



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Lao Securities Commission

No. 26/LSC

Vientiane Capital, dated 03 Sep 2021

Decision

On Approval of Audit Company (Amended)

- Pursuant to the Law on Securities, Ref. No. 79/NA, dated 3/12/2019;
- Pursuant to the Decree on Organization and Operation of Lao Securities Committee, Ref, No.291/PM, dated 5/4/2021;
- Pursuant to the Proposal of the Lao Securities Commission Office, Ref, No. 0226/LSCO, dated 20/8/2021.

The Chairman of the Lao Securities Commission hereby issues the following decision:

Chapter 1

General Provisions

Article 1. (Amended) Objectives

This decision sets forth the principles, methods and measures governing the operation of both Audit Company and auditors in providing accounting and auditing services in securities

¹ Although every effort has been made to convey the meaning and effect of each provision of the original Lao language version as accurately as possible, this English translation does not carry any legal authority. Only the original Lao text has legal force; this English translation is strictly for reference.

areas in order to facilitate and in line with the law focusing on the effectiveness, transparency and fairness.

Article 2. (Amended) Audit Companies and Auditors Approval

Audit Company and auditor's approval is authorized by the Lao Securities Commission Office to provide the services of accounting and auditing in related securities activities in Lao PDR as stipulated in the article 12 of this decree.

Article 3. (Amended) Explanation of Terms

Terms used in this decision have the following meaning:

1. "Auditor" means a person who is an employee of audit company and being approved by the Lao Securities Commission Office to perform as an accounting and auditing profession in securities areas;
2. "Statutory Auditor" means a person who is eligible in auditor's report signing on behalf of the Audit Company;
3. "Audit Team" means a person who is appointed or assigned by an auditing company to engage in the auditing services to the targeted group each time;
4. "Certified Public Accountant" means an individual who has received a public accountant certificate;
5. "Financial Statements" means documents that consist of statement of financial position, income statement, cash flows statement, statement of changes in owner's equity and notes to financial statements;
6. "Approval" means a document issued by the Lao Securities Commission Office to certify an approval of an audit company and auditor to provide accounting and auditing services in securities areas;
7. "Managing Partner" means a professional accountant who holds a company's shares and has the right to make decisions on auditing services regarding to the commitment of company's professional service providing;
8. "Engagement Partner" means a managing partner in an auditing company who is responsible for a company's commitment, audit results and outcome report and has a right to sign in the auditing report on behalf of audit company being registered as statutory auditor in Ministry of Finance;
9. "Targeted Group" means companies wishing to issue the share and debenture, share issuance company, debenture issuance company, listed company, securities exchange, collective investment fund, securities intermediaries and other parties as specified by the Lao Securities Commission Office.

Article 4. (Amended) Principles

An accounting and auditing company which provides accounting and auditing services in relevant securities areas shall comply with the following principles:

1. Adherence to laws, accounting and auditing professional standards;
2. Autonomy and independence;
3. Prudence, efficiency, completeness, clarity and timelines;
4. Fairness, transparency, integrity and auditability;
5. Confidentiality and professional ethics;
6. Trustworthy to investors.

Article 5. (Amended) Scope of Application

This decision shall apply to Audit Company, auditors, targeted groups and other related parties in performing accounting and auditing services in Lao securities areas.

Chapter 2

Approval of Audit Company and Professional Auditors

Article 6 (Amended) Requirements for Accrediting Audit Company

Audit companies who wishing to provide the services in the securities areas shall be accredited upon the fulfillment of requirements as stipulated in Article 93 of the law on securities (amended) and shall fulfill the following additional requirements:

1. Being granted a business license for providing auditing services by the Ministry of Finance;
2. Being operated on auditing services at least two years after submitting application form to the Lao Securities Commission Office;
3. Having audit quality control system that complied with quality control standards as defined by related authorities and that system must be align with international standard issued by International Federation of Accountants or IFAC;
4. Having at least two members of board of directors who hold a certificate of statutory auditor or auditor certificate in accordance with the related Law;
5. Being registered and checked by Ministry of Finance;
6. Having at least five years experienced auditing officers and holding the public accounting certificate issued by Ministry of Finance as requested by the Lao Chamber of Professional Accountants and Auditors (LCPAA);

7. Having business profit gained in one previous calendar year before the year submission of the application form to the Lao Securities Commission Office.
8. Having the insurance contract which covers the insurance on professional policy;
9. Having a detailed business operation plan for the next three years, from the year of submitting the application;
10. Having the cooperation contract with a managing partner along with his/her CV;
11. Not being in the status of bankruptcy, business suspension, and business license revocation;
12. Tax payment statement and business license;
13. Other requirements stipulated by the Lao Securities Commission Office.

For Audit Company from other countries must comply with not only mentioned requirements above, but also being approved by residential securities commission authorities.

Article 7. (Amended) Supporting Documents to apply for Company of Audit Company

Supporting documents to an application for accrediting audit companies shall satisfy the requirements as stipulated in Article 94 of the Law on securities (Amended) and shall include the following additional documents:

1. A copy of the public accountant certificate;
2. Verification from the court for the period of not exceeding three months certifying that there is no pending litigation concerning the auditing company remaining at the court;
3. Business operation report and financial statements for the preceding one year prior to the year of submitting the application for the approval from the Lao Securities Commission Office. The financial statements shall be in a complete and accurate manner as stipulated in the accounting law;
4. A copy of insurance contract with insurance on professional policy;
5. A detailed business operation plan for the next three years after obtaining the Approval.
6. A copy of cooperation contract with managing partner along with his/her CV;
7. Other supporting document requested by Lao Securities Commission Office.

Article 8. (New) Approval Application Form Consideration for Audit Company

Lao Securities Commission Office must consider the applicants within 30 days upon submitting date with complete and accurate documents. The unsuccessful applicant will be informed with reason officially.

During the consideration process, if necessary, the Lao Securities Commission Office could legally request for other additional supporting documents or invite the applicants to provide the additional information.

After achieving the approval from Lao Securities Commission Office, the approved audit company must publicize the approval via mass media within 5 business days upon the date of achieving the approval.

Article 9. (Amended) Requirements for Auditor Approval

Auditors wishing to provide the auditing services related to securities activities shall fulfill the following requirements:

1. Being the member of the Lao Chamber of Public Accountants and Auditors;
2. Having at least three years' experiences in auditing;
3. Never conduct against laws and regulations related to code of ethics in terms of accountants and auditors;
4. Never be sentenced by the court for criminal offences related to fraud, deception, corruption or money laundering and never misconducted laws and regulations related to securities businesses or financial violation;
5. Not being government servant, soldier, policeman, government contract employee, running business related to accounting and auditing in securities activities;
6. Being full-time employee, working directly to the audit company and having at least 3-year experience in accounting and auditing;
7. Having knowledge and skills in applying international accounting, auditing standards and international financial reporting standards;
8. Being approved by Ministry of Finance and not in the situation of suspension and revocation of auditing certificate;
9. Other requirements defined by Lao Securities Commission Office.

Article 10. (Amended) Supporting Documents to apply for Approval of Auditor

Supporting documents for applying approval auditor are stipulated as follow:

1. An application form as stipulated by the Lao Securities Commission Office;
2. A copy of a certificate of professional accountant granted by the Ministry of Finance;
3. A copy of statutory auditor certificate granted by the Ministry of finance;
4. A copy of a qualification in accounting and other relevant fields including finance, banking, business administration, economics, marketing, statistics, business operation communication, IT system, code of conduct and law (if any);

5. A copy of training and workshop certificates related to accounting and auditing from relevant entities;
6. A verification of criminal record from Vientiane Capital court not exceeding 3 months for domestic auditor and a verification of criminal record from the court for foreign auditors;
7. A current resident certificate or passport;
8. A brief biography or resume;
9. Other related documents defined by Lao Securities Commission Office.

Article 11. (New) Approval Application Form Consideration for Auditor

Lao Securities Commission Office must consider all supporting documents of auditor approval within 30 days since the sufficiently and accurately document submitting date. In the case of rejection, the applicant will be informed with reason officially.

During the consideration process, if necessary, Lao Securities Commission Office could legally request for other supporting documents or invite the applicants to provide additional information.

Chapter 3

Scope of Service, Approval Period, Renewal Approval and Service Duration of Audit Company and Auditor

Article 12 (New) Scope of Audit Service

Scope of audit service must follow as stipulated in Securities Law (Amended), article 95 and shall provide additional services as follow:

1. Production or service audit of targeted group in securities activities;
2. Compliance audit of targeted group in relation to relevant rules in securities activities;

Article 13. (New) Approval Period of Audit Company and Auditor

The approval period of audit company is 3 years per term. For auditor, the accredited period is 2 years per term since being accredited approval.

Article 14. (Amended) Renew Approval of Audit Company and Auditor

Audit company and auditor wishing to continue providing service in securities activities must satisfy the requirement mentioned in article 6 and submitting the supporting documents as stipulated in article 7 of this decision to Lao Securities Commission Office at least 45 days before the expiration of Approval.

In case the audit company and auditor not submit the requirement documents, the accredited certificate will be revoked.

In case the approval of audit company and auditor has been revoked, but they has intension to continually provide service in securities activities, they must follow the article 11 of this decision.

Article 15. (Amended) Audit Service Duration to Targeted Group in Securities Activities

Audit company which provides audit service to any targeted group in securities activities have service duration for 5 consecutive years and be eligible to provide extend the service to the same targeted group in securities activities for 5 consecutive years but must allocate different auditor to perform the audit work.

Any audit company which completely provide auditing service to targeted group in securities activities for 10 consecutive years will not be eligible to provide further service to the same targeted group in securities activities for 1 year since the end of 10 years.

Statutory auditor who signs the audit report to any targeted group in securities activities for 5 consecutive years must be halted for 1 year and, then, that statutory audit can be able to sign on the audit report of the same targeted group in securities activities.

For audit team which completed audits for any targeted group in securities activities for 5 consecutive years must be halted for 1 year and, then, that audit team can be able to provide audit service to the same targeted group in securities activities.

Chapter 4

Rights and Duties of Audit Company and Auditor

Article 16 (Amended) Right and Duties of Audit Company

Auditing companies shall execute the rights and duties as stipulated in Article 96 of the Law on Securities (Amended) and perform additional rights and duties as follow:

1. To provide accounting and auditing service pursuance to laws, regulations and code of conducts;
2. To request for the damage fee in a case that the targeted group do not cooperate in auditing that causes damages to the auditing company;
3. To develop the skill sets and knowledge of auditors to meet the required international accounting and auditing standards;
4. To follow the ethics of accounting and auditing, laws and regulation strictly;
5. To report to the Lao Securities Commission Office officially;'

6. To participate in the Annual General Meeting and provide the comments on auditing activities or answer the related questions in the Annual General Meeting;
7. To report to the internal audit unit, internal audit committee and annual general meeting when the wrongdoing activities relevant to business operation against the related laws and regulations are found made by the target group, at the same time, audit company has to report to the Lao Securities Commission Office officially within 7 working days since the wrongdoings are found;
8. To exercise the other rights and duties as defined by related laws and regulations.

Article 17. (Amended) Rights and Duties of the Auditors

The auditors shall satisfy the following rights and duties:

1. To provide the audit services to the targeted group, which adhered to laws, regulations and ethics;
2. To mutually cooperate with the Lao Securities Commission Office;
3. To exercise other rights and duties stipulated by related laws and regulation.

Chapter 5

Reporting and Information Retention

Article 18 (New) Types of Audit Company's Reporting

Audit company must report to the Lao Securities Commission Office as follow:

1. Regular Reporting;
2. Immediate Reporting;
3. Requested Reporting;
4. Voluntary Reporting.

Article 19 (New) Regular Reporting

Audit company must annually report to the Lao Securities Commission Office within 90 days after the end of calendar year.

The required information are the annual report of the audit company and financial statements are audited by external auditors, which including:

1. Statement of financial position;
2. Income statement;
3. Cash flow statement;
4. Statement of change in owner's equity;
5. Notes to financial statements.

If audit company is one of company group, the documents must be reported in both single company and consolidate financial statements of company group.

Article 20. (New) Immediate Reporting of Audit Company and Auditor

Audit company and auditor must report to the Lao Securities Commission Office since unexpected events happened including:

1. Auditor finds wrongdoings against the relevant laws and regulations or regulations of auditee and misconduct against related to business operation of targeted group;
2. In financial statement review or audit, if the auditor finds that the auditee prepares mistakenly financial statements in quarter, six months and annual or calendar year report as follow:
 - 2.1 Fraud and mistakes that impact directly to investors and others' decision making;
 - 2.2 Damages or potential damages that has value from 5% of issuance company's value of assets;
 - 2.3 Change in asset value irregularly;
 - 2.4 The company's asset value is insufficient to pay for the creditor;
 - 2.5 Registered capital impairment;
3. Audit company completes the audit contract with targeted group to provide audit service;
4. Audit company and auditor cancels or being cancelled the audit contract with/by targeted group;
5. The targeted group does not cooperate in providing information for auditing regarding issues associated with the audit contents and does not cooperate in other areas concerning the audit;
6. Any changes in company's name, address, organizational structure, number of managing partner and engagement partner, number of directors, shareholders, accredited auditor, operational staff, registered capital, marketing plan and article of association within 5 working days since the successfully changes being made;
7. Report on audit situation and result to the Lao Securities Commission Office as per requested by the Lao Securities Commission Office;
8. Audit company and auditor end to provide services in securities activities;
9. Other cases as specified by the Lao Securities Commission Office.

Article 21 (New) Requested Reporting

Requested reporting is a report of the audit company, which being reported as per requested by the Lao Securities Commission Office.

Requested report must be completed as per requested by the Lao Securities Commission Office in case of any instances happened, which is considered by the Lao Securities Commission Office to be the impact to targeted group, rights and benefit of investors.

Article 22 (New) Voluntary Reporting

Voluntary reporting is a report of the audit company, which has to be additionally informed to the Lao Securities Commission Office with regard to accounting and audit services conditions.

Article 23 Retention of Information

Audit company, auditor and targeted group must store their service information at least 10 years since the end of the service providing.

Chapter 6

Suspension and Revocation of Accredited Audit Company and Auditor

Article 24 (Amended) Suspension of Audit Company's Approval

The audit company will be suspended its services as specified in article 97 of Law on Securities (Amended). In addition, the audit company could be suspended in any or all following instances:

1. Auditor of the company could not provide accounting and auditing services independently;
2. Audit company allows auditor who has not authorized by the Lao Securities Commission Office to perform the accounting and auditing service to targeted group;
3. Improve and adjust the last year audited financial statements of targeted group incorrectly;
4. The policy of targeted group is not aligned with relevant laws and regulations;
5. Number of auditors is less than 5 persons;
6. Breaching any prohibition as stipulated in this decision;
7. Other cases as specified by the Lao Securities Commission Office.

After being suspended, audit company shall improve and solve the fault to be aligned with the timeline notification by the Lao Securities Commission Office.

Article 25 (Amended) Revocation of Audit Company's Approval

Audit company's certificate of approval shall be revoked as stipulated in article 97 of Law on Securities (Amended). In addition, audit company shall also be revoked in any or all of the following instances:

1. Audit company has been cancelled or bankrupted as stipulated in relevant laws;
2. Being revoked the business license from the Ministry of Finance;
3. Seeking voluntarily to be revoked its approval granted by the Lao Securities Commission Office;
4. Failing to resolve the causes of suspension as stipulated in Article 24 of this decision;
5. Continue to breaching the prohibition after being warned officially;
6. Other instances as stipulated by the Lao Securities Commission Office.

Article 26 (Amended) Suspension of Auditor's Approval

Auditor shall be suspended the approval in any or all of following cases:

1. Being granted approval due to submitting the inaccurate supporting documents;
2. Not be able to attend the training or workshop at least 120 hours per year in which at least 4 hours belong to ethics;
3. Breaching the prohibition stipulated in article 29 of this decision;
4. Other instances as stipulated by Lao Securities Commission Office.

After being suspended, auditor shall improve and solve the fault to be aligned with the timeline notification by the Lao Securities Commission Office.

Article 27 (Amended) Revocation of Auditor's Approval

Auditor shall be revoked in any or all of the following instances:

1. Lacking ability to act in accordance with good morals, dead, prosecuted, fired, relocated from one to another audit company or other entity, being disciplined rigorously or violating other relevant laws and regulations;
2. Being revoked the certificate of certified public accountant or statutory auditor certificate from the Ministry of Finance;
3. Seeking voluntarily to be revoked its approval granted by the Lao Securities Commission Office;
4. Not renewing the approval period;
5. Failing to resolve the causes of suspension as stipulated in Article 24 of this decision;
6. Continue to breaching the prohibition after being warned officially;
7. Other instances as stipulated by the Lao Securities Commission Office.

Chapter 7 Fees and Prohibitions

Article 28 (Amended) Fees

Audit company and auditor who provide audit services to securities activities shall pay service fees to the Lao Securities Commission Office as mentioned below:

1. Application fee for accrediting an audit company is 5.000.000 kip and application fee for auditor is 2.000.000 kip and these fees shall be paid on the date of submitting the application;
2. Approval certificate fee for audit company is 15.000.000 kip per time and for auditor is 5.000.000 per person and these fees shall be paid on the date of being accredited;
3. Renewal of approval fee for audit company is 10.000.000 kip per time and for auditor is 3.000.000 kip per person and these fees shall be paid on the date of submitting the application;
4. Annual supervision fee for audit company is 5.000.000 kip and for auditor is 3.000.000 per person and these fees shall be paid in the first quarter of next year.

In the case that the Audit Company do not provide audit services in securities businesses to the targeted group within a year, such audit company will be exempted from the annual supervision fee.

Article 29 (Amended) Prohibitions for Audit Company and Auditor

Prohibitions for auditing companies shall be in accordance with Article 117 of the Law on Securities (Amended) and there are additional prohibitions as follows:

1. Allowing employees who are excluded in the name list of persons accredited by the Lao Securities Commission Office to provide auditing services in securities businesses;
2. Receiving benefits associated with the targeted group either directly or indirectly including receiving or giving bribe from/to the targeted group or requesting other benefits from the targeted group or parties associated with the targeted group either on its own or others' behalf for its own or others' benefits, other than the service fees being agreed with the clients;
3. Inaccurate amendment and changes in information and documents related to accounting and financial reporting of the targeted group;
4. Allocating unqualified auditors to provide accounting and auditing services to the targeted group;
5. Violating accounting and auditing ethics accredited by relevant authorities and other relevant laws and regulations;

6. Executing rights and duties out of the scope being stipulated in article 16 of this Decision;
7. Making difficulties to the targeted group or disclosing confidentiality of information of the targeted group without obtaining permission from the targeted group, unless there is legally enforceable demand from authorized bodies;
8. Continue to provide the accounting and auditing services to targeted group during the time of being suspended;
9. Continue to provide the accounting and auditing services to targeted group in the condition of not being renewed the approval as stipulated in this Decision;
10. Allowing other audit company that has not been accredited by Lao Securities Commission Office to perform audit activities on its behalf;
11. Conduct other activities which are likely to breach the relevant laws and regulations;
12. Other prohibitions as stipulated by the Lao Securities Commission Office.

Prohibitions for auditor are as follow:

1. Receiving benefits associated with the targeted group either directly or indirectly including receiving or giving bribe from/to, power abuse to the targeted group, or requesting other benefits from the targeted group or parties associated with the targeted group either on its own or others' behalf for its own or others' benefits, other than the service fees being agreed with the clients;
2. Providing the accounting and auditing services to the same targeted group at the same time;
3. Working for two or more Audit Company;
4. Inaccurate amendment and changes in information and documents relating to accounting and financial reporting of the targeted group;
5. Allowing others use his/her own professional certificate or borrow other's professional certificate granted by the Lao Securities Commission Office;
6. Altering or falsifying the certificate of auditor and accounting approval granted by the Lao Securities Commission Office;
7. Violating accounting and auditing ethics accredited by relevant authorities and other relevant laws and regulations;
8. Executing rights and duties out of the scope being stipulated in article 16 of this Decision;
9. Making difficulties to the targeted group or disclosing confidentiality of information of the targeted group without obtaining permission from the targeted group, unless there is legally enforceable demand from authorized bodies;
10. Continuing to provide the accounting and auditing services to targeted group during the time of being suspended;

11. Signing on the audit report without certificate granted the statutory auditor certificate by the Ministry of Finance;
12. Continue to provide the accounting and auditing services to targeted group in the condition of not being renewed the approval as stipulated in this Decision;
13. Allowing other audit company that has not been accredited by Lao Securities Commission Office to perform audit activities on its behalf;
14. Conduct other activities which are likely to breach the relevant laws and regulations;
15. Other prohibitions as stipulated by the Lao Securities Commission Office.

Chapter 8

Policies on Achievement and Sanction against Violators

Article 30 (Amended) Awards for Outstanding Performers

Audit company, auditor, targeted group and other related parties, which are providing accounting and auditing services in securities activities, who are outstanding in implementation of this decision shall be rewarded and received other benefits as stipulated in specific regulations.

Article 31 (Amended) Measures against Violators

Audit company, auditor, targeted group and other related parties, which are providing accounting and auditing services in securities related activities, who violate this decision shall be disciplinarily educated or warned, fined and imposed other additional measures as follows:

Measures on educating or warning is for the following instances:

1. In the case of the first violation and it is considered as mild which includes filling application form for accredited renewal as audit company and auditor less than 45 days before the expiration date, late reporting, not offer good corporation with Lao Securities Commission Office and other related parties, not provide information and supporting documents as required by Lao Securities Commission Office or other parties and other violation which causes not more than 1.000.000 kip;
2. Violation activity without any sue or request by the victims and offenders could be compromise mutually;
3. Behaving against this decision but not the prohibitions as stipulated in article 29 of this decision;
4. Other cases as stipulated by the Lao Securities Commission Office.

Find measures are for the following instances:

1. In the case of the first violation and it is considered as serious, which causing damage more than 1.000.000 or already received educated measure or written warning, the violator is still keeping on violating for 2nd time, that violator shall be fined double value of the damaged value;
2. Audit Company, auditors and targeted group who violate this decision shall be fined double value of the damaged value.

Additional measures for audit company and auditors are as follow:

1. Resolve all violated activities caused by the audit company and auditor as stipulated by related laws and regulations;
2. Suspend audit service and Approval;
3. Revoke approval of audit company and auditor;
4. Disclose the violation as stipulated in this decision on website of Lao securities Commission Office and Lao Securities Exchange after Lao Securities Commission Office already completes fin decision.

Chapter 9

Final Provisions

Article 32 (Amended) Implementation

Lao Securities Commission Office, audit company, auditor, targeted group and other related parties which perform in accounting and audit in securities activities shall acknowledge and implement this Decision in accordance with its own rights and duties strictly.

Article 33 (Amended) Effectiveness

This decision shall enter into force from the date of signing.

This decision shall replace the decision on accounting and auditing in securities activities, Ref.No.12/LSC, dated 29/5/2017.

Chairman of the Lao Securities Commission

(Seal and Signature)

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