



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

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Lao Securities Commission

No. 22/LSC

Vientiane Capital, dated 23 June 2021

**Decision
on Securities Business Operation Authorization of Securities
Company (Amended)**

- Pursuant to the Law on Securities (Amended) No. 79/NA, dated 3 December 2019;
- Pursuant to the Decree on Incorporation and Operation of Lao Securities Commission No. 291/PM, dated 5 May 2021;
- Pursuant to the letter of Lao Securities Commission Office No. 59/LSCO, dated 7 June 2021.

The Chairman of Lao Securities Commission regulates that:

**Chapter 1
General Provisions**

Article 1 Objectives

This Decision prescribes the principles and rules regarding the securities business operation authorization of securities company to facilitate and govern on authorization of the securities business operation of securities company in order to promote the securities business operation of securities company to efficiency, stability, transparency, and fairness.

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.

Article 2 (New) Securities Business Operation Authorization of Securities Company

Securities business operation authorization of securities company is the application for a securities business operation license by securities company to be financial advisor, securities broker, and securities underwriter from the Lao Securities Commission.

Article 3 Scope of Application

This Decision shall apply to securities company and related parties to business operation of securities company in the Lao PDR.

Chapter 2

Securities Business Operation Authorization of Securities Company

Article 4 (Amended) Conditions for Securities Business Operation Authorization of Securities Company

Any person, juristic person wishing to apply for a securities business operation authorization of securities company shall have conditions prescribed in Articles 55 of the Law on Securities (Amended) and shall be subject to the following additional requirements:

Financial Advisor:

1. To have the appropriate numbers of financial advisors and securities investment advisors;
2. Person and juristic person which is not a domestic or foreign commercial bank or insurance company or foreign securities company shall join capital with domestic or foreign commercial banks or insurance companies or securities companies in Lao PDR at least 10%;
3. To have experience in operation the business at least 5 years in securities businesses, finance-banking, and accounting in domestic and overseas.

Securities Broker:

1. To have the appropriate numbers of securities brokers, securities dealers, financial advisors and securities investment advisors;
2. Person and juristic person which is not a domestic or foreign commercial bank or insurance company or foreign securities company shall join capital with domestic or foreign commercial banks or insurance companies or securities companies in Lao PDR at least 30%;
3. To have experience in operation the business at least 5 years in securities businesses, finance-banking, and accounting in domestic and overseas.
4. To have a contract with correspondent bank at least 1 bank;

5. Never seriously violated the related laws and regulations to securities activities, finance-banking or accounting.

Underwriter:

1. To have conditions as in paragraph 3 of this Article;
2. To have the securities professional license of fund manager.

Any foreign securities companies which are not located in Lao PDR wishing to operate the securities business as securities company in Lao PDR shall be subject to the following requirements:

1. To be incorporated and operated in accordance with foreign applicable laws and regulations;
2. To be a securities company on the list of IOSCO member countries or the countries where its securities regulator signed MOU with Lao Securities Commission Office;
3. To have a securities business operation contract with a securities company in Lao PDR;
4. To be authorized by Lao Securities Commission Office.

Article 5 (New) Documents for Securities Business Operation Authorization of Securities Company

Documents for securities business operation authorization of securities company shall be subject to Articles 56 of the Law on Securities (Amended). For sole limited securities company, the documents relating to Article of incorporation or joint venture agreement is not required.

Article 6 (New) Consideration of Securities Business Operation Authorization Documents of Securities Company

Securities business operation authorization documents of securities company shall be subject to Articles 57 of the Law on Securities (Amended).

Article 7 Payment and Utilization of Registered Capital of Securities Company

Payment and utilization of registered capital of securities company to provide the services as financial advisor, securities broker, and securities underwriter shall be subject to Articles 62 of the Law on Securities (Amended).

Article 8 Establishment Authorization Documents for Branch and Service Unit

Securities company wishing to establish branch and service unit shall have the following conditions:

1. To operated at least 1 year, have a profit, and adequacy of capital for establishment of branch and service unit;

2. To have organizational structure, corporate governance, and efficient internal accounting audit system;
 3. To have location and suitable office and complete suite of equipment;
 4. To have secure and up-to-dated IT systems enable to link with its head office and related parties;
 5. To have a system for sending and receiving the information enable to well respond to supervisory work;
 6. To implement the prudential regulation and related laws and regulations;
 7. To have heads of branch and service unit who have knowledge and experience in securities business, finance-banking, and accounting at least 5 years and shall have securities business professional certificates;
 8. To have the appropriate numbers of staff and have related securities business professional licenses;
 9. Other conditions as stipulated by the Lao Securities Commission Office.
- Service unit establishment shall comply with paragraph 1 except point 1, 2, 6 and 7 of this Article.

Article 9 Authorization Documents for Establishment of Branch and Service Unit

Authorization documents for establishment of branch and service unit shall have the following documents:

1. The application form by the Lao Securities Commission Office;
2. The regulations on supervision of the branch and service unit of the Securities Company;
3. The certificate of educational qualifications, certificate of criminal record, record of experiences in business operations of members of branch managers and members of service unit managers;
4. The financial report of the securities company which is audited by an audit company;
5. The business plan of the branch for the first 3 years after establishment. In the case of a services unit, a business plan for the first year after the establishment;
6. Other documents as stipulated by the Lao Securities Commission Office.

Article 10 Establishment of Representative Office of Foreign Securities Company

A foreign securities company wishing to establish its representative office in Lao PDR shall submit the authorization documents to the Ministry of Planning and Investment for authorization. After obtaining a representative office License

from such authority, the foreign securities company shall inform the Lao Securities Commission Office within 15 days from the date obtaining the license. In case, securities company has no objective to operate in securities activities is not required for authorization from the Lao Securities Commission Office.

Lao Securities Commission Office shall consider the authorization documents from a foreign securities company within 30 days from the date of receiving the complete and accurate application documents.

During consideration, where necessary, Lao Securities Commission Office has right to request information and additional data or to invite related parties to explain and give additional information.

After obtaining representative office license from Lao Securities Commission Office, representative office of foreign securities company shall announce to the public via mass media such as television, newspapers, radio, website, and other appropriate mass media within 5 official days.

The representative office license of a foreign securities company have 1 year terms from the date of approval.

The establishment of representative office shall be operated in accordance with Article 31 of this Decision.

Chapter 3

Organizational Structure

Article 11 (Amended) Organizational Structure of Securities Company

The organizational structure of securities company shall be subject to Articles 63 of the Law on Securities (Amended).

For sole limited securities company, shareholders' meeting is not required.

Article 12 (Amended) Shareholders' Meeting

A shareholders' meeting is the supreme body of securities company. shareholder's meetings consists of two types: ordinary meeting and extraordinary meeting.

Notification regarding the convening of a shareholders' meeting, quorum, agenda, method for voting, meeting resolutions, modifications and dismissal of resolutions of the meeting shall be in compliance with the Law on Enterprises.

The ordinary shareholders' meeting shall be held at least once a year after audited by external audit firm, but not later than April of the subsequent accounting year. The extraordinary shareholders' meeting could be held at any time whenever necessary.

In case of necessity, shareholders' meeting could be held via online or by document circulation.

Article 13 Rights and Duties of Shareholders' Meeting

Shareholders' meeting of securities company shall have rights and duties as follows:

1. To approve by-laws, the article of incorporation, and essential policies of securities company as proposed by board of directors prior to proposing to the Lao Securities Commission Office for approval;
2. To elect or dismiss chairperson, vice chairperson and other members of the board of directors and inform to the Lao Securities Commission Office;
3. To approve an external audit firm for auditing their own securities company as proposed by the board of directors;
4. To approve members of the executive committees as proposed by the board of directors;
5. To approve meeting allowance, salary or other remunerations for the members of the board of directors, members of executive committees, securities professionals and staffs of securities company as proposed by the board of directors;
6. To approve annual reports, business plans and annual audit report as proposed by the board of directors;
7. To approve the increase or decrease of registered capital as proposed by the board of directors;
8. To approve the mergers, incorporation of subsidiaries, investments, sale of assets or dissolution of securities company as proposed by the board of directors;
9. To approve the allocation of revenue, dividend and establishment of reserve funds as proposed by the board of directors;
10. To exercise other rights and duties as stipulated in the applicable laws and regulations.

Article 14 Board of Directors

Board of directors of securities company shall comprise of at least three (3) directors and shall include at least one (1) independent director who is not related to, not influenced or not engaged in company's interests, not a staff or not to hold any positions in securities company and able to have independent comments.

The board of directors shall comprise of a chairperson, vice chairperson and other committee members elected and dismissed by the shareholders' meeting or

by shareholders in case of sole limited securities company. The term of board of directors shall be two (2) years and may be re-elected.

The board of directors shall convene at least two (2) meetings per year.

Article 15 Conditions for Members of Board of Directors

Members of the board of directors of securities company shall meet the following conditions:

1. To have educational qualification at least bachelor degree and three years of experience in finance, banking, securities-related business or business administration;
2. Never been bankrupted person as sentenced by the court or dismissed from any executive positions of other juristic persons or held any executive positions in a bankrupted juristic person as sentenced by the court;
3. Never been sentenced by the court for criminal offences relating to fraud, deception, falsification of document, bribery, corruption or money laundering and never misconducted laws and regulations related to securities businesses or financial violation;
4. Other conditions as stipulated by the Lao Securities Commission Office.

Article 16 Rights and Duties of the Board of Directors

The board of directors shall have rights and duties as follows:

1. To act as a focal point in coordination and adjustment of executive committee' works;
2. To approve regulations of securities company as proposed by executive committee prior to proposing to the Lao Securities Commission Office for approval;
3. To appoint, relocate or dismiss members of the executive committee as approved by shareholders' meeting and inform to the Lao Securities Commission Office;
4. To appoint, relocate or displace members of internal audit committee, and other committees of the board of directors and inform to Lao Securities Commission Office;
5. To formulate policies, work plans, mechanism and regulations of securities company in order to provide the directions and suggestions to the executive committee for implementation;
6. To monitor the executive committee in the implementation of resolutions of the shareholders' meeting and resolutions meeting of board of directors;
7. To cooperate, provide related data and documents including to clarify any issues, respond questions, and give details for related issues to

- shareholders' meeting, external audit firm, securities inspection team, investigation officials, related person and juristic persons;
8. To report annual business plan of securities company to the shareholders' meeting for approval;
 9. To propose mergers, incorporation of subsidiaries, investment, sale of assets or dissolution of securities company to the shareholders' meeting for approval;
 10. To direct the work of the internal audit committee and other committees of the board of directors;
 11. To propose the creation and amendment of by-laws and the article of incorporation of securities company to the shareholders' meeting for approval;
 12. To review budgets, meeting allowance, salary, bonus or other remunerations for the members of the board of directors, executive committee, securities professionals and staff of securities company to propose to the shareholders' meeting for approval;
 13. To review allocation of revenues, dividend and establishment of reserve funds to propose to the shareholders' meeting for approval;
 14. To be accountable for all damages done by own wrong doing;
 15. To exercise other rights and duties as stipulated in the applicable laws and regulations.

Article 17 Committees of Board of Directors

Committees of the board of directors of securities company shall comprise of internal audit committee and other committees as deemed necessary. Each committee shall have at least two members, one of which shall be a member of the board of directors but not in the position on executive committee.

Article 18 Conditions of Internal Audit Committee

Internal audit committee shall meet the following conditions:

1. To have educational qualification for at least a bachelor degree in accounting, auditing, law, finance, banking or business administration;
2. To have at least three years of experience in accounting, auditing, finance-banking or securities-related businesses;
3. To be never sentenced by the court as a bankrupted person, or be an executive of a juristic person sentenced by the court as bankruptcy;
4. To be never sentenced by the court for criminal offences relating to fraud, deception, falsification of document, bribery, corruption or money laundering and never misconducted laws and regulations related to securities businesses or financial violation;

5. To have recognition and understanding of business plans including weekly plan, monthly plan, annual plan and strategic plan of securities company;
6. To have recognition and understanding of securities activities-related laws and regulations, law on anti-money laundering and capital supply for terrorism, by-laws of company, article of incorporation or joint venture agreement (in case of joint venture company), and all regulations of own company;
7. Other conditions as stipulated by the Lao Securities Commission Office.

Article 19 Rights and Duties of Internal Audit Committee

The internal audit committee shall have the rights and duties as follows:

1. To develop internal audit plan and compliance inspection plan which cover all important transactions of securities company and such plans shall be approved by the board of directors;
2. To involve in the development of securities company's business plan for convenient monitor;
3. To monitor and audit the work of executive committee, securities professionals and staff based on business plan approved by the shareholders' meeting or board of directors including to propose solutions in case of finding the wrong doing in securities activities-related laws and regulations, by-laws of company, article of incorporation or joint venture agreement (in case of joint venture company), all regulations of own company and related laws and regulations, to report to board of directors on regular basis;
4. To monitor and inspect the implementation of securities activities-related laws and regulations, law on anti-money laundering and capital supply for terrorism, by-laws of company, article of incorporation or joint venture agreement (in case of joint venture company), and all regulations of own company;
5. To make annual inspection reports to propose to the board of directors for approval;
6. To coordinate with external audit committee in performing audit duties;
7. To assess the quality of audit company, the auditors' independence and relations between auditors and securities company;
8. To contact or coordinate with the Lao Securities Commission Office on a regular basis;
9. To report to the board of directors and the Lao Securities Commission Office on immediate basis in case of finding the events which effect own securities company and the entire capital market;
10. To inform and advise related persons and divisions of securities company in implementation of their works in compliance with securities

activities-related laws and regulations, by-laws of company, article of incorporation or joint venture agreement (in case of joint venture company), all regulations of own company, and related applicable laws and regulations;

11. To collect securities company clients' complaints and requests to propose to the board of directors for solution making;
12. To monitor and inspect the board of directors in solving the unsolved issues stipulated in audit report and the notification of the Lao Securities Commission Office;
13. To involve in legal and regulatory refreshment organized periodically by the Lao Securities Commission Office;
14. To exercise other rights and perform other duties as assigned by the board of directors.

Article 20 Executive Committee

Executive committee is responsible for the day-to-day business operation of securities company in accordance with the rights and duties prescribed in Article 22 of this Decision and other relevant laws and regulations.

The executive committee consists of chief executive officer and deputy chief executive officer appointed and dismissed by the board of directors and shall have terms for the period of two years and could be re-appointed.

Chief executive officer shall be a member of the board of directors, but shall not simultaneously be the chairperson or vice chairperson of the board of directors.

Deputy chief executive officer is assisting of the chief executive officer in responsibility for managing the day-to-day work of securities company including acting as chief executive officer in case of chief executive officer absent. The deputy chief executive officer shall not be a member of the board of directors but could participate and give opinions in the meetings of the board of directors.

Article 21 Requirements for Executive Committee

Executive committee shall be subject to the requirements as prescribed in Article 15 of this Decision and shall be subject to additional requirements as follows:

1. To hold a securities business professionals license granted by the Lao Securities Commission Office;
2. Other requirements stipulated by the Lao Securities Commission Office.

Article 22 Rights and Duties of Chief Executive Officer and Deputy Chief Executive Officer

Chief executive officer of securities company shall have rights and duties as follows:

1. To study, develop, and amend internal regulations on day-to-day business operation of securities company to propose to the board of directors' meeting for approval;
2. To formulate the business plan of securities company to propose to the board of directors' meeting for consideration prior to proposing to shareholders' meeting for approval;
3. To implement prudential regulations of securities company and other relevant laws and regulations;
4. To summarize and report business operation performance and formulate annual business plan of securities company to propose to the board of directors' meeting for consideration prior to proposing to shareholders' meeting for approval;
5. To implement the resolutions of the shareholders' meeting and the resolutions of the board of directors' meeting;
6. To study, develop and amend by-laws of company, article of incorporation or joint venture agreement of securities company (in case of joint venture company) to propose to the board of directors' meeting for consideration prior to proposing to shareholders' meeting for approval;
7. To immediately report business operations of securities company which are misconducted with securities related laws and regulations to the board of directors and the Lao Securities Commission Office;
8. To design budget, meeting allowance, salary, bonus or other remunerations for the members of board of directors, executive committee, securities professionals and staff of securities company to propose to the board of directors' meeting for consideration prior to proposing to shareholders' meeting for approval;
9. To review allocation of revenues, dividend and establishment of funds to propose to the board of directors' meeting for consideration prior to proposing to shareholders' meeting for approval;
10. To clarify issues, respond questions, and provide detailed information in relations to operations of securities company to the board of directors' meeting, persons, juristic persons, and related parties;
11. To be accountable for all damages caused by own mistakes;
12. To act as the representative of securities company in signing contracts and other official documents;

13. To manage day-to-day business operations of securities company according to scope of rights and duties as defined in this Decision, by-laws of securities company or as assigned by the board of directors;
14. To propose to the board of directors for the appointment or displacement of deputy executive officers;
15. To appoint or dismiss a head and deputy head of divisions, securities professionals or to recruit and allocate staff of securities company;
16. To review a merger, establishment of subsidiary, investment, sale of assets or dissolution of own securities company to propose to the board of director meeting for consideration;
17. To approve award policies or disciplinary sanctions for staff of securities company in accordance with applicable laws and regulations;
18. To cooperate, provide data and documents including to clarify particular issues to internal audit committee, compliance committee, audit company, inspection team, securities investigators, persons, juristic persons and other relevant parties;
19. To report to the board of directors and internal audit committee on the business operations of securities company;
20. To exercise other rights and duties as pursuant to Charter of company, and related applicable laws and regulations.

The rights and duties of deputy chief executive officer is assigned by chief executive officer of securities company.

Chapter 4

Securities Business Operations of Securities Company

Article 23 (Amended) Rights and Duties of Securities Company

Securities company has the rights and duties as prescribed in Article 59 of the Law on Securities (Amended) and shall have additional rights and duties as follows:

1. To study, develop, and amend by-law and internal regulations of securities company in compliance with related applicable laws and regulations in order to govern on operations of securities company and securities professionals;
2. To have a responsible duty for reporting and information disclosure in accordance with this Decision including responsible for the such contents of information;

3. To exercise the business operation in the form of risk-based supervision and to report the stock holding and trading of the board of directors, executive committee, and staff of securities company to Lao Securities Commission Office;
4. To recruit and allocate the domestic and foreign employees in the right numbers to the right jobs in case of joint venture company;
5. To issue ID cards for securities professionals who are granted by Lao Securities Commission Office which include their name, surname, position, and securities professional type;
6. To regularly monitor and examine work of securities professionals;
7. To guide the companies under financial advisory and underwriting for at least 1 year after listing on securities exchange in implementation of shareholders' meeting, reporting and information disclosure, members of board of directors, committees of board of directors, and related transactions;
8. To recognize, understand, and implement the securities activities-related laws and regulations, by-laws of company, article of incorporation or joint venture agreement (in case of joint venture company), all regulations of own company, related applicable laws and regulations;
9. To be responsible by-laws for all operations of foreign securities companies under its securities business operation co-contract;
10. To pay service fees to Lao Securities Commission Office as stipulated in Article 51 of this Decision;
11. To exercise other rights and duties as stipulated in related applicable laws and regulations.

Article 24 (Amended) Types of Securities Business Operation Licenses of Securities Company

Types of securities business operation licenses of securities company include as follows:

1. Financial Advisor;
2. Securities Broker;
3. Securities Underwriter.

Article 25 (New) Financial Advisor

Securities company obtained the securities business operation license type of Financial Advisor from the Lao Securities Commission Office could operate

the business in compliance with Article 58 point 1 and 2 of Law on Securities (Amended) and could offer services on activity merging, separation, and takeover.

Article 26 (New) Securities Broker

Securities company obtained the securities business operation license type of Securities Broker from the Lao Securities Commission Office could operate the business in compliance with Article 58 point 1, 2, 3, and 4 of Law on Securities (Amended).

Article 27 (New) Securities Underwriter

Securities company obtained the securities business operation license type of Underwriter from the Lao Securities Commission Office could operate the business as prescribed in Article 58 of Law on Securities (Amended).

Article 28 (New) Changes of Securities Business Operation License Types

Securities company obtained a securities business operation license as prescribed in Article 24 of this Decision could propose for the changes in securities business operation license type to the Lao Securities Commission Office.

To propose for the changes in securities business license type, securities company shall submit related documents to the Lao Securities Commission Office as follows:

1. Application form as prescribed by Lao Securities Commission Office;
2. By-laws of company (amended) approved by shareholders' meeting;
3. Resolution of shareholders' meeting;
4. Certified documents of increase in registered capital in case of changing the securities business license type as stipulated in Article 24 of this Decision;
5. Other documents as prescribed by Lao Securities Commission Office.

Lao Securities Commission Office shall consider such documents within 30 days after receiving the complete and accurate documents. In case of rejection, the Lao Securities Commission Office shall rationally and officially inform to securities company.

Article 29 (New) Increase and Decrease of Registered Capital

Securities company wishing to increase or decrease registered capital whether from a general case or change of a securities business license type shall be authorized by Lao Securities Commission Office and shall be implemented as prescribed in Law on Enterprises.

Article 30 Scope of Securities Business Operations of Branch and Service Unit of Securities Company

Branch of securities company shall operate financial advisor and securities broker. Service unit shall operate only securities broker.

Article 31 Scope of Operations of Representative Office of Foreign Securities Company

Representative office of foreign securities company shall operate the business as following scopes:

1. Coordination, data collection, feasibility study of securities company establishment, and document coordination to establish securities company;
2. Promotion of technical cooperation project to develop securities businesses and securities exchange in Lao PDR;
3. Other operations as prescribed in related laws and regulations of Lao PDR.

Article 32 (Amended) By-Laws and Internal Regulations of Securities Company

By-laws of securities company shall be subject to Article 64 of Law on Securities (Amended) except point 2 in case of the sole limited securities company and shall have additional contents as prescribed by Lao Securities Commission Office in by-laws format.

Internal regulations of securities company shall have contents in compliance with related applicable laws and regulations and could use for governing the securities business operations of securities company.

In case of making new or amendment of by-laws and internal regulations of securities company, both complete structure and its contents of such first drafts shall be consulted and consensus between related staff of Lao Securities Commission Office and securities company prior to proposing the drafts to the board of directors and shareholders' meeting for consideration and Lao Securities Commission Office for approval.

By-laws and internal regulations of securities company shall become into force after approved by Lao Securities Commission Office.

Article 33 (Amended) Changes which Require Authorization

Changes which require authorization from Lao Securities Commission Office shall be subject to Article 66 of Law on Securities (Amended) and the additional changes as follows:

1. Suspension of securities business operations partly or whole;

2. Changes or amendment of by-laws and internal regulations of securities company;
3. Change of securities business professionals license;
4. Increase or decrease of securities business operation types;
5. Other changes as stipulated by the Lao Securities Commission Office.

Securities company shall disclose immediately the above changes to the public after authorized by the Lao Securities Commission Office.

Article 34 (Amended) Suspension of Securities Business Operations

Suspension of securities business operations of securities company shall be subject to Article 68 of Law on Securities (Amended).

Article 35 (New) Revocation of Securities Business Operation License

Revocation of securities business operation license of securities company shall be subject to Article 69 of Law on Securities (Amended).

Article 36 Settlement Committee

Settlement committee for a license-revoked securities company, in which consist of Lao Securities Commission Office and both related public and private parties, have qualifications and conditions as prescribed in the regulation of Lao Securities Commission Office, shall be appointed by the Lao Securities Commission Office.

Rights and duties of the settlement committee are stipulated in specified regulation.

Chapter 5

Accounting, Reporting, Disclosure, Service Fees, and Prohibited Acts of Securities Company

Article 37 Accounting

Accounting of securities company shall be subject to Article 67 of Law on Securities (Amended) and related laws and regulations.

Article 38 (Amended) Reporting and Information Disclosure

Securities company shall ensure in implementation in reporting regime to the Lao Securities Commission Office and information disclosure regime to the public in accurate, complete, and timely.

Securities company shall report operations of foreign securities company under its securities business operation co-contract to Lao Securities Commission Office as the reporting modes prescribed in Article 40 of this Decision.

Article 39 (New) Appointment of Responsible Persons for Reporting and Information Disclosure

Securities company shall appoint at least two persons responsible for reporting and information disclosure and one of which shall be the deputy executive committee who is in charge of directing the financial affair of securities company.

After such appointment, securities company shall notify in written the names of appointed persons to the Lao Securities Commission Office within 5 official days from the appointed date. In case, the appointed persons could not perform their function in whatever reasons, securities company shall appoint new persons to perform instead and notify the name lists of the new appointed persons within 5 official days from the appointed date to the Lao Securities Commission Office.

Article 40 (New) Modes of Reporting

Reporting of securities company consists of 4 modes as follows: periodic, immediate, requesting, and voluntary.

Article 41 (New) Periodic Reporting

Periodic reporting of securities company consists of monthly, quarterly, semi-annually, and annually.

1. Monthly Report.

Securities company shall report its monthly data of the current month to the Lao Securities Commission Office within 10 days from the end of such month. The monthly data to be reported as follows:

- 1.1. Total number of clients' securities accounts;
- 1.2. Total number of clients' active trading accounts in the month;
- 1.3. Total number of clients' new trading accounts opened in the month;
- 1.4. Securities accounts which cancel its orders more than 3 times a day in the month;
- 1.5. Total number of clients' active trading accounts in the month through securities firms;
- 1.6. Trading volumes and values in the month;
- 1.7. Total number of clients' trading accounts closed in the month;
- 1.8. Securities trade of staff of securities company;
- 1.9. Financial ratios such as ROE, ROA, D/E, and D/A;

1.10. Monthly securities business operation report of securities company;

1.11. Monthly financial reporting documents of securities company including monthly balance sheet, income statement, and statement of cash flows approved by internal auditor and certified by chief executive committee of securities company.

1.12. Other data required by the Lao Securities Commission Office.

2. Quarterly Report.

Securities company shall report its quarterly data of quarter 1 and quarter 3 to the Lao Securities Commission Office within 15 days from the end of such quarter. The quarterly data to be reported as follows:

2.1. Quarterly securities business operation report of securities company;

2.2. Quarterly financial reporting documents of securities company including quarterly balance sheet, income statement, statement of cash flows, statement of changing in equity, and notes to financial reporting documents approved by internal auditor and certified by chief executive committee of securities company.

2.3. Other data required by the Lao Securities Commission Office.

3. Semi-annual Report.

Securities company shall report its semi-annual data to the Lao Securities Commission Office within 45 days from the end of quarter 2. The semi-annual data to be reported as follows:

3.1. Semi-annual securities business operation report of securities company;

3.2. Semi-annual financial reporting documents of securities company including semi-annual balance sheet, income statement, statement of cash flows, statement of changing in equity, and notes to financial reporting documents reviewed by an audit company on the list of the Lao Securities Commission Office.

3.3. Other data required by the Lao Securities Commission Office.

4. Annual Report.

Securities company shall report its annual data to the Lao Securities Commission Office within 120 days from the end of year. The annual data to be reported as follows:

4.1. Annual securities business operation report of securities company;

4.2. Annual financial reporting documents of securities company including annual balance sheet, income statement, statement of cash flows, statement of changing in equity, and notes to financial reporting documents audited by an audit company on the list of the Lao Securities Commission Office.

4.3. Other data required by Lao Securities Commission Office.

Article 42 (New) Immediate Report

Securities company shall report immediately to the Lao Securities Commission Office in case of one or whole of the following data happening:

1. Members of board of directors, executive committee, managers, internal auditor committee, head of accounting, head of finance, head of branch, service unit, and securities professionals are disciplined sanction and are prosecuted.
2. Bank account of securities company is suspended or after the suspension of bank account of securities company is cancelled.
3. Securities company is under bankrupt condition or ordered by court to be a bankrupt enterprise.
4. Business operation license certificate is revoked.
5. Securities company merged with other companies pursuant to resolution of its shareholders' meeting.
6. Members of board of directors, executive committee, internal auditor, head of accounting, head of finance, head or deputy head of branch and service unit are changed.
7. Securities professionals are found to violate related laws and regulations.
8. Securities professionals are moved to unrelated new job with fund management or fund managers resign.
9. Staff and securities professionals' labor contracts are cancelled.
10. Service fees are changed.
11. Securities company is ordinary or extraordinary inspected by any organizations.
12. Related trading systems are not in functioning.
13. Abnormal trades which may result in securities exchange's stability.
14. Other data required by Lao Securities Commission Office.

Article 43 (New) Requesting Report

Securities company shall report data requested by the Lao Securities Commission Office in case that the Lao Securities Commission Office finds that such event results or may result in rights and benefits of investors, stock prices, and stability of capital market.

Article 44 (New) Voluntary Report

Voluntary report is reported by securities company in order to notify to Lao Securities Commission Office for additional data.

Article 45 (New) Modes of Information Disclosure

Information disclosure of securities company consists of 4 modes as follows: periodic, immediate, requesting, and voluntary.

Article 46 (New) Periodic Information Disclosure

Securities company shall disclose its annual information to the public within 120 days from the end of the accounting year. The annual information to be disclosed as follows:

1. Annual securities business operation report of securities company.
2. Annual financial reporting documents of securities company including annual balance sheet, income statement, statement of cash flows, statement of changing in equity, and notes to financial reporting documents audited by an audit company on the list of the Lao Securities Commission Office.
3. Other information required by the Lao Securities Commission Office.

Article 47 (New) Immediate Information Disclosure

Securities company shall disclose immediate information to public in case of one or whole following data happening:

1. Members of board of directors, executive committee, managers, internal auditor committee, head of accounting, head of finance, head of branch, service unit, and securities professionals are disciplined sanction and are prosecuted.
2. Bank account of securities company is suspended or after the suspension of bank account of securities company is cancelled.
3. Securities company is under bankrupt condition or ordered by court to be a bankrupt enterprise.
4. Business operation license certificate is revoked.
5. Securities company merged with other companies pursuant to resolution of its shareholders' meeting.
6. Members of board of directors, executive committee, internal auditor, head of accounting, head of finance, head or deputy head of branch and service unit are changed.
7. Any staff's securities business professional license certificates are revoked.
8. Total assets of securities company decrease by 10% or more.
9. Other information required by the Lao Securities Commission Office.

Article 48 (New) Requesting Information Disclosure

Securities company shall disclose information requested by the Lao Securities Commission Office in case that Lao Securities Commission Office finds that such event results or may result in rights and benefits of investors, stock prices, and stability of capital market.

Article 49 (New) Voluntary Information Disclosure

Voluntary information disclosure is disclosed by securities company in order to notify to the public and investors for additional data.

Article 50 (New) Channels of Reporting and Information Disclosure

Securities company shall report information to the Lao Securities Commission Office in written and through electronic channel in complete, accurate, and timely.

Securities company shall disclose information to the public via its website or other appropriate mass media in complete, correct, and timely.

Article 51 (Amended) Service Fees

Securities company shall pay service fees to the Lao Securities Commission Office as follows:

1. Fee for consideration of documents 20.000.000 Kip and shall pay on the submission date of the documents to the Lao Securities Commission Office.
2. Fee for consideration of the documents for approval of securities company's branch or service unit 10.000.000 Kip and shall pay on the submission date of the documents to the Lao Securities Commission Office.
3. Fee for consideration of the documents for establishment of foreign securities company's representative office 5.000.000 Kip and shall pay on the submission date of the documents to the Lao Securities Commission Office.
4. Fee for securities business operation license of securities company 0,1% of its registered capital and shall pay on the receiving date of the license and fee for approval certificate the representative office of foreign securities company 3.000.000 Kip and shall pay on the receiving date of the approval certificate.
5. Fee for renew the approval certificate the representative office of foreign securities company 5.000.000 Kip and shall pay on the receiving date of the renew approval certificate.

Annual supervisory fee 0,1% of total annual revenues of securities company but not less than 30.000.000 Kip and shall pay within quarter 1 of next year, counted from the authorizing year.

In case of securities company which is authorized after semi-annual; the annual supervisory fee will be exempted.

Article 52 Prohibited Acts

To prohibit securities company and other related parties to act either directly or indirectly as prescribed in Articles 173 of the Law on Securities (Amended) and prohibit to behave as follows:

1. To allow other persons or juristic persons use of its securities business license;
2. To establish a group securities company;
3. To provide securities business services together with local and foreign person and/or juristic person without obtaining an authorization from the Lao Securities Commission Office;
4. To take interests from deposit accounts of Securities Company for clients;
5. To lend money or asset services to its clients;
6. To accept securities trading orders of its clients outside a specified trading venue;
7. To provide services by opening accounts on behalf of its clients;
8. A representative office operating its securities business outside the scope as prescribed in Article 58 of Law on Securities (amended) including providing representative service in operating securities business to any securities company incorporated in Lao PDR.;
9. To report and disclose false information which make others misunderstanding and damages from such information use;
10. To consult, give opinion, and advise without compliance with laws, regulations, and securities business professional ethics;
11. To disclose confidential information or information unallowed to disclose;
12. Securities company which is established and authorized in Lao PDR, joins with other companies which are established in Lao PDR to operate the same businesses;
13. To appoint internal audit committee of securities company to be members of other committees of its board of directors;
14. To violate related laws and regulations;
15. Other prohibited acts as stipulated by the Lao Securities Commission Office.

Chapter 6

Policy towards Outstanding Performers and Measures against Violators

Article 53 (New) Policy on Persons with Achievement

Securities companies and other parties related to securities business operation in Lao PDR who perform outstanding achievement in implementation of this Decision shall receive appropriate awards or other policies as stipulated in the specialized regulation.

Article 54 (New) Sanctions against Violators

Securities companies and other parties related to securities business operation in Lao PDR who violate this regulation shall be educated or warned, fined, and other additional sanctions as follows:

Educated or warned sanction is in case of behaviors or violations as follows:

1. First and light violation for instance late reporting less than 5 days, refuse to cooperate with Lao Securities Commission Office and related organizations, refuse to provide information and documents to Lao Securities Commission Office and other parties, and other violations which value less than 1.000.000 Kip.
2. The violation without suits or notification of the loser and parties could compromise.
3. Behavior which violates this regulation but not to violate prohibited acts as stipulated in Article 52 of this Decision.
4. Other behaviors as prescribed by the Lao Securities Commission Office.

Fined sanction is in case of behaviors or violations as follows:

1. First but serious violation which value more than 1.000.000 Kip or used to be educated or warned sanction but to keep on acting the second violation shall be fined from 5.000.000 Kip to 10.000.000 Kip.
2. Allowing other persons or juristic persons use of its securities business license shall be fined from 50.000.000 Kip to 70.000.000 Kip;
3. Establishing a group securities company shall be fined from 70.000.000 Kip to 100.000.000 Kip;
4. Taking interests from deposit accounts of Securities Company for clients shall be fined from 50.000.000 Kip to 70.000.000 Kip;
5. Accepting securities trading orders of its clients outside a specified trading venue shall be fined from 30.000.000 Kip to 50.000.000 Kip;

6. Providing services by opening accounts on behalf of its clients shall be fined from 30.000.000 Kip to 50.000.000 Kip;

7. Not to retain information and documents related to reports and disclosure in accordance with laws and regulations shall be fined from 10.000.000 Kip to 30.000.000 Kip;

8. Not to report the annual business operation reports as stipulated in this regulation shall be fined from 10.000.000 Kip to 20.000.000 Kip;

9. To report and disclose false information shall be fined from 30.000.000 Kip to 50.000.000 Kip;

10. To report and disclose late shall be fined 500.000 Kip a day. In case, late disclose information from 1 day to 5 days shall not be fined but securities company shall report to Lao Securities Commission Office on the late cause. In case beyond such deadline, securities company shall be fined in accordance with related regulation;

11. To disclose confidential information or securities activities related essential information unallowed to disclose shall be fined from 30.000.000 Kip to 50.000.000 Kip;

12. Securities company which is established and authorized in Lao PDR, to joins with other companies which are established in Lao PDR to operate the same businesses shall be fined from 30.000.000 Kip to 50.000.000 Kip;

13. To appoint internal audit committee of securities company to be members of other committees of board of directors shall be revoked from members of other committees. In case, keeping on violation shall be fined from 50.000.000 Kip to 100.000.000 Kip. After fined, securities company still keeps on violation, the securities business operation license shall be revoked.

Additional sanctions to securities company as follows:

1. To address the issue related violations in accordance with relevant laws and regulations;

2. To suspend the securities business operations of securities company;

3. To revoke the securities business operation license of securities company;

4. To disclose the violation of prohibited acts of securities company as prescribed in this regulation on website of Lao Securities Commission Office and Securities Exchange after the fined sanction has been done by Lao Securities Commission Office.

Chapter 7

Final Provisions

Article 55 Implementation

Lao Securities Commission Office, securities companies and other parties related to securities business operations in Lao PDR shall recognize and strictly implement this Decision based on scope of own rights and duties.

Article 56 (Amended) Effectiveness

This Decision shall enter into force at the date of signing by the Chairman of the Lao Securities Commission.

This Decision replaces the regulation on incorporation and operation of securities company no 002 /LSC dated 24 July 2013.

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

Sonexay SITHPHAXAY