorized by the customer, and identifying and verifying the authorized individual representative.

Article 25 Measure for Politically Exposed Persons

In the case of the customers of reporting entities are politically exposed persons, beside of the follow the second paragraph of Article 25 of AML/CFT Law, it also needs the following:

1. To identify the customer as a high-risk customer including take the enhanced measures of customer due diligence, and using appropriated measures for seeking the source of funds and income the customer including got approval by the senior management before the commencement of the business relationship;
2. To identify the customer is who politically exposed persons as defined in clause 13, 14 and 15 of article 8 of the AML/CFT Law;
3. To consider the reporting a suspicious transaction report of money laundering or financing of terrorism to AMLIO immediately;
4. To take the measures to on-going by monitoring as defined in Article 37 of this Agreement to the customer.

Article 26 The Legal Person and Legal Arrangement measures

Reporting entities shall have more concerns on the customers regarding the customer due diligence as specified in article 20 of this Agreement, the reporting entities must perform the necessary measures, as follows:

1. To identify the nature of the customer's business, its ownership and internal power and control structure;
2. To identify the customer and verify its identity through the following information:
 - 2.1 name, legal form and proof of existence;

- 2.2 list of persons having power and control the legal person or legal arrangement, as well as the names of the relevant persons having a senior management position in the legal person or legal arrangement; and
- 2.3 the address of the registered office and, if different, a principal place of business.

Article 27 Beneficial Ownership Measure for Legal Person

Reporting entities should identify and take reasonable measures to verify the identity of beneficial owners of customers that are legal persons through the following information:

1. To identify the natural person(s) (if any) who ultimately has a controlling ownership interest 25% above in a legal person; and
2. To the extent that there is doubt under 1 as to whether the person(s) with the controlling ownership interest is the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural person(s) (if any) exercising control of the legal person or arrangement through other means; and
3. where no natural person is identified under 1 and 2 above, identify the relevant natural person who holds the position of senior managing official.

Article 28 Beneficial Ownership Measure for Legal Arrangement.

In case, there is permission of the business activity as stimulated in clauses 6 and 7 of Article 5 of this Agreement, the reporting entities required to perform the customer due diligence measures as stimulated in Article 22 of this Agreement and also required to identify and perform the appropriated measures to verify the legal arrangement as follow:

1. For foreign and domestic Trust service provider or trustee, reporting entities should apply Article 19 to identify who exercising ultimate effective control over the trust ;
2. For other types of legal arrangements, the identity of persons in equivalent or similar positions in clause 1 of this article.

In case of the Trust Service Provider or Trustee is costumer, they must provide the type and status business to the reporting entities when establish the business relationship or perform the threshold transaction. In case of Trust Service Provider or trustee not provide the type and status business, they will be punished in accordance with this agreement.

All Trust Service Provider or Trustees shall keep the information that stimulated in paragraph 1 of this article relating and basic information on other regulated agents of, and service providers to, the trust, including investment advisors or managers, accountants, and tax advisors sufficient and up to date. All Trust Service Provider or Trustees should provide such information to competent authorities or financial institutions and DNFBPs in terms of the business relationship, upon request; including keep the records as stimulated in article 36 of this agreement and should keep the records for at least five years after their involvement with the trust ceases.

Article 29 Measure for Beneficiaries of Insurance Contracts

In the event of the reporting entities was establish the relationship business or

transactions about life insurance or other contract of insurance beside of using the measure on customer due diligence as specified in article 20 of this agreement, the reporting entities also must perform the following:

1. for a beneficiary that is identified as specifically named natural or legal persons or legal arrangements – taking the name of the person;
2. for a beneficiary that is designated by characteristics or by class or by other means – obtaining sufficient information concerning the beneficiary to satisfy the financial institution that it will be able to establish the identity of the beneficiary at the time of the payout;
3. for both the above cases – the verification of the identity of the beneficiary should occur at the time of the payout.

The insurance company shall provide the completely information related beneficial owner based on the contract including characteristics or by class or by other means – obtaining sufficient information concerning the beneficiary to satisfy the financial institution in order to establish the identity of the beneficiary at the time of the payout.

Apart from paragraph 1 of this article, the reporting entities must verify and identify the life insurance beneficiary in as following:

1. To define the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable. In case beneficiary on the insurance contracts is stipulated in para 1 of this article shall be a legal arrangement or person who has higher risk of money laundering or financing terrorism, the reporting entities must take enhanced customer due diligence, which should include appropriate measures to identify and verify the beneficial owner of the beneficiary when required the payment or other benefits as specified in the contract of insurance;
2. To use the take appropriate measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs. This should occur, at the latest, at the time of the payout. In case the beneficiary from insurance contracts is a PEP, the reporting entities must v e r i f y the information about the relationship between insurance contract owner with beneficiary from insurance contracts that is Politically exposed persons, to conduct enhanced scrutiny on the whole business relationship with the insurance contact holder, and inform to the senior manager before the approved the payment of insurance contracts;
3. In case there is suspicious clause 1 and 2 of this paragraph, the reporting entities have to consider and make a suspicious transactions report on money laundering or financing of terrorism to AMLIO.

In the event that cannot implement on paragraph 1 and 2 of this article, the reporting entities must deny establishing the relationship, refuse to conduct a transaction or stop the business relationship with customer and consider making a suspicious transactions report on money laundering or financing of terrorism to AMLIO.

The reporting entities must consider to define the customer as a ML/FT low risk customer, when the customer conduct a transaction as below:

1. The life insurance with low premiums such as premiums annually is lower or equivalent 8,000,000 Kip (eight million kip) or pay premiums in once time is lower or equivalent 20,000,000 Kip (twenty million kip);
2. The insurance for pension or retirement that did not withdraw prematurely and contract insurance cannot be the stock guarantee;
3. The life insurance of customer or beneficiary have the right to get payment or other benefits as insurance contracts upon the death, disability or paralysis permanently only without the collect money or dividends or interest with insurance life.
4. To define other conditions on the risk basic approach for lower customer as specified in article 10 of this agreement.

Article 30 Measure for occasional transaction

In the event of the reporting entities had the business relationship business or transactions with customer, which have no any taken measures on customer due diligence to this customer both on an occasional or many time continued, when it combined an amount with a high number or equivalent 100,000,000 kip (one hundred million kip) the reporting entities must following:

1. To take the measures on customer due diligence as specified in Article 20 of this Agreement;
2. To verify the business relationship or transaction while servicing or when the end of the service and there had suspected to be money laundering or financing of terrorism must report to AMLIO immediately.

Reporting entities should be required to keep all sufficient records to provide the evidence for prosecution of criminal activities to competent authorities, if necessary.

Article 31 Measure for Existing Clients

The reporting entities must consider taking the measure on customer due diligence as specified in article 20 of this agreement to existing customer in appropriate time on the basic of the significant and the level of customer's risk, and also consider when the reporting entities should take the measure on customer due diligence for exiting customer and ensure that the receiving information is accurate and up to date.

Article 32 Incomplete Customer Due Diligence Measure

Incase reporting entities is unable to take measure on CDD measures for the new and existing customer and its beneficial owner, and any authorised individual representative, reporting entities shall implement as follow:

1. Do not open the account, commence business relationship or perform the transaction; including terminate the business relationship; and
2. Consider as suspicious transaction report (STR) on ML/FT in relation to the customer.

Article 33 Correspondent Banking

In case the financial institutions has created the business relationship with the correspondent banking and other similar relationships, financial institutions should be required to perform as article 26 of the AML/CFT Law and also required to perform as following:

1. Gather sufficient information about a respondent institution to understand fully the nature of the respondent's business, and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a ML/TF investigation or regulatory action;
2. Assess the respondent institution's AML/CFT controls;
3. Obtain approval from senior management before establishing new correspondent relationships; and
4. Clearly understand the respective AML/CFT responsibilities of each institution.

With respect to "payable-through accounts", financial institutions should be required to satisfy themselves that the respondent bank:

1. To performed the CDD obligations on its customers that have direct access to the accounts of the correspondent bank; and
2. To able to provide the relevant CDD information upon request to the correspondent bank.

Article 34 Higher-risk Countries Measure

Reporting entities shall apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) as stimulated in article 22 of this Agreement from countries for which this is called for by the FATF.

Reporting entities shall apply counter measures to the risky countries as follow:

1. when called upon to do so by the FATF; and
2. when called upon to do so by the AMLIO or from their own risk assessment.

Reporting entities should monitor and respond promptly to the notifications from AMLIO of concerns about weaknesses in the AML/CFT systems of other countries.

Article 35 Timing of verification

Reporting entities are required to verify the identity of the customer, beneficial owner and any authorised individual representative before or during the course of establishing a business relationship or conducting transactions for occasional customers; or (if permitted) may complete verification after the establishment of the business relationship, provided that:

1. this occurs as soon as reasonably practicable;
2. this is essential not to interrupt the normal conduct of business; and
3. the ML/TF risks are effectively managed.

Reporting entities are required to adopt risk management procedures concerning the

conditions under which a customer may utilise the business relationship prior to verification.

Article 36 Record Keeping

Reporting entities should maintain all records as stimulated in Article 28 of the AML/CFT law, including ensure that all records information are up to date and, which are available to competent authorities upon request.

Section 5

On-going Monitoring, Prohibitions and Tipping-of

Article 37 On-going Monitoring

The reporting entities must review, check the information, document and evidence of customer's identification and transactions that the reporting entities have currently including lower and higher risk customer on ML/FT to ensure that such information is correct of each customer in each period as following:

1. To detect suspicious transactions;
2. To ensure the information, documents or evidences of customer identification, beneficial ownership information, and the purpose and intended nature of the business relationship record up to date;
3. To re-assess the customer-risk based on their transactions and activities;
4. To check whether the transactions or activities are consistent with your information and risk assessment of the customer.

The reporting entities must establish the on-going monitoring procedure relating the movement of transactions of the customer that used to report as suspicious transaction on money laundering and financing of terrorism (STR) to AMLIO, when the customer conduct transactions and make a suspicious transaction again, the reporting entities must consider reporting the STR to AMLIO again.

Article 38 Prohibited Products

It is forbidden for the reporting entities to serve, conduct transactions or create business relationships with customers who hide their real name, use false names or aliases or with unclear histories. It is forbidden for the reporting entities open a numbered accounts and anonymous accounts for their customer.

Article 39 Tipping-of

It is forbidden for employees, managers, supervisors, directors, board of directors, management assembly and those related to AMLCFT for disclose or have behavior or actions or through other methods which will make the customer aware that he/she is facing measures of customer due diligence or reporting on suspicious transactions of money laundering or financing of terrorism or any reporting of information on the customer to the AMLIO. These

provisions are not intended to inhibit information sharing among members of a corporate or financial group.

In cases where reporting entities form a suspicion of money laundering or terrorist financing, and they reasonably believe that performing the CDD process will tip-off the customer, they should be permitted not to pursue the CDD process, and instead should be required to file an STR.

Section 6

Specific Measures

Article 40 Stalling the Transaction

Beside of the postpone transactions as defined in article 29 of AML/CFT law, the reporting entities may consider establish appropriate measures and consistency to its business also in the doing or before establishing the relationship business or service for stalling the transaction that have suspected is ML/FT and in the case of they got the notification as defined in article 36 of this agreement as following:

- requirement more measure for establishing the relationship business or service;
- postpone transactions by giving customer the excuse that there's some issue with the system or other excuse;
- introduction to using service with branches or head quarter office;
- requirement more the relate and necessary documents;
- using the specific form for that customer;
- other methods as appropriate.

During or after conducting the measures under the paragraph 1 of this article the reporting entities must report immediately to AMLIO.

Using any measure in paragraph of this article the reporting entities must ensure that is no tipping-of as defined in Article 39 of this agreement.

Article 41 The implementing rules on the Withholding, Freezing or Seizure of Funds

Reporting entities must check on a regular basis and up to updates for the sanctions lists of international and relevant organizations as follow:

1. https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list/summaries
2. <https://www.un.org/securitycouncil/sanctions/1988>;
3. <https://www.un.org/securitycouncil/sanctions/1988/materials/summaries>
4. <https://www.un.org/securitycouncil/sanctions/1718/materials>
5. <https://www.un.org/securitycouncil/content/2231/background>

6. <http://aml.io.gov.la/eng/index.php>

The reporting entities shall review the customers on regular basis, in case there is beneficial owners or authorized representative met the sanction lists, the reporting entities shall reject or terminate the business relationships or transactions, including attempted transaction and withhold funds or assets (not return funds or assets), and at the same time they must make a report urgently to the ministry of public security and AMLIO.

In case the reporting entities has terminate the transaction and withhold funds or assets based on a match, and subsequent advice from the Ministry of Public Security and/or AMLIO that it is a false positive (the person or entity is not the true designated person or entity), the reporting entities should release the funds and/or allow for the transaction.

If a person or entities has been delisted, and removed from the sanctions list, any funds or assets frozen or withheld should be released after consulting with the Ministry of Public Security and/or AMLIO to confirm the delisting.

Article 42 Freezing the account's customers

Reporting entities must conduct to withholding and freezing money or fund to its customer who has deposit accounts as immediately without prior notice to the customer, beneficial owners or authorized representative as specified in Article 34 of the agreement or get information from the AMLIO and stakeholders.

Section 7 Final Provisions

Article 43 Protection

Employees and related authorities shall receive protections as specified in Article 11 of the Law on AMLCFT or related laws.

Article 44 Violations Measure

Reporting entities who have not carried out their duties in reporting as specified in this agreement will obtain the warning and fines as specified in Article 64 and 65 of the Law on AMLCFT.

Article 45 Implementation

It is granted to the reporting entities to implement this agreement strictly.

It is granted to the AMLIO to be the owner and coordinate with relevant sectors in the monitoring and inspection of reporting entities in the strict implementation of this agreement.

In situations where improvement to the contents is necessary to be periodically adapted to fit the actual circumstances, the AMLIO may issue instructions, directions, notices or regulations in order to improve, expand or remedy such issues.

Article 46 Effectiveness

These instructions are effective from the date of signature onward.

This agreement replaces the agreement on know your customer and customer due diligence No 01/NCC, dated 15 January 2016.

Chairman of the National Coordination Committee on Anti-Money Laundering and Counter-Financing of Terrorism

[Sonexay Siphandon]