



**LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

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Lao Securities Commission

No. 14/LSC
Vientiane Capital, dated: 10 June 2021

**Decision
On Corporate and Government Bondholders' Representative
(Amended)**

- Pursuant to the Law on Securities (Amended) No. 79/NA, dated 03 December 2019;
- Pursuant to the Decree on Organization and Operation of the Lao Securities Commission (Amended), No. 291/PM, dated 05 April 2021;
- Pursuant to the Proposal of the Lao Securities Commission Office, No. 146/LSCO, dated 27 May 2021.

The Chairman of the Lao Securities Commission regulates that:

**Chapter 1
General Provisions**

Article 1 Objectives

This Decision prescribes the principles, rules and measurement for the operation and transactions of corporate and government bondholders' representative to facilitate and to be reference for its service, in order to ensure the effectiveness, transparency, fair and auditable.

Article 2 (Amended) An approval of Corporate and Government Bondholders' Representative

An approval of corporate and government bondholders' representative is authorized to commercial bank and securities company that established in compliance with relevant laws and regulations or a foreign commercial bank, foreign securities company to provide the services on corporate and government bond holders' representative in Lao PDR by scope of corporate and government bond holders' representative as prescribed in article 10 of this Regulation.

Article 3 (Amended) Definitions

Terms used in this Decision have the meanings as specified below:

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.

1. **Corporate and/or government bondholder** means individual or institutional investor from domestic and foreign that invest in corporate and/or government bondholder;
2. **Corporate bond issuer** means a company licensed from Lao Securities Commission Office to issuance the corporate bond in Lao PDR;
3. **Government bond Issuer** means the Ministry of Finance issuance the government bond as prescribed in relevant laws and regulations;
4. **Guarantor of debt payment** means a commercial bank or financial institution as prescribed in decision on corporate bond;
5. **Major shareholder** means shareholders of issuance company or listed company from 5% or more of the total number of shares to be voting rights;
6. **Agreement on the appointment of corporate and government bondholders' representative** means a contract between corporate bond issuer and Government bond issuer with corporate and government bondholders' representative, which has been determined rights, duties and obligations of the contracting parties;
7. **Debenture certificate** means a certificate of debenture that do not name the holder which corporate bond issuer and government bond issuer must deposit at the securities depository center;
8. **Certificate of holding corporate bond and government bond** means a document that certifies the type, number and value of corporate bond and government bond to investors after the completion of the allocate the corporate bond and government bond;
9. **Non-Independent director** means a member of the board of directors of corporate bond issuer who does not hold the position of directors.

Article 4 Principles

A corporate and government bondholders' representative shall operate as follows:

1. Encourage and promote the capital market for sustainable development;
2. Protect the rights and interests of investors;
3. Prevent and reduce pressure on the financial system;
4. Ensure efficiency, transparency, fairness and auditability.

Article 5 Scope of Application

This Decision shall apply to corporate and government bondholders' representative and relevant parties involved in the provision of services as corporate and government bondholders' representative.

Chapter 2

Approval of Corporate and Government Bondholders' Representative

Article 6 (Amended) Approval of Corporate and Government Bondholders' Representative

A commercial bank or a securities company both domestic and foreign wishing to be a corporate and government bondholders' representative must follow the requirements

as prescribed in Article 6 and Article 7 of this Regulation to submit to the Lao Securities Commission for consideration.

Article 7 (Amended) Requirements for an Approval of Corporate and Government Bondholders' Representative

A commercial bank or a securities company both domestic and foreign wishing to provide services as a corporate and government bondholders' representative must follow the requirements as prescribed in article 105 of Law on Securities (Amended).

Article 8 (Amended) Application Documents for an Approval of Corporate and Government Bondholders' Representative

A commercial bank or a securities company both domestic and foreign wishing to apply for an approval of corporate and government bondholders' representative must follow the requirements as prescribed in article 106 of Law on Securities (Amended) and need to provide the additional documents as follows:

1. Business action plan for services as a corporate and government bondholders' representative;
2. Regulations and manual guidelines on organization and operation of corporate and government Bondholders' Representative;
3. Brief biography of the executives who perform the duties of corporate and government Bondholders' Representative;
4. The certificate of education and trainings of the executives and employee who perform as corporate and government Bondholders' Representative;
5. Penalty notice of executives of corporate and government Bondholders' Representative;
6. Other documents as prescribed by the Lao Securities Commission Office.

Article 9 (Amended) Consideration of Application for Corporate and Government Bondholders' Representative

The Lao Securities Commission Office shall consider the application documents for corporate and government Bondholders' Representative within 30 days from the date of receiving complete and accurate application documents. In case of rejection, the Lao Securities Commission Office shall provide a response in writing together with reasons of rejection.

At the time of consideration for approval, if it is deemed necessary, the Lao Securities Commission has the right to request for additional documents and information or to invite an informant for clarification.

After receiving the certificate from the Lao Securities Commission, it must be announced to the public through the media within 5 working days from the date of received the certificate.

Chapter 3
Scope of Service, Approval Period, Renewal of Certificate of Approval for Corporate and Government Bondholders' Representative

Article 10 (Amended) Scope of Provision of Corporate and Government Bondholders' Representative

Corporate and government Bondholders' Representative must be operate on the rights and duties as prescribed in article 107 of Law on Securities (Amended).

Article 11 (Amended) Approval Period for Corporate and Government Bondholders' Representative

Certificate of approval for corporate and government Bondholders' Representative shall be expired in three years period from the date of obtaining the approval.

Article 12 (Amended) Renewal Certificate of Approval for Corporate and Government Bondholders' Representative

A corporate and government bondholders' representative wishing to renew the certificate for continuing to provide services to investors in monitoring the implementation of the rights and duties of issuers of corporate bond and government bond must follow the conditions as prescribed in Article 7 and Article 8 of this Decision and submit application documents to the Lao Securities Commission Office at least forty-five days prior to the approval expiry date.

Chapter 4

Rights and Duties of Corporate and Government Bondholders' Representative, Corporate Bond Issuer, Government Bond Issuer, Corporate and/or Government Bondholder

Article 13 (Amended) Rights and Duties of Corporate and Government Bondholders' Representative

A corporate and government Bondholders' Representative shall have the rights and duties as prescribed in article 108 of Law on Securities (Amended) and follow the additional rights and duties are as follows:

1. Set up and develop the mechanisms, regulations and manual or guidelines related to the provision of services for corporate and government Bondholders' Representative;
2. Monitor and encourage corporate bond issuer and government bond issuer to disclose important information and events through the media as prescribed in Decision on Reporting and Disclose Information of the Lao Securities Commission Office;
3. Request for the opening and holding of a meeting of corporate bond issuer and government bond issuer to request a resolution of the shareholders' meeting within 15 days from the date of acknowledgment. In case, the corporate bond issuer and government bond issuer could not pay the cost and interest or could not comply with the conditions specified in the debenture certificate and the certificate of holding corporate bond, except for the appointment agreement to appoint the debenture holders stipulates otherwise. Corporate and government Bondholders' Representative must notify the corporate and/or government bondholder in writing 7 days before the opening of the shareholders' meeting of corporate and/or government bondholder;
4. Request for information related to corporate bond and government bond from the Securities Exchange;

5. Attend shareholders' meeting of corporate bond issuer;
6. Perform obligations as assigned by corporate and/or government bondholder;
7. Exercise rights and perform other duties as stipulated in the laws and regulations.

Article 14 Rights and Duties of Corporate Bond Issuer

A corporate bond issuer shall have the rights and duties as follows:

1. Notify the corporate and government bondholders' representative immediately when any of the following events occur:
 - 1.1 No payment of costs and interest;
 - 1.2 Corporate bond issuer is prosecuted or accused of being responsible for any disputes that may have severe affect to the ability to repay the principal or interest;
 - 1.3 Changing in the corporate and government bondholders' representative according to the period specified by Lao Securities Commission Office.
2. Provide a copy document of the appraisal of the assets as collateral from the appraisal of the assets approved by the Lao Securities Commission Office within 60 days from the end of the appraisal of the assets to the corporate and government bondholders' representative or the date requested by the corporate and government bondholders' representative;
3. Provide a copy or the credit rating result of the corporate bond issuer in the case of any changing in the result of the credit rating to the corporate and government bondholders' representative;
4. Pay the cost and interest according to the value of the corporate bond at the end of the payment period and redeem the corporate bond;
5. Exercise rights and perform other duties as stipulated in the prospectus and debentures.

Article 15 Rights and Duties of Government Bond Issuer

A government bond issuer shall have the rights and duties as prescribed in the relevant Laws and regulations.

Article 16 Rights and Duties of Corporate and/or Government Bondholder

A corporate and/or government bondholder shall have the rights and duties as follows:

1. Receive information and be able to check documents related to the business activities of issuers of corporate bond issuer and government bond issuer in accordance with the regulations;
2. Propose to the corporate and government bondholders' representative to open the meeting of corporate and/or government bondholder and attend the meeting as prescribed in Article 13, Clause 3 of this Decision;
3. Request to the corporate bond issuer and government bond issuer to pay the cost and interest as specified in the debenture certificate when the time is due to pay the interest and redeem the corporate bond and government bond;
4. Exercise the rights and perform other duties as specified in the prospectues and debentures.

Chapter 5

Reporting, Suspension, Revocation, Fee and Prohibitions

Article 17 Reporting

A corporate and government bondholders' representative must report activities to the Lao securities commission Office as follows:

1. Changes of regulations and guidelines on the organization and activities of corporate and government bondholders' representative within 5 working days from the date of the change;
2. Changes of executives or employees who perform duties related to the corporate and government bondholders' representative within 2 working days from the date of the change;
3. Acting as a corporate and government bondholders' representative for the first and third quarters within 15 business days from the end of the first quarter and the third quarter onwards, for the first six months of the year within 30 days from the end of the second quarter onwards and annually within the first quarter of the next year;
4. Corporate bond issuer and government bond issuer activities that may affect the rights and interests of corporate and/or government bondholder;
5. Other reports as prescribed by the Lao Securities Commission Office.

A corporate and government bondholders' representative must keep the report documents and other information related to the act as the corporate and government bondholders' representative properly and must keep those documents for at least 10 years.

A corporate bond issuer and government bond issuer must report to corporate and government bondholders' representative within the following timeframe:

1. Copy of quarter 1 and quarter 3 financial statements within 15 days from the end of quarter 1 and quarter 3 onwards;
2. Copy of financial statements for the first 6 months of the year within 60 days from the end of the second quarter onwards;
3. Copy of annual activity summary and annual financial statements within 120 days after the end of the accounting year onwards;
4. Provide the reports and documents requested by corporate and government bondholders' representative accordance with the regulations.

Article 18 (Amended) Suspension of Certification as a Corporate and Government Bondholders' Representative

A corporate and government bondholders' representative will be suspended certification of services as corporate and government bondholders' representative as prescribed in article 110 of Law on securities (Amended).

Article 19 (Amended) Revocation of Certification as a Corporate and Government Bondholders' Representative

A corporate and government bondholders' representative will be revoked on certification of services as corporate and government bondholders' representative as prescribed in article 110 of Law on securities (Amended).

Article 20 (Amended) Service Fee Charge

A commercial bank or securities company that intends to apply for certification as a corporate and government bondholders' representative must pay for service fees to the Lao Securities Commission Office as follows:

1. Fee for submission an application for certification as a corporate and government bondholders' representative with the amount of 1.000.000 kip and must be paid within the date of submitting the application to the Lao Securities Commission Office;
2. Fee for an approval of the corporate and government bondholders' representative with the amount of 3.000.000 kip and must be paid within the date of receiving the certificate;
3. Certificate renewal fee for corporate and government bondholders' representative with the amount of 3.000.000 kip and must be paid within the date of receiving the certificate;
4. The annual fee with the amount of 5.000.000 kip and must be paid within the first quarter of the next year.

In case that the corporate and government bondholders' representative does not act as a corporate and government bondholders' representative in any year, the annual fee for that year will not be charged. Securities company and custodian bank will be exceptional for annual fee.

Article 21 Prohibitions

A corporate and government bondholders' representative and executives are prohibited from acting as prescribed in Article 183 of Law on Securities (Amended) and the following addition behaviours:

1. To be a guarantor of the corporate bond issuer;
2. To be shareholder of corporate bond issuer with the issuance rights of 5% or more of the total number of voting shares;
3. Allow corporate bond issuer to hold the corporate bond issuer holder's shareholding up to 5% of the total number of voting shares;
4. The major shareholders hold the corporate bond issuer holder's shareholding up to 5% or more;
5. Have members of the board of directors who are the same one as the corporate bond issuer, except that person is a member who is not involved in the administration of corporate and government bondholders' representative;
6. To be partnering with corporate bond issuer whose content makes it impossible to exercise its rights and obligations to represent the corporate and government bondholders' representative;
7. Assign another person to act on behalf of the corporate and government bondholders' representative;
8. Take the collateral property wich is under its management for the benefit or for another person to use. Except as specified in the letter of appointment of the corporate and government bondholders' representative;
9. Purchase of collateral securities that guarantees the payment of debentures directly or indirectly of corporate bond issuer or the guarantor of the settlement during the litigation period;

10. Receive assets or other benefits directly or indirectly from any person who buys collateral or assets of payment guarantor or corporate bond issuer and government bond issuer who is in the process of litigation for the payment of debentures;
11. Receive benefits or other compensation from the action to claim or sue for damages on behalf of the investor in the use of collateral or assets to pay for debenture debt. Except for the benefits agreed upon in the appointment letter of the corporate and government bondholders' representative;
12. Have any behaviour that create or may be harmful to investors;
13. Deduction of money to be distributed to the debenture holders as a result of claiming or claiming damages on behalf of the investors in the case of the corporate bond issuer and government bond issuer has violated the payment of costs and interests;
14. Report on the status of act as a corporate and government bondholders' representative to the Lao Securities Commission Office later than the time limit specified in Article 17 of this Decision;
15. Failure to report, intentionally reporting inaccurately or concealing information related to the activities of providing services on behalf of the corporate and government bondholders' representative to the Lao Securities Commission Office;
16. Act as any behaviors that violate applicable laws and regulations;
17. Other prohibitions as determined by the Lao Securities Commission Office.

Chapter 6

Policy towards Outstanding Performers and Measures against Violators

Article 22 Policy towards Outstanding Performers

A corporate and government bondholders' representative and other parties involved in the provision of service as corporate and government bondholders' representative in the implementation of this Decision shall be commended for the appropriateness or other policies as prescribed in the specific regulations.

Article 23 (Amended) Measures against Violators

A corporate and government bondholders' representative and other parties involved in the provision of services as corporate and government bondholders' representative who violated this Decision will be educated or warned, fined and additional measures as follows:

Measures to educate and warn are in the event of any of the following behaviors or violations:

1. The first time violation with a minor nature, such as filing an application for renewal of the certificate of service as corporate and government bondholders' representative before the date the certificate expires less than 45 days, failure to cooperate with the Lao Securities Commission Office and other related parties, failing to provide information and documents as requested by the Lao Securities Commission Office or other relevant parties and in case of other violations that cause damage not exceeding 1.000.000 kip;

2. Violations are not prosecuted or reported by the victim and the parties that could agree or resolve them together;
3. Behave not in compliance with this Decision but not in violation of the prohibitions prescribed in Article 21 of this Decisoin;
4. Other cases as determined by the Lao Securities Commission Office.

Disciplined measures in case of behavior or violation in the following:

1. The first time violation with severe nature, the violation of which caused more than 1.000.000 kip in damages or the implementation of educational measures or warnings, but the second violation will be fined from 5.000.000 kip to 10.000.000 kip;
2. Act as a guarantor of the corporate bond issuer and government bond issuer will be fined from 10.000.000 kip to 30.000.000 kip;
3. Act as a shareholder of the corporate bond issuer and government bond issuer with 5% voting rights or more of the total number of shares with the voting rights will be fined from 10.000.000 kip to 30.000.000 kip;
4. The corporate bond issuer and government bond issuer holding 5% or more of the total number of voting shares will be fined from 10.000.000 kip to 30.000.000 kip;
5. Major shareholders' holding of corporate bond issuer from 5% or more will be fined from 10.000.000 kip to 30.000.000 kip;
6. The members of the board of directors are the same person as the corporate bond issuer and government bond issuer, except that person is a member who not involved in the administration of corporate and government bondholders' representative and corporate bond issuer and government bond issuer will be fined from 10.000.000 kip to 30.000.000 kip;
7. Partnering with a corporate bond issuer and government bond issuer whose content makes it impossible to exercise its rights and obligations to present the corporate and government bondholders' representative will be fined from 10.000.000 kip to 30.000.000 kip;
8. Assigning another person to act on behalf of the corporate and government bondholders' representative will be fined 10.000.000 kip to 30.000.000 kip;
9. Take the collateral property which is under its mangement for the benefit or for another person to use. Except as specified in the letter of appointment of the corporate and government bondholders' representative will be fined from 10.000.000 kip to 30.000.000 kip;
10. Purchasing collateral that guarantees the payment of debentures directly or indirectly of the corporate bond issuer and debt guarantor during the litigation period will be fined 10.000.000 kip to 30.000.000 kip;
11. Receiving assets or other benefits directly or indirectly from any person who buys the collateral or assets of the guarantor or corporate bond issuer and government bond issuer which is in the process of litigation for the settlement of the debentures will be fined 10.000.000 kip to 30.000.000 kip;
12. Receive benefits or other compensation from the action to claim or sue for damages on behalf of the investor in the use of collateral or assets to pay for debenture debt. Except for the benefits agreed upon in the appointment letter of the corporate and government bondholders' representative will be fined 10.000.000 kip to 30.000.000 kip;
13. Have any behaviour that create or may be harmful to investors will be fined 10.000.000 kip to 30.000.000 kip;

14. Deduction of money to be distributed to the debenture holders as a result of claiming or claiming damages on behalf of the investors in the case of the corporate bond issuer and government bond issuer has violated the payment of costs and interests will be fined 10.000.000 kip to 30.000.000 kip;
15. Failure to keep reports and other information related to the provision of services on behalf of the corporate and government bondholders' representative during the period of service and after the completion of such services for 10 years will be fined 50.000.000 kip;
16. Delays in reporting activities from 1 day to 10 working days will result in a fine of 3.000.000 kip/day;
17. Delays in reporting activities more than 10 working days will be considered as non-reporting and will result in a fine of 30.000.000 kip;
18. Report on the activity and performance as a corporate and government bondholders' representative to the Lao Securities Commission Office later than the time limit as prescribed in Article 17 of this Decision will result in a fine of 10.000.000 kip per time;
19. Failure to report, intentionally reporting inaccurately or concealing information related to the activities of providing services as a corporate and government bondholders' representative to the Lao Securities Commission will be fined 10.000.000 kip per time.

Additional measures against for corporate and government bondholders' representative as follows:

1. Improves its offense violations in accordance with the laws and regulations;
2. Suspend a service as a corporate and government bondholders' representative;
3. Revoke of certification as a corporate and government bondholders' representative;
4. Disclose the information on violations of prohibitions as prescribed in this Decision on the websites of the Lao Securities Commission Office and Securities Exchange after the Lao Securities Commission Office has issued an adjustment agreement.

Chapter 7 Final Provisions

Article 24 Implementation

The Lao Securities Commission Office, corporate and government bondholders' representative and other parties involved in the provision of services as corporate and government bondholders' representative shall strictly recognize and implement this Decision in accordance with the scope of its rights and obligations.

Article 25 Effectiveness

This Decision is effective from the date of signing.

This Decision replaces the Decision on Corporate Bondholders' Representative No. 79/LSC, dated 03 september 2018.

Vice Chairman of the Lao Securities Commission
(Seal and Signature)

Sonexay SITHPHAXAY