

Datasheet for business formalities.

Technical Assistance for Business Regulation Review and Rationalization in Lao PDR

REGISTRATION DATA		
Name of formality	License for the Establishment of the Commercial Bank and the Branch of International Commercial Bank	
Type of formality	License	
Formality Code	Date of last modification	Responsible Authority
BoL-BSD-2	06.10.2017	Commercial Bank Supervision Department

BACKGROUND DATA	
Means of presentation	At the Authority Offices
Specific sector linked to the formality	K - Financial and insurance activities
Purpose for enforcing the business formality	Since commercial bank is one of the key institutions that is important for the development and financial stability of the nation, it is necessary to closely manage and monitor the establishment and operation of the commercial bank in order to mitigate the risk that may be caused to the macro-economic and the general public.
Who should complete this business formality?	Any person or entity that intends to establish the Commercial Bank that means the entity that operates the banking business that includes: the money transactions through deposit receiving and using of funds to provide credit, sale-purchase of foreign currency and other payment services
The formality has online information?	NO
Link to online information	
The formality has an application form?	YES
Any additional comment concerning the formality	<p>1. After receiving the application, BOL shall issue the Temporary Permit; provided that the applicant who gets the Temporary Permit shall not be entitled to conduct any business just yet and he/she is obliged to open the bank account with BOL, pay the registered capital in full and fulfil other readiness requirements defined under the relevant regulations. 2. Temporary Permit shall have the validity of 180 days and shall be renewed 90 days per renewal for not more than two times. If the applicant fails to meet the readiness conditions, the Temporary Permit shall be terminated. 3. After fulfilling all the readiness conditions, the applicant shall propose to BOL to pay a visit and consider the issuance of the Permanent Permit. 4. The applicant that gets the Permanent Permit shall pay the Permit Fee in full and shall apply for the Enterprise Registration Certificate. Then, it shall commence their business operation within 90 days after the receipt date</p>

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BACKGROUND DATA	
	of the Enterprise Registration Certificate.

REQUIREMENTS AND SUPPORTING EVIDENCE		
Time it takes to the authorities to process the formality	100	Review Period for the issuance of the Temporary Permit is 90 days and the review period for the issuance of the Permanent Permit is 10 working days if the applicant meets all the readiness conditions
Qualifications needed by the business to get the formality	<p>1. Having one or more commercial bank holding more than 50% of the total voting shares but one individual cannot hold a share of more than 10% and one shareholder who has substantial stake in the commercial bank cannot hold substantial share in more than 1 commercial bank operating in Lao PDR</p> <p>2. Having the minimum registered capital of not less than 300 Billion LAK for the commercial bank and 100 Billion LAK for the branch of the international commercial bank</p> <p>3. Having the following conditions and qualifications: If the applicant is the Commercial Bank: - Having a good and profitable business operation for the past 3 years and having no loss - Having sufficient capital and total assets of not less than 40,000 Billion LAK in the year of establishment - Having a credit rating of BBB from the evaluation of the international credit rating agency - In case of the international commercial bank, getting the approval from the competent authorities to invest in the establishment of the commercial bank in Lao PDR - Not being in the blacklist for the money laundering or terrorism finance</p> <p>If the applicant is the entity that is not the Commercial Bank: - Having a good and profitable business operation for the past 3 years and having no loss - Having sufficient capital – not less than 2 times of the total share value that the applicant will hold in that commercial bank - Not being in the blacklist for the money laundering or terrorism finance</p> <p>If the applicant is the individual: - Having sufficient capital – not less than 2 times of the total share value that the applicant will hold in that commercial bank - If that applicant is a major shareholder, he/she shall have the appropriate qualification and experience - Not committing any crime on the charges of theft, embezzle, defraud, document faking, receive / give bribery, corruption, money laundering, terrorism finance or other charges relating to finance, money or narcotic</p> <p>- Not being in the blacklist for the money laundering or terrorism finance</p> <p>Conditions for the Management: - Having management experiences and having financial-banking knowledge - Not being adjudicated for the commitment of any crime on the charges of theft, embezzle, defraud, document faking, receive / give bribery, corruption, money laundering, terrorism finance or other charges relating to finance, money or narcotic - Not being removed from being the management in other entity, not being adjudicated to be bankrupt and not being the management in the entity that was adjudicated as bankrupt.</p> <p>4. After receiving the Temporary Permit, the applicant shall complete the following conditions to ensure their readiness: - Paying the minimum registered capital in full; - Having the sufficient staffs that have been trained in the banking field in Lao or abroad; - Having a concrete office space on the construction land. In case of lease or concession, the team shall not be less than 20 years. Having a proper safe reserve and other safety measures that are in compliance with the BOL regulations; - Having a ready data system that is modern and has the capacity to manage the internal banking operation in a safety and</p>	

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REQUIREMENTS AND SUPPORTING EVIDENCE	
	efficient manner and to link the BOL system. The system shall be established to ensure the reporting obligations and other transactions with BOL in compliance with the laws of Lao PDR; - Having the management system and operation manual on the accounting, risk management, internal audit, staff management, financial products provisions, anti-money laundering and anti-terrorism financing and others in compliance with the Lao PDR laws; - Having a good, reasonable and feasible feasibility study, having complete regulations prepared in compliance with Lao PDR laws.
Is there any reason for the authority to deny the issuing of the formality?	Only in the case that the applicant does not meet the required qualifications

RENEWAL INFORMATION	
Does the formality have a validity or an expiration date?	How long will the formality be valid for? (in months)
NO	0
What is the process and conditions to renew the formality?	No renewal requirement but the commercial bank shall pay the Annual Management Fee.

ISSUING FEES				
Has application fees?	Service fees businesses need to disburse	Certificate fees businesses need to disburse	Application fees businesses need to disburse	Total fees businesses need to disburse
YES	0.00	20000000.00	80000000.00	100000000.00
Comments	Reference BOL Agreement No. 1034/BOL, dated 22/11/2011 1. Application Fee shall be collected at the following rates: - Commercial Bank (Headquarter) 80 Million LAK - Branch of the international commercial bank 60 Million LAK 2. Fee of the Permanent Permit for the Establishment shall be collected at the following rate: - Commercial Bank (Headquarter) 20 Million LAK - Branch of the international commercial bank 10 Million LAK			

RENEWAL FEES				
Has renewal fees?	Service fees businesses need to disburse	Certificate fees businesses need to disburse	Renewal fees businesses need to	Total renewal fees businesses need to disburse

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RENEWAL FEES				
			disburse	
NO	0.00	0.00	50000000.00	50000000.00
Comments	Reference BOL Agreement No. 1034/BOL, dated 22/11/2011 During the first quarter of each accounting year (before 1 April), every commercial bank and the branch of the international commercial bank shall pay the annual management fee at the rate of 0.002% of the total assets of the commercial bank or the branch of the international commercial bank (including both assets in LAK and in other foreign currencies) but the minimum shall not be less than 50 Million LAK.			

LEGAL FRAMEWORK			
Name	Number	Date	Comment
Law on Commercial Bank	03/ສພຊ	26.12.2006	Chapter II: Establishment and Structure of the Commercial Bank (Article 10 to Article 16)
Order on the Fee for the Establishment and the Annual Management Fee of the Commercial Bank	1034/ທຫລ	22.11.2011	Article 2 to Article 5
Order on the Establishment of the Commercial Bank and the Branch of the Commercial Bank	42/ທຫລ	15.01.2016	All provisions
Agreement on the Increase of Minimum Registered Capital of the Commercial Bank and the Minimum Investment Capital for the Branch of International Commercial Bank	141/ນຍ	24.09.2009	Article 1

REQUIRED DOCUMENTS	
Document Name	Comment
Education Qualification Evidence	ໃບຢັ້ງຢືນຄຸນະວຸດ ແລະ ປະສົບການການເຮັດວຽກຂອງຜູ້ບໍລິຫານ
Curriculum vitae of Managing Director	
Criminal Certificate	ໃບແຈ້ງໂທດຂອງຜູ້ບໍລິຫານ ແລະ ຜູ້ລົງທຶນ
Certification of Financial and Asset / Financial Statements	ເອກະສານຢັ້ງຢືນທຶນຂອງຜູ້ລົງທຶນ
Joint Venture Agreement / Partnership Agreement / Incorporation Agreement	

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REQUIRED DOCUMENTS	
Receipt for Fee Payment	ໃບຢັ້ງຢືນຈາກກົມບໍລິຫານ, ທະນາຄານແຫ່ງ ສປປ ລາວ ກ່ຽວກັບການຈ່າຍຄ່າທຳນຽມການຍື່ນຄຳຮ້ອງຂໍສ້າງຕັ້ງ
Bank Manual	ຄູ່ມືດຳເນີນງານກ່ຽວກັບວຽກງານການບັນຊີ, ການບໍລິຫານຄວາມສ່ຽງ, ການກວດກາພາຍໃນ, ການຄຸ້ມຄອງພະນັກງານ, ການບໍລິການຜະລິດຕະພັນຕ່າງໆ, ການຕ້ານການຟອກເງິນ ແລະ ການສະໜອງທຶນໃຫ້ແກ່ການກຳການຮ້າຍ
Resolution of Shareholders	ມະຕິກອງປະຊຸມຂອງຜູ້ຖືຮຸ້ນສ້າງຕັ້ງ ກ່ຽວກັບການຮັບຮອງເອົາ 1. ບົດວິພາກເສດຖະກິດ-ເຕັກນິກ 2. ຮ່າງກົດລະບຽບ 3. ມະຕິ ຫລື ຂໍ້ຕົກລົງແຕ່ງຕັ້ງຄະນະຮັບຜິດຊອບສ້າງຕັ້ງ ຫລື ການມອບສິດ ແລະ 4. ສັນຍາຮ່ວມທຶນ ລວມທັງ ການແຕ່ງຕັ້ງສະພາບໍລິຫານ ແລະ ຄະນະຜູ້ອຳນວຍການຊຸດທຳອິດ
Feasibility Study	ບົດວິພາກເສດຖະກິດ-ເຕັກນິກ ຕ້ອງປະກອບຕາມແບບຟອມທີ່ທະນາຄານແຫ່ງ ສປປ ລາວ ກຳນົດອອກ
Article of Association	ຮ່າງກົດລະບຽບ ຕ້ອງໄດ້ປະກອບ ຕາມແບບຟິມທີ່ ທະນາຄານແຫ່ງ ສປປ ລາວ ກຳນົດອອກ
Power of Attorney (in case the applicant appoints the attorney to proceed with the application)	

STATISTICS (Issue or/and renewed number)		
Year	Issued	Renewed
2016	1	0

LIST OF ATTACHED DOCUMENTS		
Name of document	Type of document	File of document