



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

President

No. 032 /PO
Vientiane Capital, dated 14 January 2020

**DECREE
of the President
of the Lao People's Democratic Republic
on the Promulgation of the Law on Securities (Amended)**

- Pursuant to Chapter VI, Article 67, Point 1 of the Constitution of the Lao People's Democratic Republic (Amended Version 2015);
- Pursuant to the Resolution of the National Assembly, No. 34/NA, dated 03 December 2019 on the Approval of the Law on Securities (Amended);
- Pursuant to the proposal of the National Assembly Standing Committee, No. 36/NASC, dated 17 December 2019.

**The President of the Lao People's Democratic Republic
Decrees that:**

Article 1 The Law on securities (Amended) is hereby promulgated.

Article 2 This Decree is effective from the date of signing.

President of the Lao People's Democratic Republic

(Seal and Signature)

Bounnhang VORACHITH



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

National Assembly

No. 34 /NA
Vientiane Capital, dated 03 December 2019

**RESOLUTION
of the National Assembly
on the Approval of the Law on Securities (Amended)**

Pursuant to Article 53, Point 1 of the Constitution of the Lao People's Democratic Republic (Amended Version 2015) and Article 11, Point 1 of the Law on National Assembly of the Lao People's Democratic Republic (Amended Version 2015).

After the 8th Ordinary Meeting of the National Assembly VIII Legislature has studied and considered thoroughly and in details in relation to the contents of the Law on Securities (Amended) in the agenda of the meeting on the 03 December 2019.

The Meeting of the National Assembly Resolved that:

Article 1 The Law on securities (Amended) is approved by majority votes of the members of the National Assembly attending the meeting.

Article 2 This Resolution is effective from the date of signing.

President of the National Assembly

(Seal and Signature)

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

National Assembly

No. 79 /NA
Vientiane Capital, dated 3 December 2019

**LAW ON SECURITIES
(Amended)¹**

**Part I
General Provisions**

Article 1 (Amended) Objectives

This Law prescribes the principles, rules, and measures regarding the supervision, monitoring and inspection of securities activities to ensure the efficiency, transparency and fairness of such activities and to reduce systemic risks to financial system as well as to encourage the participation of persons, juristic persons and organizations to ensure the continuous and sustainable fundraising, investment and development of securities market, enable the regional and international integration and to contribute to the national socio-economic development.

Article 2 (Amended) Securities

Securities mean financial instruments which comprise share, corporate bond, government bond, fund unit, derivative and other types of securities as defined by the Lao Securities Commission. The holder of the securities shall have the rights and benefits according to the characteristics of each type of securities.

Article 3 (Amended) Definitions

The terms used in this Law have the meanings as specified below:

1. **Securities activities** mean issuance of shares and corporate bonds, the operation of shares and corporate bonds issuing companies, listed companies, collective investment funds, securities intermediaries, securities professionals, securities associations, securities exchange, securities depository center and unfair trading;
2. **Share** means an equity type of securities used by a public company to mobilize fund which divided into units of equal value and the shareholder hold the status as the owner of the company and is entitled to rights and benefits pursuant to their shareholding ratio;
3. **Corporate bond** means a debt type of securities used by a company to mobilize fund which divided into units of equal value and pre-determined return of equal rate and

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.

the holder has a status as a lender of a company;

4. **Government bond** mean a debt type of securities used by the government to mobilize fund which divided into units of equal value and pre-determined return of equal rate and the holder has a status as a lender;

5. **Fund unit** means an equity type of securities to be used for mobilizing fund into a collective investment fund of which the holder of fund units has a status as an owner of such fund with pro rata interests according to portion of their holding;

6. **Derivative** means a type of securities which is a contractual or agreement arrangement between two or more parties for the trading of a product, securities or an asset with an agreed upon price, volume and terms;

7. **Insider** means controlling person, director, inspector and staff of an issuer, listed company, securities intermediary and securities exchange including the Lao Securities Commission, staff of the Lao Securities Commission Office and other relevant parties who have access or are aware of inside information;

8. **Controlling person** means a shareholder who has voting rights, whether directly or indirectly, with more than twenty-five percent of the total outstanding shares with voting rights of the company or a member of the board of directors, chief and deputy chief executive director of the company who are involved in policy making, administration or important business operations of the company;

9. **Inside information** means information which has not been authorized to be officially disclosed to the public and such information disclosure may affect price or quantity of securities trading;

10. **Director** means a chairperson, deputy chairperson and members of board of directors, chief and deputy chief executive director;

11. **Global share certificate** means a certificate of an issuer that issues share and is deposited at the securities depository center;

12. **Global corporate bond certificate** means a certificate of an issuer that issues corporate bond and is deposited at the securities depository center;

13. **Certificate of share or corporate bond allocation** means a certificate certifying type, amount and value of share or corporate bond to investors after completion of allocation of share or corporate bond;

14. **Listed company** means a company authorized to list its shares in the securities exchange;

15. **Registration of collective investment fund** means taking the proceed from issuance of fund units to be registered with the Lao Securities Commission prior to taking these proceed to invest in accordance with policy of the collective investment fund as defined in the prospectus;

16. **Management of collective investment fund** means to take the proceed from issuance of fund units to invest in accordance with policy of the collective investment fund as defined in the prospectus;

17. **Net asset value of mutual fund** means a total asset value of a mutual fund including expected returns of a mutual fund minus liability and expenditure of such a mutual fund at the same period;

18. **Investor** means individual investor and institutional investor both domestic and foreign, who invest in securities;

19. **Institutional investor** means a commercial bank, securities company, collective investment fund, insurance company, social security fund and other institutions or other entities as defined by the Lao Securities Commission;

20. **High net worth investor** means an investor with financial knowledge and

capability, having investment experience with net asset or annual income as defined by the Lao Securities Commission;

21. **Fund manager** means a type of securities professional authorized by the Lao Securities Commission to manage collective investment fund;

22. **Securities professional certificate** means a certificate to verify being securities broker, securities dealer, financial advisor, investment advisor, securities analyst, fund manager and other securities professionals as defined by the Lao Securities Commission;

23. **Securities business** means being securities brokerage, securities underwriting, financial advisory and fund management company;

24. **Targeted group relating to securities activities** means a targeted issuer of share and corporate bond, share and corporate bond issuer, listed company, securities exchange, fund management company, securities intermediary and other targeted groups as defined by Lao Securities Commission;

25. **Major shareholder** means a shareholder of an issuer or a listed company with shareholding of at least 5 percent of the total voting shares of the company;

26. **Related person** means a person with any or all of the following characteristics:

- Holding shares of a share issuer and/or a listed company at the ratio as defined by the Lao Securities Commission;
- Being a director of a share issuer and/or a listed company.

27. **Related juristic person** means a juristic person with any or all of the following characteristics:

- Holding shares of a share issuer and/or a listed company at the ratio as defined by the Lao Securities Commission;
- The juristic person in which its share is held by a share issuer and/or a listed company at the ratio as defined by the Lao Securities Commission;
- Having a related person, as prescribed in point 26 of this article, holding a position as a director or being a shareholder at the ratio as defined by the Lao Securities Commission.

Article 4 (Amended) State Policy on Securities Activities

The State promotes securities activities by developing regulatory framework, training and recruiting personnel, forming fundamental infrastructure, providing budget, supplying equipment and facilities for efficient operation of securities activities.

The State encourages, promotes and facilitates persons, juristic persons and organizations, both domestic and foreign, to participate in the development of securities activities by advertising, disseminating, supplying information relating to securities activities, providing tax incentives and other incentives in accordance with relevant laws and regulations. The State promotes all enterprises from every sector and economic segment with potential growth and fulfilling fundamental conditions to issue securities and list on the securities exchange, without conflicting with any prior policy applied to them.

Article 5 (Amended) Principles of Operation of Securities Activities

Operation of securities activities shall be conducted pursuant to the following primary principles:

1. To be in line with direction, policy, strategy, law and the national socio-economic development plan;
2. To govern in a centralized and unified manner;
3. To protect the legitimated rights and benefits of investors;
4. To ensure agility, modernity, efficiency, transparency, fairness and examinable;

5. To prevent and reduce systemic risks to financial system.

Article 6 (New) Protection

Staff and officer who perform its duties relating securities according to their respective roles including person who involves in such activities such as a reporter, whistleblower, witness, expert and their families shall obtain legal protection against any revenge, threat against their life, health, freedom and any damage to their dignity, reputation or personal property.

Article 7 (Amended) Scope of Application of the Law

This Law shall apply to persons, juristic persons and organizations, both domestic and foreign, who operates securities related activities in the Lao PDR.

Part II

Issuance of Shares, Corporate Bonds, Government Bonds and Operation of Shares and Corporate Bonds Issuing Companies and Listed Companies

Chapter 1

Issuance of Shares

Article 8 (Amended) Issuance of Shares

Issuance of shares is the issuance of a company's shares to investors for any or all of the following purposes:

1. To increase capital or raise fund for business expansion;
2. To restructure the shareholding structure;
3. To distribute stock dividend or as bonus;
4. Other purposes as prescribed by the Lao Securities Commission.

Issuance of shares for distribution of stock dividend or as bonus is defined in a specific regulation.

Article 9 (Amended) Types of Issuance of shares

Issuance of shares comprises three types as follows:

1. Public offering;
2. Private placement;
3. Rights offering.

Article 10 (Amended) Public offering

A public offering is an initial public offering or subsequent offerings, which are widely advertised through mass media, without specifying specific types or groups of investors.

Article 11 (Amended) Private placement

A private placement is an offering of shares to investors with professional knowledge and experience about business of the issuing company or listed company, institutional investors, and high net worth investors.

The Lao Securities Commission determines number of investors, value, and number of times of shares issuance through private placement.

Article 12 (Amended) Rights offering

A rights offering is the issuance of shares of an issuing company or listed company

which provides pre-emptive rights to the existing shareholders to purchase shares in accordance with resolutions of the shareholders' meeting.

Article 13 (Amended) Requirements for Issuance of Shares

A company wishing to issue shares in the Lao PDR shall satisfy the following requirements:

1. Having an authorization from the Lao Securities Commission;
2. Having a status of a public company and being established in compliance with the applicable Law;
3. Having a registered capital of at least five hundred million Kip;
4. Having a composition of board of directors as prescribed by the Lao Securities Commission;
5. Having a share issuance plan and capital utilization plan approved by the shareholders' meeting;
6. Having financial statements audited by an audit company approved by the Lao Securities Commission;
7. Having satisfied other requirements as prescribed in applicable laws and regulations.

In the case of issuance of shares abroad, a company shall satisfy requirements as prescribed in point 1, 2 and 5 of Paragraph 1 of this Article and shall meet additional requirements as follows:

1. Operating business in the sectors which requires large capital;
2. Having good business performance and stable sources of income to ensure dividend payments;
3. Having satisfied other requirements as prescribed in applicable laws and regulations.

Article 14 (Amended) Application Documents for Issuance of Shares

A company wishing to issue shares shall submit the following documents:

1. An application pursuant to the form of the Lao Securities Commission;
2. A copy of a certificate of enterprise registration, a business license. In the case of a concession business, a concession agreement and a joint venture agreement in the concession business are required;
3. A copy of a certificate of tax identification;
4. A copy of articles of association (by-laws) of the company;
5. A copy of a resolution of the shareholders' meeting approving plan on share issuance and proceed utilization;
6. Financial statements;
7. A prospectus;
8. An underwriting agreement for issuance of shares entered into with a securities company performing underwriting services;
9. Other documents as specified in the Law.

Article 15 (Amended) Financial Statements

Financial statements shall consist of the following documents:

1. A statement of financial position;
2. A statement of income;
3. a statement of cash flows,

4. a statement of changes in equity,
5. Notes to the financial statements.

In case where an issuer is a group of companies, the financial statements shall comprise both separate and consolidated financial information.

Article 16 (Amended) Prospectus

A prospectus is an important source of information for investors to assess risks and returns prior to making an investment decision.

A prospectus for a public offering and a rights offering shall have the following information:

1. Information relating to an issuing company, its business operation, capital structure, risk factors, tax declaration certificate and assets used in its business operation;
2. Information relating to members of the board of directors and chief and deputy chief executive directors;
3. Information relating to shares being offered, such as offering method, amount, par value, offering price, offering period, subscription method, allocation, delivery and shares transfer conditions;
4. Name and address of a securities company, audit company and other parties involved in the shares offering;
5. A utilization plan on proceeds and future projects;
6. A list of controlling persons and major shareholders;
7. Legal disputes and related party transactions;
8. Information relating to financial status and business performance of an issuing company which is audited by the audit company approved by the Lao Securities Commission;
9. Accreditation for accuracy of information from relevant parties;
10. Other information as specified in applicable laws and regulations.

A prospectus for a private placement is prescribed in a specific regulation.

Article 17 (Amended) Underwriting Agreement for Issuance of Shares

An underwriting agreement for issuance of shares is an agreement between an issuing company and a securities company that performs underwriting services in the form of best efforts and/or firm commitment to guarantee the success of the issuance.

Each issuance of shares, the issuer shall enter into an underwriting agreement with a securities company, except for the issuance of shares on a private placement basis. The agreement shall have the following contents:

1. Name, address of a headquarter and a legal representative of an issuing company (a party obtaining the guarantee) and an underwriter (a party providing the guarantee);
2. Number, type, total value of shares guaranteed and offering price;
3. Estimated period of issuance of shares;
4. Conditions and types of underwriting a shares offering;
5. Rights and obligations of an issuing company and underwriter;
6. Contract termination, dispute resolution, and adjustment.

In the case of several securities companies jointly underwrite a shares offering, one of the securities companies shall be appointed as a representative to enter into an underwriting agreement with an issuing company.

Article 18 (Amended) Consideration of Application for Issuance of Shares

The Lao Securities Commission shall consider application for issuance of shares within forty-five days from the date of receipt of complete and accurate application documents. In case of rejection, the Lao Securities Commission shall provide a response in writing together with the reasons for rejection.

In considering an application for issuance of shares, if necessary, the Lao Securities Commission may request for additional documents and information, including working papers from an audit company, and invite an issuing company or a securities company (ies) and other relevant parties to discuss or collect information.

Article 19 (Amended) Procedures of Issuance of Shares

Issuance of shares shall be in compliance with the following procedures:

1. Announce an approval of the issuance of shares through mass media;
2. Advertise the issuance of shares through mass media and/or via other methods, except for the case of issuance of shares on a private placement basis;
3. Subscribe for shares and place deposit;
4. Allocate shares;
5. Make a payment or return the deposit to the subscribers who have not been allocated with the shares according to the subscribed amount or in the case where the issuance of shares become unsuccessful;
6. Issue shareholding certificates.

The issuance of shares shall be completed within ninety days from the date the authorization is given. In the case where the issuance of shares is not completed within the given period, the issuing company may request to the Lao Securities Commission to extend the offering period, provided that the extended period shall not exceed thirty days.

Article 20 (Amended) Reporting and Certification on Results of Issuance of Shares

An issuing company shall report on the results of the issuance of shares to the Lao Securities Commission in writing within five business days from the last date of share offering.

The Lao Securities Commission shall certify the results of the issuance of shares within five business days from the date of receipt of such a report.

In the case where an issuance of shares is less than 80% of the total issued shares, such an issuance shall be deemed unsuccessful and the securities company that performs underwriting services shall return subscription money to investors within five business days from the date of receipt of the certification on results of issuance of share.

Article 21 (Amended) Suspension of Issuance of Shares

The Lao Securities Commission shall suspend the issuance of shares in any of the following circumstances:

1. Provision of false information;
2. Non-compliance with the procedures of issuance of shares;
3. Other circumstances as defined by the Lao Securities Commission.

After the Lao Securities Commission suspends an issuance of shares, the issuing company shall provide additional information and resolve pending issues as prescribed by the Lao Securities Commission.

The suspension of the issuance of shares shall be made public.

Article 22 (New) Revocation of Issuance of Shares

The Lao Securities Commission shall revoke the issuance of shares in any of the following circumstances:

1. Having intention to provide false information;
2. Unable to resolve pending issues as prescribed in Article 21 of this Law;
3. Other circumstances as prescribed by the Lao Securities Commission.

The revocation of the issuance of shares shall be made public.

Article 23 (New) Use of Proceed

An issuing company shall use the proceed in accordance with the proceed utilization plan and as specified in the prospectus and report the use of such proceed to the Lao Securities Commission until the proceed is fully used.

An issuing company shall utilize the proceed following the completion of changes in the contents of the certificate of enterprise registration or relevant documents.

The Lao Securities Commission determines the use of proceed that is a shares premium of the issuing company.

Article 24 (Amended) Share Certificate

A share certificate of an issuing company is a global share certificate that an issuing company shall deposit at the securities depository center.

**Chapter 2
Issuance of Corporate Bonds**

Article 25 (New) Issuance of Cooperate bonds

Issuance of corporate bonds is the issuance of bonds by a company to investors for any or all of the following purposes:

1. Business operation or business expansion;
2. Repayment of loans;
3. Repayment of corporate bonds previously issued;
4. Other purposes as defined by the Lao Securities Commission.

Article 26 (New) Types of Issuance of Corporate Bonds

Issuance of corporate bonds comprises two types as follows:

1. Public offering;
2. Private placement.

The public offering of corporate bonds shall be conducted in accordance with Article 10 of this Law.

Article 27 (New) Issuance of Corporate Bonds on a Private Placement

A private placement of corporate bonds is an issuance of corporate bonds to institutional investors, high net worth investors and other types of investors as determined by the Lao Securities Commission.

The Lao Securities Commission determines number of investors, value, and number of times of corporate bonds issuance through private placement.

Article 28 (New) Requirements for Issuance of Corporate Bonds

A company wishing to issue corporate bonds in the Lao PDR shall satisfy the following requirements:

(Unofficial Translation)

1. Having an authorization from the Lao Securities Commission;
2. Being established in compliance with the applicable Law;
3. Having a registered capital of at least one billion kips;
4. Having a corporate bond issuance, capital utilization and principal and interest payments plan approved by the shareholders' meeting or board of directors' meeting;
5. Having define the terms of corporate bonds, rights and duties of an issuing company and a corporate bond holder or a corporate bond holders' representative;
6. Having financial statements audited by an audit company approved by the Lao Securities Commission;
7. Having satisfied other conditions as prescribed in applicable laws and regulations.

In the case of issuance of corporate bonds abroad, a company shall satisfy requirements as prescribed in Point 1, 2, and 4 of Paragraph 1 of this Article and shall meet additional requirements as follows:

1. Operating business in the sectors which requires large capital;
2. Having good business performance and stable sources of income to ensure principal and interest payments;
3. Having satisfied other requirements as prescribed in applicable laws and regulations.

Article 29 (New) Application Documents for Issuance of Corporate Bonds

A company wishing to issue corporate bonds shall submit the following documents:

1. An application pursuant to the form defined by Lao Securities Commission;
2. A copy of a certificate of enterprise registration;
3. A copy of a certificate of tax identification;
4. A copy of articles of association (by-laws) of the company;
5. A copy of a resolution of the shareholders' meeting or a board of directors' meeting approving plan on corporate bonds issuance, proceed utilization, principal and interest payments;
6. Financial statements;
7. A prospectus
8. Other documents as specified in the Law.

Article 30 (New) Procedures of Issuance of Corporate Bonds

Issuance of corporate bonds shall be in compliance with the procedures of issuance of shares specified in Paragraph 1 of Article 19 of this Law.

Article 31 (New) Reporting and Certification on Results of Issuance of Corporate Bonds

An issuing company shall report on the results of the issuance of corporate bonds to the Lao Securities Commission in writing within five business days from the last date of each of the corporate bonds offering.

The Lao Securities Commission shall certify the results of the issuance of corporate bonds within five business days from the date of receipt of such a report.

Article 32 (New) Use of Proceed

An issuing company shall use the proceed in accordance with the proceed utilization plan and as specified in the prospectus and report the use of such proceed to the Lao Securities Commission until the proceed is fully used.

An issuing company shall utilize the proceed following the receipt of the certification

on results of issuance of corporate bonds from the Lao Securities Commission.

Article 33 (New) Application of Provisions on Issuance of Shares

Financial statements, prospectus, consideration of application for issuance of corporate bonds, suspension and revocation of issuance of corporate bonds and corporate bond certificate shall be in accordance with the provisions on issuance of shares as prescribed in Chapter 1 of this Part.

Chapter 3
Issuance of Government Bonds

Article 34 (New) Issuance of Government bonds

Issuance of government bonds is the issuance of bonds by the government to investors. Purposes, types, terms, conditions, and procedures of issuance of government bonds shall be conducted in compliance with relevant laws and regulations.

Article 35 (New) Depository and Listing of Government Bonds

Government bonds issued through the securities exchange shall be deposited in the securities depository center and listed for trading on the securities exchange.

Chapter 4
Operation of Shares and Corporate Bonds Issuing Companies and Listed Companies

Article 36 (Amended) Corporate Governance of shares and corporate bonds issuing companies and listed companies

An issuing company of shares and corporate bonds, and a listed company shall comply with the principles of corporate governance, including equitable treatment of shareholders, disclosure and transparency, roles and responsibilities of the board, and roles of stakeholders.

The Lao Securities Commission determines principles of Corporate Governance.

Article 37 (Amended) Accounting and Audit

An issuing company of shares and corporate bonds, and a listed company shall comply with accounting and financial reporting standards, as well as prepare financial statements in compliance with the Law on Accounting and other applicable regulations.

Financial statements of an issuing company of shares and corporate bonds, and a listed company shall be reviewed and audited by an auditing company approved by the Lao Securities Commission.

Article 38 (Amended) Business Takeover

A business takeover is an acquisition or acceptance of transfer of shares of an issuing company or a listed company in which such a purchaser or transferee becomes a shareholder with controlling power on policy and administration of an issuing company or a listed company. Such a shareholder shall propose to buy partial or whole shares from other shareholders as determined by the Lao Securities Commission.

Article 39 (Amended) Related party transactions

A related party transaction is a transaction of an issuing company of shares or a listed company with related person and juristic person.

The Lao Securities Commission determines details on procedures, types, formula,

prices, approval, reporting, disclosure and other details relating to related party transactions.

Article 40 (Amended) Acquisition and Disposition of Assets

An acquisition and disposition of assets of an issuing company of shares or a listed company is a purchase, sell, provide or transfer of any asset of a high value which affects the financial status, business performance, rights and interests of shareholders of such an issuing company or a listed company.

The Lao Securities Commission determines details on procedures, types, formula, approval, reporting, disclosure and other details relating to acquisition and disposition of assets.

An acquisition and disposition of assets shall be reported and disclosed to the public.

**Part III
Collective Investment Funds**

Article 41 (New) Collective Investment Funds

A collective investment fund comprises the following:

1. Mutual fund;
2. Private fund,

In the case where necessary, other collective investment funds may be established as prescribed by the government.

**Chapter 1
Mutual Funds**

Article 42 (Amended) Mutual Funds

A mutual fund is a fund established by a fund management company to mobilize funds from persons, juristic persons and organizations, both domestic and foreign, by issuing fund units based on a contract type.

Article 43 (Amended) Investment of Mutual Funds

A mutual fund may invest in one or all of the following targets:

1. Money market products, such as saving deposits, fixed deposits and certificates of deposit;
2. Shares listed on the securities exchange;
3. Corporate bonds;
4. Government bonds;
5. Infrastructure development possessing financial returns;
6. Other targets as determined by the Lao Securities Commission.

Article 44 (Amended) Type of Mutual Funds

A mutual fund has two types:

1. Closed-ended mutual fund;
2. Opened-ended mutual fund.

A closed-ended mutual fund means a type of mutual fund that does not redeem fund units and has a fixed project term. A closed-ended mutual fund shall be registered in the securities exchange for trading of its fund units.

An opened-ended mutual fund means a type of mutual fund that redeems fund units or does not redeem fund units and does not have a fixed project term. An opened-ended

mutual fund may be registered or not registered in the securities exchange for trading of its fund units. An opened-ended mutual fund that is registered in the securities exchange shall not redeem fund units.

Article 45 (Amended) Requirements for the Establishment of Mutual Funds

Any person wishing to establish a mutual fund shall meet the following requirements:

1. Being a fund management company authorized by the Lao Securities Commission to operate business relating to establishment and management of mutual fund;
2. Not being in the bankruptcy proceedings or in the potential bankruptcy stage;
3. Having fund managers who hold securities business professional certificate in the category of fund manager;
4. Having an agreement with the custodian bank authorized by the Lao Securities Commission to maintain and manage assets and be a representative to protect the rights and interests of investors;
5. Having an agreement with an audit company for auditing financial statements of a mutual fund;
6. Having a detailed plan for fund mobilization and an investment plan;
7. Meeting other requirements as prescribed in applicable laws and regulations.

Article 46 (Amended) Application Documents for Mutual Fund Establishment

A company wishing to establish a mutual fund shall submit application documents to the Lao Securities Commission, as follows:

1. An application pursuant to the form as prescribed by the Lao Securities Commission;
2. A copy of an enterprise registration certificate of a fund management company;
3. A copy of a business license for the establishment and management of a mutual fund in the Lao PDR;
4. A copy of securities business professional certificate in the category of fund manager and brief biographies of fund managers;
5. A detailed plan for fund mobilization and an investment plan;
6. A prospectus as prescribed by the Lao Securities Commission;
7. A draft contract between a fund management company and a custodian bank;
8. A draft contract between a fund management company and an audit company;
9. A draft contract between a fund management company and investors;
10. Other documents as stipulated in applicable laws and regulations.

Article 47 (Amended) Consideration of Application for Establishment of Mutual Funds

The Lao Securities Commission shall consider the application for the establishment of a mutual fund within forty-five days from the date of receipt of complete and accurate application documents. In case of refusal, a written response shall be provided with reasons for rejection.

If necessary, the Lao Securities Commission may request for additional documents and information or invite relevant parties to clarify or provide information.

After receipt an authorization to establish a mutual fund, a fund management company shall conduct the issuance of fund units.

Article 48 (Amended) Procedures of Issuance of Fund Units

After receipt an authorization to establish a mutual fund from the Lao Securities Commission, a fund management company shall issue fund units in compliance with the

following procedures:

1. Announce an approval for sale of fund units;
2. Advertise sale of fund units as prescribed in a prospectus;
3. Subscribe for fund units and place deposit;
4. Allocate fund units;
5. Make payment or return a deposit to the subscribers who have not been allocated with the fund units according to the subscribed amount;
6. Issue a fund unit holding certificate.

Article 49 (Amended) Registration of Mutual Funds

After completing the issuance of mutual fund units to investors, the fund management company shall report and request for the registration of the mutual fund with the Lao Securities Commission within five business days and the Lao Securities Commission shall consider the registration within ten business days from the date of receiving the registration request.

Article 50 (Amended) Operations of Mutual Funds

A mutual fund shall operate as follows:

1. Assets of a mutual fund shall be kept and administered by a custodian bank;
2. Assets of each mutual fund shall be segregated from each other and from the assets of a fund management company;
3. Assets of any mutual fund are considered as the assets of fund unitholders;
4. Revenues and other assets obtained from the management of a mutual fund shall be the assets of the mutual fund;
5. Information on investment policies, risks, returns and other information shall be disclosed to investors for making investment decisions;
6. Calculation of net asset value of a mutual fund, determination of a sale price and redemption price of a fund unit shall be in compliance with technical principles and disclose to the public.

Chapter 2 Private Funds

Article 51 (New) Private Funds

A private fund is one type of a collective investment fund which mobilizes funds from individuals, entities and organizations from both domestic and overseas, with the amount not exceeding as specified by the Lao Securities Commission. A fund management company or a securities company shall manage such funds in accordance with the contract and objectives as prescribed in Article 43 of this law.

The operation of a private fund shall be conducted in accordance with the provisions of Article 50 of this law.

Article 52 (New) Requirements for the Management of Private Funds

Any person wishing to manage a private fund shall meet following requirements:

1. Being a fund management company or securities company authorized by the Lao Securities Commission to operate private fund management business;
2. Having fund managers with a securities business professional certificate in the category of fund manager;
3. Having detailed investment plan;

(Unofficial Translation)

4. Not being in the bankruptcy proceedings or in the potential bankruptcy stage;
5. Having an agreement between a fund management company or a securities company and a custodian bank;
6. Having an agreement between a fund management company or a securities company and an audit company;
7. Having an agreement between a fund management company or a securities company and investors;
8. Meeting other requirements as set out in relevant laws and regulations.

Part IV Securities Intermediaries

Article 53 (New) Securities Intermediaries

A securities intermediary consists of the following category:

1. Securities company;
2. Fund management company;
3. Asset valuation company;
4. Custodian bank;
5. Audit company;
6. Credit rating agency;
7. Bondholders' representative;
8. Other securities intermediaries as specified by the Lao Securities Commission.

Chapter 1 Securities Companies

Article 54 (Amended) Securities Companies

A securities company refers to a financial institution that operates securities business.

A person, juristic person wishing to establish a securities company shall register its enterprise in accordance with applicable laws and obtain operating license from the Lao Securities Commission.

A securities company shall be incorporated in the form of a company.

Article 55 (Amended) Requirements for a Securities Operating License

A person, juristic person wishing to apply for a securities operating license shall be subject to the following requirements:

1. Being a domestic or foreign commercial bank, a domestic or foreign insurance company or a foreign securities company with shareholding of up to 100 percent of the company's total outstanding shares. For other juristic persons and persons, a joint partnership with a commercial bank, insurance company or securities company is required, with a shareholding ratio determined by the Lao Securities Commission.
2. Having a registered capital as follows:
 - At least five billion Kip for a financial advisory;
 - At least thirty billion Kip for brokerage;
 - At least one hundred billion Kip for underwriter.
3. Having a business plan for at least the first three years after the incorporation;
4. Having internal control system, risk management, information communication technology and preventative measures for dealing with conflict of interest within the

company and with relevant persons or juristic persons, except for the securities company that is a financial advisory;

5. Having member of board of directors, chief and deputy chief executive directors who possess knowledge and experience in the field of securities business, finance, banking or law;

6. Having member of board of directors, chief and deputy chief executive directors who have not been sentenced by the court for criminal offences including fraud, embezzlement and financial misconduct;

7. Having adequate number of securities business professionals;

8. Having a sound financial status and been audited by an audit company approved by relevant authorities and never been sentenced for financial misconduct;

9. Meeting other requirements as prescribed in relevant laws and regulations.

Article 56 (Amended) Application documents for Securities Operating License

Application documents for a securities operating license shall comprise the following documents:

1. An application pursuant to the form as prescribed by the Lao Securities Commission;

2. An agreement of incorporation or a joint venture agreement;

3. A company's bylaws;

4. A copy of an enterprise registration certificate, tax certificate and the bylaws of the applicant;

5. A copy of certificates of educational qualifications, criminal record, record of experience in business operation, copy of identification card or passports of members of board of directors, chief and deputy chief executive directors;

6. A name list of shareholders with shareholding of at least five percent of the total outstanding shares, brief curriculum vitae, copies of identification card or passports of the shareholders of the applicant;

7. Financial statements of the applicant, which have been audited by an audit company approved by relevant parties, in case the applicant is an individual a certification by relevant parties is required;

8. A name list and securities professional certificates;

9. A business plan for at least the first three years after the incorporation;

10. Other documents as prescribed in relevant laws and regulations.

Article 57 (Amended) Consideration of Application for Securities Operating License

The Lao Securities Commission shall consider such an application documents for securities operating license within forty five days from the date of the receipt of complete and correct application documents. In case of rejection, the Lao Securities Commission shall provide a response in writing together with reasons for rejection.

During the consideration process, if deemed necessary, the Lao Securities Commission may request for additional documents and information or invite relevant persons to clarify or provide information.

After the receipt of an authorization to operate a securities business from the Lao Securities Commission, a securities company shall announce to the public through mass media within five business days from the date of obtaining the license.

Article 58 (Amended) Scope of Business Operation of Securities Companies

A securities company shall operate its securities business fully or partially in

accordance with the following scope of business operation:

1. Financial advisory such as restructuring of organizational structure, corporate governance, finance and business operation;
2. Investment advisory relating to securities;
3. Securities brokerage in accordance with trading orders of its clients;
4. Securities dealer using its own account;
5. Securities underwriting;
6. Management of private fund;
7. Other businesses as defined by the Lao Securities Commission.

In case where a securities company wishing to make changes to its scope of business operation, such company shall obtain an authorization from the Lao Securities Commission.

Article 59 (Amended) Rights and Duties of Securities Companies

A securities company shall have the following rights and duties:

1. To operate its securities business within the authorized scope as defined in Article 58 of this Law;
2. To amend and develop internal control system, risk management, information communication technology and preventative measures for dealing with conflict of interest within the company and with relevant parties;
3. To segregate securities accounts and cash accounts for each customer from accounts of a securities company;
4. To provide complete and accurate information for customers in a timely manner;
5. To give priority to customers in operating securities trading transactions;
6. To provide basic knowledge relating to securities investment for investors and evaluate readiness in order to create understanding and responsibility of investors on potential risks;
7. To gather information of customers, such as names, addresses, occupations, places of business, sources of income and financial status, and ensure that an applicant for a securities account is a beneficially owner of the account;
8. To keep complete and correct information and documents relating to operation of securities businesses and its customers and guarantee the security thereof;
9. To keep confidential information of customers, unless otherwise prescribed by the laws;
10. To comply with accounting system, audit, statistic and financial obligations in accordance with the applicable laws;
11. To be responsible for damages derived from the provision of its services;
12. To exercise other rights and perform other duties in accordance with applicable Laws and regulations.

Article 60 (Amended) Establishment of Branch Offices or Service Units

The establishment of a branch office or service unit of a local securities company in the Lao PDR and abroad require an authorization from the Lao Securities Commission.

The establishment of a branch office of a foreign securities company in the Lao PDR, require an authorization from the Lao Securities Commission.

The Lao Securities Commission determines the requirements for the establishment and scope of operation of the branch offices of local securities companies operating abroad and the branch offices of foreign securities companies operating in the Lao PDR.

Article 61 (Amended) Establishment of representative Offices of foreign securities companies

A foreign securities company may establish its representative office in the Lao PDR as prescribed in relevant laws and regulations.

Article 62 (Amended) Payment and Utilization of registered capital of securities companies

An Applicant wishing to apply for a securities operating license shall fully transfer the registered capital into its own bank account opened with a commercial bank in the Lao PDR in accordance with the relevant laws and regulations.

The registered capital may be utilized for the preparation of the operation of securities business and such utilization shall be reported to the Lao Securities Commission.

Article 63 (Amended) Organizational Structure of Securities Companies

An organizational structure of a securities company shall comprise the following:

1. Shareholders' meeting;
2. Board of Directors;
3. Specialized committees of the board of directors;
4. Chief and deputy chief executive directors;
5. Division.

Details on organizational structure of securities companies are defined in a specific regulation.

Article 64 (Amended) By-laws of Securities Companies

By-laws of a securities company shall contain the following contents:

1. Organizational structure;
2. Shareholder structure;
3. Corporate governance;
4. Meeting and voting methods;
5. Accounting and Auditing;
6. Dispute resolution;
7. Revocation and liquidation;
8. Other contents as prescribed in relevant laws and regulations.

Article 65 (Amended) Capital Adequacy Ratio

Capital adequacy ratio is a financial ratio that indicates the ability to repay short-term debt, protection and management of financial risk.

A securities company shall maintain its capital adequacy ratio in accordance with the regulations of the Lao Securities Commission in order to guarantee its stability.

Details on method of calculating the capital adequacy ratio are prescribed in a specific regulation.

Article 66 (Amended) Changes which require Authorization

A securities company shall obtain an authorization from the Lao Securities Commission in the case of proposing for the following amendment:

1. Increase or decrease of registered capital;
2. Name, office location, mergers or revocation of a securities company, branch, service unit or a representative office;
3. Temporary suspension of business operation, except for a suspension due to violation of relevant laws and regulations;

4. Changes of shareholders holding five percent or more;
5. Changes of members of Board of Directors, chief and deputy chief executive directors and audit committee;
6. Other changes as prescribed in relevant laws and regulations.

The Lao Securities Commission shall consider an application for changes prescribed in Paragraph 1 of this Article within thirty days from the date of receipt of complete and accurate application documents.

Article 67 (Amended) Accounting System of Securities Companies

A securities company shall comply with the accounting system and financial reporting standards as prescribed in the Law on Accounting.

Annual financial statements of a securities company shall be audited by an audit company approved by the Lao Securities Commission.

Article 68 (New) Suspension of Business Operation of Securities Companies

A securities company shall be temporarily suspended wholly or partially its business operation in any of the following cases:

1. Obtaining an authorization to conduct securities business based on provision of false information;
2. Exceeding or failing to exercise its rights and duties as stipulated in relevant laws and regulations;
3. Having an order from relevant authorities to suspend securities business operation;
4. A director is prosecuted or sued relating to securities business operation;
5. Failure to fulfill tax obligations and other financial obligations as prescribed in relevant laws and regulations;
6. Other cases as determined by the Lao Securities Commission.

After suspension of securities business operation, a securities company shall rectify within the time period determined by the Lao Securities Commission.

Article 69 (Amended) Revocation of Securities Operating License of Securities companies

A securities operating license of a securities company shall be revoked in any of the following cases:

1. Upon a request from a securities company based on a resolution of a shareholders' meeting;
2. Obtaining an authorization to conduct securities business based on provision of false information causing material damage to the stability of a company and capital market system;
3. Failure to comply with prudential regulations of a securities company as prescribed by the Lao Securities Commission;
4. Failure to rectify issues which are the causes of the suspension of business operations;
5. Violating the prohibitions as prescribed in this Law;
6. Violating relevant laws and regulations that seriously affect capital market system based on the discretion of the Lao Securities Commission;
7. Declaration of bankruptcy by the court.

After revocation of a securities operating license, the Lao Securities Commission shall report to relevant parties to revoke the company and announce to the public through mass media for seven consecutive days from the date of revocation.

Article 70 (Amended) Actions after Revocation of Securities Operating License

A securities company whose securities operating license has been revoked shall transfer a name list of its customers, cash accounts, securities accounts, collateral and others of its clients under its management to another securities company to continue providing the services as determined by the Lao Securities Commission and conduct the liquidation in accordance with relevant laws and regulations.

Chapter 2
Fund Management Companies

Article 71 (Amended) Fund Management Companies

A fund management company refers to a financial institution that operates business relating to establishment and management of collective investment funds.

Any person, juristic person wishing to establish a fund management company shall register its enterprise in accordance with applicable laws and obtain a fund management operating license from the Lao Securities Commission.

A fund management company shall be incorporated in the form of a company.

Article 72 (New) Requirements for a Fund Management License

Any person, juristic person wishing to apply for a fund management business license shall be subject to the following requirements:

1. Being a domestic or foreign commercial bank, a domestic or foreign insurance company, or a foreign securities company with shareholding of up to 100 percent of the company's total outstanding shares. For other juristic persons and persons, a joint partnership with a commercial bank, insurance company or securities company is required, with a shareholding ratio determined by the Lao Securities Commission.

2. Having a registered capital of at least 10 billion LAK;

3. Having a business plan for at least the first three years after the incorporation;

4. Having internal control system, risk management, information communication technology and preventative measures for dealing with conflict of interest within the company and with relevant persons or juristic persons, except for the securities company that is a financial advisory;

5. Having member of board of directors, chief and deputy chief executive directors who possess knowledge and experience in the field of securities, finance, banking or Law;

6. Having adequate number of securities business professionals in the category of fund manager and investment advisor;

7. Having member of board of directors, chief and deputy chief executive directors who have not been sentenced by the court for criminal offences including fraud, embezzlement and financial misconduct;

8. Having a sound financial status and been audited by an audit company approved by relevant authority, and never been sentenced for financial misconduct;

9. Meeting other requirements as prescribed in relevant laws and regulations.

Article 73 (Amended) Scope of Business Operation of Fund Management Companies

A fund management company shall operate its business as follows:

1. Establishment of collective investment funds;

2. Management of funds;

3. Other businesses as defined by the Lao Securities Commission.

Article 74 (Amended) Rights and Duties of Fund Management Companies

A fund management company shall have the following rights and duties:

1. To operate business within the authorized scope as defined in article 73 of this Law;
2. To manage collective investment funds that established and issue fund units domestically including management of collective investment funds that established and issue fund units abroad;
3. To comply with ethical rules in corporate governance of a fund management company;
4. To sell, redeem and list fund units in the securities exchange or authorize a selling agent of fund units to proceed on its behalf as authorized by the Lao Securities Commission;
5. To comply with the agreement on asset custody, agreement on management of collective investment funds and agreement on protection of interests of investors;
6. To register collective investment funds with the Lao Securities Commission upon the completion of sale of fund units of each mutual funds. For private funds, the report to the Lao Securities Commission on the result of investors' investment contribution in written is required;
7. To responsible for damages derived from the provision of its services;
8. To exercise other rights and perform other duties in accordance with applicable laws and regulations.

Article 75 (New) Actions after Revocation of Fund Management License

A fund management company whose fund management license has been revoked shall transfer service agreements, a name list of collective investment funds, a name list of fund unitholders, information on unit holding ratio and other information related collective investment funds under its management to another fund management company after obtaining an approval from the Lao Securities Commission, unless otherwise agreed by the fund unitholders' meeting.

Article 76 (Amended) Application of Provisions on Securities Companies

Application documents for fund management license, consideration of application for fund management license, payment and utilization of registered capital, organizational structure, bylaws of the company, changes which require Authorization, accounting, suspension of business operation, revocation of fund management license shall be in accordance with the provisions on securities companies as prescribed in Chapter 1 of this Part.

Chapter 3
Asset Valuation Companies

Article 77 (New) Asset Valuation Companies

An asset valuation company is a domestic or foreign juristic person providing asset valuation services in securities sector.

An asset valuation company wishing to provide asset valuation services in securities sector shall obtain an approval from the Lao Securities Commission. An asset valuation professional who works for the asset valuation company shall also obtain an approval from the Lao Securities Commission.

Article 78 (New) Requirements for an Approval of Asset Valuation Companies

An asset valuation company wishing to provide asset valuation services in securities sector shall meet the following requirements:

1. Operating asset valuation business for at least three years for a foreign asset valuation company and having a tax identification number;
2. Having adequate numbers of asset valuation professionals who possess knowledge and experience in asset valuation and have a certificate of training on asset valuation or have an asset valuation professional certificate from domestic or overseas;
3. Meeting other requirements as defined in applicable law and regulations.

Article 79 (New) Application Documents for an Approval of Asset Valuation Companies

Application documents for an approval of an asset valuation company shall comprise the following documents:

1. An application pursuant to the form as prescribed by the Lao Securities Commission.
2. A copy of an enterprise registration certificate, tax certificate or tax identification number and the bylaws of the asset valuation company;
3. A name list and curriculum vitae of asset valuation professionals;
4. A report on business operation;
5. Other documents as prescribed in applicable laws and regulations.

Article 80 (New) Consideration of application for Approval of Asset Valuation Companies

The Lao Securities Commission shall consider the application documents for approval of an asset valuation company within thirty days from the date of the receipt of complete and accurate application documents. In the case of rejection, the Lao Securities Commission shall provide a response in writing together with reasons thereof.

During the consideration process, if deemed necessary, the Lao Securities Commission may request for additional documents and information or invite relevant persons to clarify or provide information.

After the receipt of an approval from the Lao Securities Commission, an asset valuation company shall announce to the public through mass media within five business days from the date of obtaining the approval.

Article 81 (New) Scope of Business Operation of Asset Valuation Companies

An asset valuation company shall operate its asset valuation business in accordance with the following scope of business operation:

1. Valuation of land;
2. Valuation of building;
3. Valuation of machinery;
4. Valuation of equipment;
5. Valuation of lease contract;
6. Valuation of concession agreement;
7. Valuation of intellectual property;
8. Other services as defined by the Lao Securities Commission.

Article 82 (New) Rights and Duties of Asset Valuation Companies

An asset valuation company shall have the following rights and duties:

1. To operate its business within the authorized scope as defined in Article 81 of this Law;

(Unofficial Translation)

2. To provide asset valuation services to the targeted group relating to securities activities;
3. To report on its business operation as specified by the Lao Securities Commission;
4. To responsible for damages derived from the provision of its services;
5. To exercise other rights and perform other duties in accordance with applicable laws and regulations.

Article 83 (New) Suspension of Business Operation of Asset Valuation Companies

An asset valuation company shall be suspended its business operation in securities sector in any of the following cases:

1. Obtaining an approval based on provision of false information;
2. Exceeding or failing to exercise its rights and duties as stipulated in this law;
3. Having an order from relevant authorities to suspend asset valuation business operation;
4. A director is prosecuted or sued relating to asset valuation;
5. Violating relevant laws and regulations which does not materially affect the capital market system based on the discretion of the Lao Securities Commission;
6. Failure to fulfill tax obligations and other financial obligations as prescribed in relevant laws and regulations.

After suspension of business operation, an asset valuation company shall rectify within the time period determined by the Lao Securities Commission.

Article 84 (New) Revocation of Approval of Asset Valuation Companies

An approval of an asset valuation company shall be revoked in any of the following cases:

1. Failure to rectify issues which are the causes of the suspension of business operation within the period defined by the Lao Securities Commission;
2. Upon a request from an asset valuation company based on the resolution of the shareholders' meeting;
3. Obtaining an approval based on provision of false information causing material damages to the capital market system;
4. Violating relevant laws and regulations that seriously affect the capital market system based on the discretion of the Lao Securities Commission.

After revocation of the approval of an asset valuation company, the Lao Securities Commission shall report to relevant parties and announce to the public through mass media for seven consecutive days from the date of revocation.

Chapter 4 Custodian Banks

Article 85 (Amended) Custodian Banks

A custodian bank is a commercial bank established under the Law or a foreign commercial bank authorized to provide custody, asset management services and be a representative in protecting the rights and benefits of investors.

A commercial bank wishing to provide the services as custodian bank shall obtain an approval from the Lao Securities Commission.

Article 86 (Amended) Requirements for an Approval of Custodian Banks

A domestic or foreign commercial bank wishing to apply for an approval to operate

as a custodian bank shall meet the following requirements:

1. To comply with prudential regulations defined by the Bank of the Lao PDR from time to time;
2. Having a division or unit including system of custody, management of assets and protection of interest of investors;
3. Having staff who possess knowledge and experience in custody, management of assets and protect the interest of investors;
4. Having tax identification number for a foreign commercial bank;
5. Meeting other requirements as defined in applicable laws and regulations.

Article 87 (Amended) Application Documents for an approval of Custodian Banks

Application documents for an approval of a custodian bank shall comprise the following documents:

1. An application pursuant to the form as prescribed by the Lao Securities Commission;
2. A copy of an enterprise registration certificate, tax certificate or tax identification number, business license and the bylaws of the commercial bank;
3. The resolution of the board of directors' meeting approving the provision of custodian services;
4. The organizational and personnel structure;
5. A report on business operation and financial statements audited by an audit company;
6. Other documents as prescribed in applicable laws and regulations.

Article 88 (Amended) Scope of Operation of Custodian Banks

A custodian bank may operate fully or partially the following services:

1. To provide custody services to investors;
2. To act as a trusty in protecting rights and interests of investors;
3. To provide other services as defined by the Lao Securities Commission.

Article 89 (Amended) Rights and Duties of Custodian Banks

A custodian bank shall have the following rights and duties:

1. To operate its business within the authorized scope as defined in article 88 of this Law;
2. To custody assets, information and documents relating to transaction of investors;
3. To keep confidential information of investors;
4. To monitor interests derived from assets of investors;
5. To segregate assets of each mutual fund and to segregate them from its own assets;
6. To manage, monitor investment and investment proportion of collective investment funds;
7. To responsible for damages derived from the provision of its services;
8. To exercise other rights and perform other duties in accordance with applicable laws and regulations.

Article 90 (New) Actions after Revocation of Approval of Custodian Banks

A custodian bank whose approval has been revoked shall transfer a name list of clients, money accounts, securities accounts and other information of the clients under its management to another custodian bank after obtaining an approval from the Lao Securities Commission.

Article 91 (New) Application of Provisions on Asset Valuation Companies

Consideration of application, suspension and revocation of the approval of custodian banks shall be in accordance with the provisions on asset valuation companies as prescribed in Chapter 3 of this Part.

**Chapter 5
Audit Companies**

Article 92 (Amended) Audit Companies

An audit company is an enterprise established and authorized to operate business in providing audit services in accordance with applicable laws and regulations.

An audit company wishing to provide audit services in securities sector shall obtain an approval from the Lao Securities Commission. Auditors who work for the audit company shall also obtain an approval from the Lao Securities Commission.

Article 93 (Amended) Requirements for an Approval of Provision of Audit Services

An audit company wishing to provide audit services in the securities sector shall meet the following conditions:

1. Operating business in compliance with applicable laws and regulations;
2. Being a member of the Lao Chamber of Professional Accountants and Auditors;
3. Having experience in auditing;
4. Meeting other requirements as defined in applicable laws and regulations.

Article 94 (Amended) Application Documents for an Approval of Provision of Audit Services

Application documents for an approval of provision of audit services shall comprise the following documents:

1. An application pursuant to the form as prescribed by the Lao Securities Commission;
2. A copy of an enterprise registration certificate, tax certificate and business license of an audit company;
3. A copy of an audit quality assurance certificate from the Ministry of Finance;
4. A name list, curriculum vitae and audit experience of auditors;
5. A copy of a certificate of the Lao Chamber of Professional Accountants and Auditors membership;
6. A report on business operation;
7. Other documents as prescribed in applicable laws and regulations.

Article 95 (New) Scope of audit services

An audit company may operate fully or partially the following services:

1. Audit financial statements;
2. Review financial statements;
3. Provide other services as defined by the Lao Securities Commission.

Article 96 (Amended) Rights and Duties of Audit Companies

An audit company shall have the rights and duties in providing audit services in the securities sector as follows:

1. To provide services within the authorized scope as defined in Article 95 of this law;

(Unofficial Translation)

2. To request audited entities and other relevant companies to provide information relating to accounting and other necessary information;
3. To terminate an audit engagement agreement in the case where the audit is considered not independent, non-cooperation or is forced to undertake any action which is not in compliance with applicable laws and regulations;
4. To notify directors of an audited entity, in the case where there is violation in order to cease and find solutions to such violation and specify such violation in an audit report and report to directors;
5. To report audit results to the Lao Securities Commission as follows:
 - termination of an audit engagement agreement;
 - violation of laws and regulations;
 - damages that may occur or have occurred with the value of at least ten percent of the total asset value of an audited entity;
 - irregular changes in asset value;
 - inadequate total asset value to make debt repayment;
6. To comply with code of conducts and standards relating to auditing;
7. To report on business operation as defined by the Lao Securities Commission;
8. To be responsible for damages derived from the provision of its services;
9. To exercise other rights and perform other duties in accordance with the applicable laws and regulations.

Article 97 (New) Application of Provisions on Asset Valuation Companies

Consideration of application, suspension and revocation of the approval for provision of audit services shall be in accordance with the provisions on asset valuation companies as prescribed in Chapter 3 of this Part.

Chapter 6 Credit Rating Agencies

Article 98 (New) Credit Rating Agencies

A credit rating agency is a juristic person established in accordance with relevant laws or a foreign credit rating agency which provides credit rating of quality and risk of companies and securities in securities sector.

A credit rating agency wishing to provide credit rating services relating to securities activities in the Lao PDR shall obtain an approval from the Lao Securities Commission.

Article 99 (New) Requirements for an Approval of Provision of Credit Rating Services

A credit rating agency wishing to apply for an approval to provide credit rating services in securities sector shall meet the following requirements:

1. Having adequate numbers of credit rating professionals who possess knowledge and experience in credit rating;
2. Having reputation and experience in credit rating;
3. Performing credit rating services in accordance with international principles and standards;
4. Having a secured and sound operating mechanism that ensure the provision of credit rating services;
5. Having tax identification number for a foreign credit rating agency.

Article 100 (New) Application Documents for an Approval of Provision of Credit Rating Services

Application documents for an approval of provision of credit rating services in securities sector shall comprise the following documents:

1. An application pursuant to the form as prescribed by the Lao Securities Commission;
2. A copy of an enterprise registration certificate, tax certificate and by-laws of the credit rating agency;
3. A name list, curriculum vitae of staff who perform credit rating;
4. A report on business operation.

Article 101 (Amended) Scope of Credit Rating Services

A credit rating agency may operate fully or partially the following services:

1. Rating of quality and risk of securities;
2. Rating of corporate governance and financial status of targeted group relating to securities activities;
3. Providing other services as defined by the Lao Securities Commission.

Article 102 (New) Rights and Duties of Credit Rating Agencies

A credit rating agency shall have the following rights and duties:

1. To provide services within the authorized scope as defined in Article 101 of this law;
2. To report on its business operation as specified by the Lao Securities Commission;
3. To be responsible for damages derived from the provision of its services;
4. To exercise other rights and perform other duties in accordance with applicable laws and regulations

Article 103 (New) Application of Provisions on Asset Valuation Companies

Consideration of application, suspension and revocation of the approval for provision of credit rating services shall be in accordance with the provisions on asset valuation companies as prescribed in Chapter 3 of this Part.

Chapter 7

Corporate and Government Bondholders' Representative

Article 104 (New) Corporate and Government Bondholders' Representative

A corporate and government bondholders' representative is a commercial bank, securities company established in compliance with relevant laws and regulations or a foreign commercial bank, foreign securities company providing services as a representative of investors to monitor the exercise of rights and performance of duties of the issuer of corporate bond and government bond as prescribed in the prospectus or other relevant documents.

A commercial bank or a securities company wishing to be a corporate and government bondholders' representative shall obtain an approval from the Lao Securities Commission.

Article 105 (New) Requirements for an Approval of Corporate and Government Bondholders' Representative

A applicant wishing to provide services as a corporate and government bondholders' representative shall meet the following requirements:

(Unofficial Translation)

1. Having a secured and sound corporate governance system to ensure its operations;
2. Having directors and staff who possess knowledge and experience in being corporate and government bondholders' representative, never been sentenced by a court for offences relating to fraud, embezzlement or financial misconducts;
3. Meeting other requirements as defined in applicable laws and regulations.

Article 106 (New) Application Documents for an Approval of Corporate and Government Bondholders' Representative

An applicant wishing to apply for an approval of a corporate and government bondholders' representative shall submit the following documents:

1. An application pursuant to the form as prescribed by the Lao Securities Commission;
2. A copy of enterprise registration certificate, tax certificate or tax identification number, business license and by-laws of the commercial bank or securities company;
3. A resolution of a board of directors' meeting approving to provide services as a corporate and government bondholders' representative;
4. Organizational Structure of the company;
5. A report on business operation and financial statements audited by an audit company;
6. Other documents as prescribed in applicable laws and regulations.

Article 107 (New) Scope of Operation of Corporate and Government Bondholders' Representative

A corporate and government bondholders' representative may operate the following services:

1. Being a representative in holding corporate bond and government bond for beneficial holders;
2. Providing services to corporate and government bond issuers;
3. Keeping and managing the assets of corporate and government bondholders;
4. Being a representative in protecting the rights and interests of corporate and government bondholders;
5. Providing other services as prescribed by the Lao Securities Commission.

Article 108 (New) Rights and Duties of Corporate and Government Bondholders' Representative

A corporate and government bondholders' representative shall have the following rights and duties:

1. To provide services within the authorized scope as defined in Article 107 of this law;
2. To monitor credit rating, safety and adequacy of the collateral of corporate and government bond issuers and the collateral of guarantors;
3. To monitor the business operation of corporate bond issuers or information relating to government bond;
4. To monitor transactions of the specific account for payments of principal and interest of corporate bond or government bond;
5. To inspect the compliance of capital utilization as prescribed in the prospectus and other related documents;
6. To monitor the implementation of obligation of corporate bond and government bond issuers as prescribed in the prospectus and other related documents;

(Unofficial Translation)

7. To claim or submit a petition on behalf of the corporate and government bondholders for damages made in the case where the corporate bond and government bond issuers fail to make payments of principal and/or interest when due;

8. To responsible for damages derived from the provision of its services;

9. To exercise other rights and perform other duties in accordance with applicable laws and regulations.

Article 109 (New) Actions After Revocation of Approval

A corporate and government bondholders' representative whose approval has been revoked shall transfer a name list of clients, money accounts, corporate bond and government bond accounts and other information of corporate and government bondholders under its management to another corporate and government bondholders' representative after obtaining an approval from the Lao Securities Commission.

Article 110 (New) Application of Provisions on Asset Valuation Companies

Consideration of application, suspension and revocation of the approval for provision of services as a corporate and government bondholders' representative shall be in accordance with the provisions on asset valuation companies as prescribed in Chapter 3 of this Part.

Part V

Securities Business professionals and Securities Associations

Chapter 1

Securities Business professionals

Article 111 (New) Securities Business Professionals

A securities business professional is a staff of securities companies or fund management companies who possess educational qualifications, experience and obtain a securities business professional certificate from the Lao Securities Commission.

Article 112 (New) Categories of Securities Business Professionals

Securities Business professionals comprise the following categories:

1. Securities broker;

2. Securities dealer;

3. Financial advisor;

4. Investment advisor;

5. Securities analyst;

6. Fund manager;

7. Other securities business professionals as prescribed by the Lao Securities Commission.

The requirements of each category of securities business professionals are defined in a specific regulation.

Article 113 (New) Application for Securities Business Professional Certificate

A securities company or fund management company wishing to apply for securities business professional certificate for its staff shall submit application documents to the Lao Securities Commission for consideration.

Chapter 2 Securities Associations

Article 114 (Amended) Securities Associations

A securities association is an association established on a voluntary basis by one of economic associations and operates without seeking any profit, to promote mutual assistance, protect the lawful rights and benefits of the association and the members in order to contribute to the development of securities activities.

Article 115 (New) Types of Securities Associations

A securities association comprises the following types:

1. Securities companies and securities business professionals association;
2. Listed Companies association;
3. Other associations as defined by the Lao Securities Commission.

Article 116 (New) Establishment of Securities Associations

An applicant wishing to establish a securities association shall meet the requirements and submit application documents to the Lao Securities Commission for comments prior to submitting application documents for establishment to the Ministry of Industry and Commerce for authorization.

Upon obtaining an authorization, the securities association shall register its association with the Ministry of Home Affairs.

Article 117 (Amended) Rights and Duties of Securities Associations

A securities association shall have the primary rights and duties as follows:

1. To formulate regulations relating to operation of the association;
2. To formulate professional ethical rules relating to operation of securities companies and securities business professionals;
3. To research and enhance the knowledge relating to securities activities for the members of the association;
4. To advertise and disseminate laws and regulations and provide information relating to securities activities to the members and public;
5. To supervise, monitor and inspect the business operation of its members;
6. To cooperate with the Lao Securities Commission and relevant authorities for the development of securities activities;
7. To be responsible for damages derived from its operation;
8. To exercise other rights and perform other duties in accordance with applicable laws and regulations.

Part VI Securities Exchange

Article 118 (Amended) Securities Exchange

The securities exchange is a financial institution operating businesses relating to securities listing, trading and clearing.

An applicant wishing to operate the securities exchange shall submit complete and accurate application documents to the Central Investment One-Stop Service Office to send to the Lao Securities Commission for consideration on the authorization of the operation of

the securities exchange. The securities exchange shall only be established in the form of a limited company or a public company.

Article 119 (Amended) Requirements for Incorporation of the Securities Exchange

An applicant wishing to apply for incorporation of the securities exchange shall meet the following requirements:

1. Having sound financial status and extensive experience in operating the securities exchange;
2. Having a registered capital of at least three hundred billion Kip;
3. Having a plan for Information communication technology system, securities listing, trading and clearing, backup system and maintenance plan and a plan in linking with relevant external systems;
4. Having an internal control system, risk management system, conflict of interest protection plan and other relevant systems to support the operation of the securities exchange;
5. Having a business plan for the first three years after the establishment;
6. Having the organizational structure;
7. Meeting other requirements as prescribed in applicable laws and regulations.

Article 120 (Amended) Application documents for Incorporation of the Securities Exchange

Application documents for the operation of the securities exchange business shall consist of the following:

1. An application pursuant to the form as prescribed by the Lao Securities Commission;
2. Financial statements and a report on business operation of the applicants;
3. An article of incorporation or a joint venture agreement;
4. By-laws of the securities exchange;
5. A list of names and addresses of the applicants and number of shares held by each applicant;
6. A business plan for the first three years after the establishment;
7. Other documents as defined by the applicable laws and regulations.

Article 121 (Amended) Consideration of Application for Incorporation of the Securities Exchange

After the receipt of complete and accurate application documents for incorporation of the securities exchange as prescribed in Article 120 of this Law, the Lao Securities Commission shall consider such application documents based on the requirements as prescribed in Article 119 of this Law and notify the applicant via the Central Investment One-Stop Service Office within 45 days.

Article 122 (Amended) Issuance of the Securities Exchange Business License

After the receipt of an investment authorization from the Central Investment One-Stop Service Office, the applicant applying for incorporation of the securities exchange shall meet additional requirements within 180 days as follows:

1. To fully paid up the registered capital;
2. Having business premises and equipment to support the operation of the securities exchange;
3. Having information communication technology system that meet international standards and the standards prescribed by the Lao Securities Commission with a high

security database system; being able to operation constantly; being able to expand based on demand of business operation and ensure the linkage with relevant external systems; As to securities listing system, trading system and clearing system, a back-up system is required with regular maintenance;

4. Having personnel who possess knowledge and experience in finance, banking or law and shall be trained in securities and other relevant areas;

5. Having operating system which supports the operation of the securities exchange business.

In the case where the applicant applying for incorporation of the securities exchange fails to comply with any of the above requirements with reasonable reasons, the Lao Securities Commission shall consider extending the time period for accomplishing such additional requirements for the period of 90 days for each time but shall not exceeding 2 times in total.

The Lao Securities Commission shall issue the securities exchange business license only after the applicant is completely accomplish the additional requirements as described in paragraph 1 of this Article.

After the receipt of the securities exchange business license, the Lao Securities Commission shall notify the relating sector for enterprise registration.

Article 123 (Amended) Scope of Business Operation of the Securities Exchange

The securities exchange shall operate the following businesses:

1. Securities listing;
2. Listed securities trading;
3. Clearing of listed securities transaction;
4. Perform other businesses as defined by the Lao Securities Commission.

Changes on the scope of business operation of the securities exchange require authorization from the Lao Securities Commission.

Article 124 (Amended) Rights and Duties of the Securities Exchange

The securities exchange shall have the following rights and duties:

1. To operate business within the authorized scope as defined in article 123 of this Law;

2. To study, develop plans and policies for the development of the securities exchange;

3. To formulate regulations relating to the operation of its businesses;

4. To supervise, monitor and inspect the operation of its members and monitor the information disclosure of listed companies;

5. To conduct unfair trading surveillance;

6. To create, develop and maintain modern securities trading system, securities transaction clearing, market surveillance, securities trading database and network system and ensure its continued operation at all time;

7. To cooperate and provide information to the inspection committee, investigators and other relevant authorities;

8. To cooperate with foreign securities exchanges and other organizations in relation to securities exchange activities;

9. To comply with accounting system, reporting and information disclosure in accordance with the applicable laws and regulations;

10. To responsible for damages derived from its business operation;

11. To develop and supervise risk protection fund relating to clearing and settlement;

12. To exercise other rights and perform other duties as prescribed in the applicable laws.

Article 125 (Amended) Payment and Utilization of Registered Capital of the Securities Exchange

An applicant who wishing to apply for the securities exchange business license shall fully paid-up the registered capital as described in this Law into its own bank account opened with a commercial bank in the Lao PDR.

The registered capital may be utilized for the preparation of the operation of the securities exchange and such utilization shall be reported to the Lao Securities Commission.

Article 126 (Amended) Organizational Structure of the Securities Exchange

An organizational structure of the securities exchange shall primarily comprise the following:

1. Shareholders' meeting;
2. Board of directors;
3. Specialized committees of the board of directors;
4. Chief and deputy chief executive directors;
5. Division.

Details on organization and operation of divisions are defined in a specific regulation.

Article 127 (New) Shareholders' Meetings

The shareholders' meeting is the supreme organ of the securities exchange which comprises ordinary meeting and extraordinary meeting. The notice of the meeting, quorum, agenda, voting method, meeting resolutions, changing and cancelation of meeting resolutions and time period to hold the meeting shall be in compliance with the Law on Enterprises.

Article 128 (New) Rights and Duties of Shareholders' Meetings

The shareholders' meetings shall have the following rights and duties as follows:

1. To approve the by-laws and article of incorporation of the securities exchange proposed by the board of directors;
2. To appoint or remove chairman, vice chairman and members of board of directors and chief executive director in accordance with standards and requirements as prescribed in applicable laws and shall report to the Lao Securities Commission;
3. To approve annual report and business plan and budget plan, annual audit report, policy on accounting, finance and policy on risk management as proposed by the board of directors;
4. To approve the merging, separation, dissolution, buying-selling of assets including investment in other businesses or projects and selling or transferring partial or all business of the securities exchange or amendment of shareholders' structure of the securities exchange as proposed by board of directors;
5. To approve an audit company, dividend payment, issuance of shares, increase or decrease of registered capital of the securities exchange, meeting allowance, salary or other policy for directors and employees of the securities exchange as proposed by board of directors;
6. To exercise other rights and perform other duties as prescribed in applicable laws and regulations.

Article 129 (New) Board of Directors

The board of directors of the securities exchange shall comprise at least 5 members and shall comprise independent directors of at least one-third of the total number of members of the board of directors.

The board of directors of the securities exchange shall compose of chairman, vice chairman and directors which shall be appointed or removed by shareholders' meeting. The terms of office of members of the board of directors shall not exceed 2 years and can be reappointed.

A board of directors of the securities exchange shall operate its activities based on meetings. The meetings of board of directors consist of ordinary meetings and extraordinary meetings. Ordinary meetings shall be held at least 2 times a year. Activities of board of directors shall be in compliance with relevant rules of the securities exchange, laws and regulations.

Article 130 (New) Rights and Duties of Board of Directors

A board of directors shall have the following rights and duties as follows:

1. To study, formulate rules and article of incorporation of the securities exchange to propose to shareholders' meeting for consideration and approval;

2. To appoint, move or remove specialized committees of board of directors and chief executive director;

3. To consider annual report and business plan and budget plan, annual audit report, international cooperation, policy on accounting, finance and policy on risk management to propose to shareholders' meeting for consideration and approval;

4. To consider the merging, separation, dissolution, buying-selling of assets including investment in other businesses or projects and selling or transferring partial or all business of the securities exchange or amendment of shareholders' structure of the securities exchange to propose to shareholders' meeting for consideration and approval;

5. To consider the increase or decrease of registered capital of the securities exchange to propose to shareholders' meeting for consideration and approval;

6. To consider the meeting allowance of board of directors, salary, retirement fund and other policies for members of board of directors, chief and deputy chief executive directors, chief and deputy chief of divisions, technical and contracted staff of the securities exchange to propose to shareholders' meeting for consideration and approval;

7. To approve regulations of the securities exchange as agreed by the Lao Securities Commission;

8. To exercise other rights and perform other duties as prescribed in applicable laws and regulations.

Article 131 (New) Specialized Committees of Board of Directors

Specialized committees of the board of directors comprise audit committee and risk management committee. In the case where necessary, other committees may be established.

Article 132 (New) Rights and Duties of Audit Committee

An audit committee shall have the following rights and duties:

1. To study, formulate regulations and mechanisms to monitor, inspect the securities exchange to propose to the board of directors for consideration and approval;

(Unofficial Translation)

2. To monitor, inspect the operations of directors, chief and deputy chief of divisions and staff of the securities exchange in implementing laws, policies, business and budget plan of the securities exchange;

3. To monitor, inspect the progress of directors in solving issues specified in the audit report of the audit company and results of inspection of the Lao Securities Commission;

4. To regularly summarize and report inspection results relating to activities of the securities exchange to the board of directors;

5. To exercise other rights and perform other duties as prescribed in applicable laws and regulations.

Article 133 (New) Rights and Duties of Risk Management Committee

A risk management committee shall have the following rights and duties:

1. To study, formulate regulations, mechanisms and plans to manage risks in all aspects of the securities exchange to propose to board of directors for consideration and approval;

2. To monitor the implementation of regulations, mechanisms and plans for the management risks of the securities exchange;

3. To regularly report the result of risk management of the securities exchange to board of directors;

4. To exercise other rights and perform other duties as prescribed in applicable laws and regulations.

Article 134 (New) Chief and Deputy Chief Executive Directors

Executive directors of the securities exchange shall comprise chief executive director and appropriate number of deputy chief executive directors.

An executive director shall manage day-to-day operation of the securities exchange within the scope of rights and duties as described in this Law, by-laws of the securities exchange and as agreed by board of directors.

A chief executive director shall be appointed or removed by board of directors, have a term of office of not exceeding 2 years and can be reappointed;

A chief executive director can be a member of board of directors, but shall not be chairman or vice chairman of board of directors.

A deputy chief executive director shall assist the chief executive director in management of operation of the securities exchange and also act as acting chief executive director as authorized by the chief executive director in the case of the chief executive director's absence. A deputy chief executive director can be a member of board of directors, but shall not be chairman or vice chairman of board of directors.

Article 135 (New) Rights and Duties of Chief Executive Director

A chief executive director of the securities exchange shall have the following rights and duties:

1. To study and develop business plan, budget plan, policy on accounting, finance and policy on risk management to propose to board of directors for consideration and approval;

2. To give direction and manage business operation of the securities exchange as described in applicable laws, regulations, by-laws of the securities exchange and as agreed by board of directors;

(Unofficial Translation)

3. To appoint, move or remove deputy chief executive directors as approved by board of directors;
4. To appoint, move or remove chief and deputy chief of divisions and recruit and allocate staff of the securities exchange;
5. To study and formulate regulations of the securities exchange to propose to board of directors for consideration and approval;
6. To exercise other rights and perform other duties as prescribed in applicable laws and regulations.

Article 136 (Amended) Members of the Securities Exchange

Members of the securities exchange comprise securities companies and other members as determined by the securities exchange.

Members of the securities exchange shall have duties to receive securities trading orders from investors and submit such orders into securities trading system of the securities exchange and inform trading result to investors.

Article 137 (Amended) By-laws of the Securities Exchange

By-laws of the securities exchange shall include the following contents:

1. Organizational structure;
2. Shareholders' structure;
3. Corporate Governance;
4. Meeting and voting method;
5. Accounting and audit;
6. Dispute resolution;
7. Revocation, clearing and settlement;
8. Other contents as prescribed in applicable laws and regulations.

Part VII Securities Depository Center

Article 138 (Amended) Securities Depository Center

The securities depository center is a financial institution operating business including securities registration, acting as securities registrar, securities depository, securities transfer and securities settlement.

A domestic and foreign juristic person or organization wishing to establish the securities depository center shall apply for an authorization from the Lao Securities Commission. The securities depository center shall only be established in the form of a limited company or a public company.

Article 139 (New) Requirements for Authorization of Operation of the Securities Depository Center

An applicant wishing to apply for operating the securities depository center shall meet the following requirements:

1. Having sound financial status and extensive experience in operating the securities depository center;
2. Having a registered capital of at least fifty billion Kip;
3. Having a plan on information communication technology system that meet international standards and the standards prescribed by the Lao Securities Commission with a high security database system; being able to operation constantly; being able to expand

(Unofficial Translation)

based on demand of business operation and ensure the linkage with relevant external systems;

4. Having the backup system for the securities registration, depository, settlement and registrar with regular maintenance;

5. Having internal control system, risk management system, conflict of interest protection system and other relevant systems to support the operation of the securities depository center;

6. Having personnel who possess knowledge and experience in finance, banking or law;

7. Having a business plan for the first three years after the establishment;

8. Having the organizational structure;

9. Meeting other requirements as prescribed in applicable laws and regulations.

Article 140 (New) Application Documents for Authorization of Operation of the Securities Depository Center

Application documents for the operation of the securities depository center shall consist of the following:

1. An application pursuant to the form as prescribed by the Lao Securities Commission;

2. Financial statements;

3. An article of incorporation of the securities depository center in case of a joint venture;

4. By-laws of the securities depository center;

5. A business plan for the first three years after the establishment;

6. The organizational structure;

7. Other documents as defined by the applicable laws and regulations.

Article 141 (New) Consideration of Application for Authorization of Operation of the Securities Depository Center

The Lao Securities Commission shall consider application documents for authorization of operation of the securities depository center within 45 days after the receipt of complete and accurate application documents. In case of rejection, the Lao Securities Commission shall provide a response in writing together with reasons for rejection.

During the consideration process, if deemed necessary, the Lao Securities Commission may request for additional documents and information or invite relevant persons to clarify or provide information.

After the receipt of an authorization from the Lao Securities Commission, the securities depository center shall announce to the public through mass media within five business days from the date of obtaining the authorization.

Article 142 (Amended) Scope of Business Operation of the Securities Depository Center

The securities depository center shall operate businesses as follows:

1. Securities registration and act as securities registrar;

2. Securities depository;

3. Securities transfer;

4. Securities settlement;

5. Provision of other services including preparation of shareholders' meeting, payment of dividend and interest of corporate bond and government bond;

6. Perform other businesses as authorized by the Lao Securities Commission.

Article 143 (New) Rights and Duties of the Securities Depository Center

The securities depository center shall have the following rights and duties:

1. To operate business within the authorized scope as defined in article 142 of this Law;
2. To study, develop plans and policies for the development of the securities depository center;
3. To issue regulations relating to the provision of its services;
4. To manage, monitor and inspect operation of its members;
5. To comply with accounting system, reporting and information disclosure as prescribed in applicable laws and regulations;
6. To responsible for damages derived from the provision of its services;
7. To exercise other rights and perform other duties as prescribed in applicable laws and regulations.

Article 144 (Amended) Members of the Securities Depository Center

Members of the securities depository center comprise followings:

1. Securities companies;
2. Custodian banks;
3. Fund management companies;
4. Listed companies;
5. Shares and corporate bond issuers;
6. Bond issuers;
7. Foreign securities depository center;
8. Other members as prescribed by the securities depository center.

Article 145 (New) Application of Provisions on the Securities Exchange

Payment and utilization of registered capital, organizational structure, shareholders' meeting, board of directors, specialized committees of the board of directors, chief and deputy chief executive directors, divisions and contents of by-laws of the securities depository center shall be in accordance with the provisions on the securities exchange as described in Part VI of this Law.

**Part VIII
Unfair Trading of Securities**

Article 146 (New) Unfair Trading of Securities

Unfair trading of securities is an act of individuals, entities or organizations by making a price and/or volume of securities to irregularly fluctuate and causing damages to other investors.

The unfair trading of securities including the following:

1. Market manipulation;
2. Insider trading;
3. Solicitation on Securities Trading;
4. Creating, providing or disseminating misleading information relating to securities activities;
5. Forgery of financial statements and other documents relating to securities activities.

Article 147 (Amended) Market Manipulation

(Unofficial Translation)

A market manipulation is an act of purchasing and/or selling stocks at a price and/or volume that is unusually higher or lower than the actual price or volume and causes damages to other investors.

A market manipulation is illustrated by any or all of the following characteristics:

1. Placing stock trading orders or trading stocks in such a way that misleads general public on the volume or price of stock trading;
2. Placing stock trading orders or trading stocks in a continuous manner with the aim to deviate the price or the volume of the trading to be higher or lower from the normal conditions of the securities exchange;
3. Trading stocks for the benefits of the same person or group;
4. Sending stock trading orders knowingly that the sender or his accomplice is simultaneously sending the trading order for the same stock with the similar volume and price;
5. Placing, modifying or cancelling stock trading orders during the pre-opening or pre-closing period of stock trading with the intention to cause the opening or closing price of such stocks to be irregularly higher or lower than the price should be;
6. Placing, modifying or cancelling stock trading orders in a way that hinders the stock trading of other persons, causing the latter to place a trading order at a higher or lower price than the price should be.
7. Conducting other actions that cause damages to investors and the capital market system.

Article 148 (Amended) Insider Trading

Insider trading of securities is utilizing, providing, receiving, forwarding, disclosing or disseminating information whether directly or indirectly, regarding financial position, business performance, securities trading price or other information of stock issuers and listed companies which possess material contents and has not yet formally authorized to disclose to the public, for its own benefits or for the benefits of persons, juristic persons or organizations. Such information disclosure may affect the price or volume of securities or stock trading investment decision of investors.

Article 149 (Amended) Solicitation on Securities Trading

Solicitation on securities trading is the act of persons, juristic persons or organizations by persuading, using tricks or schemes to mislead other persons to make investment decision in securities trading for its own benefits or the benefits of persons, juristic persons or other organizations which causes detriment to such victims.

Article 150 (Amended) Creating, Providing or Disseminating Misleading Information Relating to Securities Activities

Creating, providing or disseminating misleading information relating to securities activities is the act of persons, juristic persons or organizations by utilizing false or incomplete information or non-scrutinized information relating to issuing companies, listed companies and collective investment funds and/or other parties relating to securities activities to analyze or forecast the financial position, business performance, price of securities trading and other information, which mislead other persons, juristic persons or organizations to utilize such information in making investment decision on securities trading and causing damages.

Article 151 (New) Forgery of Financial Statements and other Documents relating to

Securities Activities

Forgery of financial statements and other documents relating to securities activities is the act of persons, juristic persons or organizations, that forges signatures, stamps, cuts or adds wordings, creates or modifies figures in financial statements that are inconsistent with the facts or other forms of forging documents, for its own benefits or the benefits of persons, juristic persons or organizations and causes damages to investors and the capital market system.

Part IX

Reporting, Disclosure and Maintenance of Information Relating to Securities Activities

Article 152 (Amended) Reporting

The securities exchange, securities depository center, share issuers, corporate bond issuers, listed companies, securities intermediaries and other relevant parties shall comply with the reporting requirements to the Lao Securities Commission in accordance with regulations prescribed by the Lao Securities Commission. The report shall be complete, accurate and submitted in a timely manner.

Article 153 (Amended) Disclosure of Information

The securities exchange, share issuers, corporate bond issuers, listed companies, securities companies, fund management companies and other relevant parties shall comply with the requirements for disclosure of information to the public as prescribed in applicable regulations. The information disclosed to the public shall be accurate, complete and disclosed in a timely manner.

Article 154 (Amended) Information Reporting of Insiders

The Lao Securities Commission, employees of the Lao Securities Commission Office and the securities exchange shall report information relating to their holding and trading of stocks to their organization. Staff of the securities exchange shall report such information to the Lao Securities Commission.

Controlling persons, directors, internal auditors and employees of issuers, listed companies, securities companies, fund management companies, audit companies and other relevant parties shall report information relating to their holding and trading of stocks to their organization, the Lao Securities Commission and the securities exchange pursuant to the regulations.

Article 155 (Amended) Maintenance of Information

The securities exchange, securities depository center, share issuers and corporate bond issuers, listed companies, securities intermediaries and other relevant parties shall maintain information and documents relating to its business operation such as securities transaction, information about securities, information about shareholders and financial statements for the period of at least ten years after the end of the business operation.

Part X

Investigation of Securities Cases

Article 156 (Amended) Causes for Initiating Investigation

Causes for Initiating investigation of cases relating to securities activities comprise the following:

1. A claim or a complaint filed by a person, juristic person or an organization relating to alleged criminal offences or misconducts in securities activities;
2. Surrender of offenders;
3. Traces or indications of alleged offences or misconducts by the securities investigation authority or the People's Prosecutor Office.

Article 157 (Amended) Investigation Procedures.

Investigation procedures for securities cases are as follows:

1. Instruction to initiate an investigation;
2. Conduct of an investigation;
3. Conclusion of an investigation.

Article 158 (Amended) Instruction to Initiate Investigation

The head of the securities investigation authority or head of the People's Prosecutor Office shall issue an instruction to initiate an investigation within its scope of rights and duties if there is any cause to investigate as prescribed in Article 156 of this Law and other relevant laws.

The content of such instruction shall specify the date, time and place of issuing the instruction, name, surname and position of the person issuing the instruction, reasons and basis for initiating investigation, the place of offence committed and relevant articles as prescribed in the Law on Criminal Procedure, relevant provisions of the Penal Code, this Law and other relevant laws.

Article 159 (Amended) Instruction not to Initiate Investigation

In case there is insufficient information to initiate an investigation or there is no cause to initiate an investigation as prescribed in this Law and the Law on Criminal Procedure. The head of the investigation authority or head of the People's Prosecutor Office shall issue an instruction not to initiate an investigation and shall notify such instruction to a person, juristic person and organization who filed such claim or complaint.

In the case where the parties are not satisfy with an instruction not to initiate an investigation of the head of investigation authority, the parties may apply for an appeal to the head of the People's Prosecutor Office at the same level and the parties have the right to apply for an appeal against an instruction not to initiate an investigation of the head of the People's Prosecutor Office to the head of the higher People's Prosecutor Office within seven business days from the date of acknowledgement of such instruction. The head of the higher People's Prosecutor Office shall consider such an appeal against an instruction not to initiate an investigation within five business days.

Article 160 (Amended) Conduct of Investigation

Upon the receipt of an instruction to initiate an investigation, the securities investigators shall conduct such an investigation as prescribed in the Law on Criminal Procedure.

Article 161 (Amended) Conclusion of investigation

An investigation shall be concluded in the case where the securities investigators complete an investigation and complete a report on the result of investigation.

After the completion of an investigation, in case there is sufficient information and evidence supporting that such violation is a criminal offence relating to securities activities, the securities investigators shall conclude an investigation and prepare a case file and submit to the Lao Securities Commission to forward to the People's Prosecutor Office for consideration and further submit to the court.

Article 162 (Amended) Securities Investigators

Securities investigators are officers from the Lao Securities Commission Office who meet the criteria and requirements as required in the regulation whereby appointed by the Lao Securities Commission.

Securities investigators comprise head, deputy head and investigators in securities activities.

Article 163 (Amended) Rights and Duties of Securities Investigators

Securities investigators shall have the following rights and duties:

1. To receive and record any complaint, request, report or claim relating to securities cases;
2. To issue summon, invitation and collect statements of suspect, accused, victim, plaintiff, witness, and other relevant persons;
3. To collect documents and information and gather any relevant evidence from targeted group relating to securities activities and from persons, juristic persons and other relevant parties regulated and non-regulated by the Lao Securities Commission;
4. To investigate a place of offence, inspect equipment, system and vehicle;
5. To prove documents and information in all forms relating to securities activities;
6. To propose to the head of the People's Prosecutor Office for consideration to seize and maintain assets in dispute, inspect places and persons involved in securities cases;
7. To propose to the head of the People's Prosecutor Office or the People's Court for consideration to pursue, arrest, capture, retain, restrict to exit, release and temporarily release the accused;
8. To notify accusation, rights and obligations to suspects and the accused;
9. To comply with any instruction and report circumstances of investigation of securities cases to the head of the investigation authority or the head of the People's Prosecutor Office;
10. To propose to the head of the investigation authority or the head of the People's Prosecutor Office for consideration to suspend or cease the case relating to securities activities;
11. To conclude, report results and prepare a case file of investigation for submission to the head of the investigation authority to propose to the head of the People's Prosecutor Office for consideration to further submit to the court;
12. To maintain exhibits relating to securities cases;
13. To keep confidentiality of information relating to investigation of securities cases;
14. To exercise other rights and perform other duties as instructed in applicable laws and regulations.

In conducting investigation, the securities investigators shall coordinate with relevant parties as prescribed in applicable laws and regulations.

Part XI
International Cooperation relating Securities Activities

Article 164 (Amended) International Cooperation

The State promotes relation and co-operation with foreign countries, both regional and international, regarding securities activities by exchanging experience, information, technique and knowledge, human resource development for the development of securities activities in compliance with treaties and international agreements to which Lao PDR is a party.

Article 165 (New) Principle of International Cooperation

International cooperation relating to securities activities between the Lao Securities Commission and foreign securities regulators shall follow the principle of respect for independence, sovereignty and territorial integrity, non-interference in each other's domestic affairs, mutual benefit and conformity with international agreements to which the Lao Securities Commission is a party.

Article 166 (New) Content of International Cooperation

International cooperation relating to securities activities shall follow the following contents:

1. Sign agreements with foreign authorities or adhere as party to the international agreements in relation to securities activities;
2. Exchange of information;
3. Mutual assistance in developing techniques and human resources to enhance professional skills and the capacity of related staff and officials;
4. Other contents as agreed by parties.

Article 167 (New) Request or Provisions of Information among Parties

The Lao Securities Commission may request for information, documents or evidence relating to securities activities from foreign securities regulators pursuant to the scope specified in international agreements to which the Lao Securities Commission is a party.

The Lao Securities Commission may provide information, documents or evidence relating to securities activities under its supervision or those obtained from relevant parties according to the request for assistance from foreign securities regulators.

Article 168 (New) Use of Information

Information received by the Lao Securities Commission or information provided by the Lao Securities Commission to foreign securities regulators, both parties may be used in accordance with the purposes set forth in the request for assistance including criminal, civil or administrative enforcement proceedings.

In the case where any securities regulators wishing to use such information for any purposes other than indicated in the request letter, each shall secure the approval from the Lao Securities Commission or the foreign securities regulators providing such information.

Article 169 (New) Maintenance of Confidential Information

The Lao Securities Commission and foreign securities regulators shall ensure the confidentiality of information, documents or evidence received from or provided to the other party.

Article 170 (New) Request Refusal

The Lao Securities Commission may refuse the requests for information by foreign securities regulators if such request may affect the stability of the nation, peace of the society and is not specified under international agreements or memoranda to which the Lao Securities Commission is a party.

**Part XII
Prohibition**

Article 171 (Amended) General Prohibition

Any person, juristic person, or organization both domestic and foreign is prohibited from conducting any of the following actions:

1. Conducting unfair trading of securities as prescribed in Article 146 of this Law;
2. Operating securities business, manage collective investment funds, securities exchange, securities depository center or raise fund by apply financial instruments without authorization;
3. Operating business related asset valuation, custodian, audit or credit rating, corporate bondholders' representative and government bondholders' representative in the field of securities without obtaining an approval;
4. Utilizing securities businesses and/or securities trading for money laundering and terrorism financing;
5. Utilizing and permitting the use of accounts and names of other persons, juristic persons or organizations for the purpose of securities trading, except for the case of using omnibus accounts for securities trading;
6. Conducting obstruction or non-cooperation in the performance of duties of the securities supervisory authority, non-provision of information, documents or evidence as requested by the Lao Securities Commission;
7. Performing other actions in violation of applicable laws and regulations.

Article 172 (Amended) Prohibition for Issuance of Securities

Any juristic person or organization both domestic and foreign is prohibited from conducting any of the following actions:

1. Any domestic juristic person issuing securities domestically and abroad without obtaining an authorization ;
2. Any foreign juristic person issuing securities in the Lao PDR without obtaining an authorization;
3. Issuance of securities based on every form of provision of inaccurate information or false information;
4. Utilization of subscription proceeds or funds raised prior to obtaining the confirmation of completion of securities issuance;
5. Utilization of the raised funds inconsistent with the utilization plan or changes the purposes of utilizing the raised fund inconsistent with the purposes specified in the prospectus, unless having a resolution of the shareholders' meeting or unit-holders' meeting approving the changes or as prescribed in the contract;
6. Performing other actions in violation of applicable laws and regulations.

Article 173 (Amended) Prohibition for Securities Companies and Directors

Securities companies and directors are prohibited from conducting any of the

following actions:

1. Operating securities business in exceeding the authorized scope of business operation;
2. Provision of underwriting services or selling agent services not in compliance with applicable laws and regulations;
3. Provision of underwriting services or financial advisory services to a company which holds its shares or in which it holds shares of more than 10 percent of the total shares;
4. Advertisement of sale of securities which is inconsistent with the content specified in a prospectus or inaccurate which misleads investors;
5. Merger or dissolution of a company, branch, service unit or representative office without obtaining an authorization;
6. Trading of securities, utilization of fund or securities of customers without obtaining a permission from customers;
7. Utilization of fund, securities or other assets of customers for clearing and settlement of debt;
8. Dissemination or utilization of information of customers for their own benefits or benefits of other persons, juristic persons or organizations, except for provision of information to the competent authorities as prescribed by applicable laws and regulations;
9. Taking priority for their own securities trading over the trading of its customers;
10. Performing other actions in violation of applicable laws and regulations.

Article 174 (Amended) Prohibition for Fund Management Companies and Directors

Fund management companies and directors are prohibited from conducting any of the following actions:

1. Operating fund management business in exceeding the authorized scope of business operation;
2. Establishment of a mutual fund and sale of fund units without obtaining an authorization;
3. Utilization of assets of one fund to invest in another fund under their management or purchase of shares or corporate bonds of custodian banks providing services to them;
4. Utilization of assets of a fund to purchase securities of any company having controlling power over the fund management company;
5. Utilization of raised funds without prior authorization or making investment in other targets without authorization;
6. Commingling assets account of a fund with those of other funds or with their assets account or assets accounts of other customers;
7. Utilization of assets of a fund for their own benefits, or benefits of persons, juristic persons or other organizations who are not unitholders of such a fund;
8. Generating income to fund unitholders in violation of applicable laws and regulations;
9. Holding any position in custodian banks or other fund management companies;
10. Involving in any securities transaction or other transactions which causes damages to assets of collective investment funds and benefits of fund unitholders.
11. Performing other actions in violation of applicable laws and regulations.

Article 175 (New) Prohibition for Asset Valuation Companies and Directors

Asset valuation companies and directors are prohibited from conducting any of the following actions:

1. Operating asset valuation services in exceeding the authorized scope of business operation;
2. Disclosing information of the target group relating to securities activities without authorization;
3. Conducting asset valuation inconsistent with asset valuation principles;
4. Conducting asset valuation to a company in which the asset valuation company, its directors or asset valuers having conflict of interest;
5. Performing other actions in violation of applicable laws and regulations.

Article 176 (Amended) Prohibition for Custodian Banks and Directors

Custodian banks and directors are prohibited from conducting any of the following actions:

1. Operating custody services in exceeding the authorized scope of business operation;
2. Holding shares in a fund management company to which they provide services;
3. Making investment or trading of fund units of a mutual fund to which they provide services;
4. Provision of custodian services to a fund management company which holds its shares or in which they hold the shares;
5. Commingling assets account of a fund with those of other funds or with their own assets account or assets accounts of other customers;
6. Transferring, using or managing assets of customers without obtaining an authorization from customers;
7. Conducting any actions that is not in compliance with a contract agreed with customers;
8. Being a member of board of directors of a fund management company to which they provide services;
9. Performing other actions in violation of applicable laws and regulations.

Article 177 (Amended) Prohibition for Audit Companies and Directors

Audit companies and directors are prohibited from conducting any of the following actions:

1. Operating audit services in exceeding the authorized scope of business operation;
2. Providing accounting services to the targeted group relating to securities activities to which they provide audit services in the same accounting period;
3. Performing other actions in violation of applicable laws and regulations.

Article 178 (New) Prohibition for Credit Rating Agencies and Directors

Credit rating agencies and directors are prohibited from conducting any of the following actions:

1. Operating credit rating services in exceeding the authorized scope of business operation;
2. Disclosing information of the targeted group relating to securities activities without authorization;
3. Conducting credit rating inconsistent with international credit rating principles;

(Unofficial Translation)

4. Providing credit rating services to a company in which the credit rating agency, its directors or credit rating professionals having conflict of interest;
5. Performing other actions in violation of applicable laws and regulations.

Article 179 (New) Prohibition for Securities Business Professionals

Securities business professionals are prohibited from conducting any of the following actions:

1. Allowing other persons to use its securities business professional certificate or its broker identification number;
2. Receiving securities trading orders from customers outside authorized places;
3. Performing the duties as a securities business professional to other securities companies or fund management companies while being an employee of a securities company or a fund management company;
4. Disseminating or utilizing information of customers for their own benefits or benefits of other persons, juristic persons or organizations;
5. Providing investment advice to investors while acts as a financial advisor;
6. Performing other actions in violation of applicable laws and regulations.

Article 180 (Amended) Prohibition for the Securities Exchange, Directors, Chief and Deputy Chief of Divisions and officers

The securities exchange, directors, chief and deputy chief of divisions and officers are prohibited from conducting any of the following actions:

1. Operating the securities exchange business in exceeding the authorized scope of business operation;
2. Investing in other businesses or enterprises without obtaining an authorization;
3. Notifying or disseminating inaccurate information which misleads other persons and affects securities, investors and the securities exchange;
4. Disclosing, utilizing or transferring information of its members, listed companies or personal information of investors for their benefits or benefits of other persons, juristic persons and organizations;
5. Allowing trading of securities which is under trading or transferring restriction period;
6. Being a member of board of directors, chief and deputy chief executive directors of listed companies and securities intermediaries;
7. Performing other actions in violation of applicable laws and regulations.

Article 181 (New) Prohibition for the Securities Depository Center, Directors, Chief and Deputy Chief of Divisions and Officers

(Unofficial Translation)

The securities depository center, directors, chief and deputy chief of divisions and officers are prohibited from conducting any of the following actions:

1. Operating the securities depository business in exceeding the authorized scope of business operation;
2. Investing in other businesses or enterprises without obtaining an authorization;
3. Notifying or disseminating misleading information which affects securities, investors and the securities exchange;
4. Disclosing, utilizing or transferring information of its members, listed companies or personal information of investors for their benefits, or benefits of other persons, juristic persons or organizations;
5. Utilizing securities accounts of members for their benefits or benefits of other persons, juristic persons or organizations;
6. Providing inaccurate information relating to securities holding or securities settlement;
7. Being a member of board of directors, chief and deputy chief executive directors of the securities exchange, listed companies and securities intermediaries;
8. Performing other actions in violation of applicable laws and regulations.

Article 182 (New) Prohibition for Securities Associations

Securities associations are prohibited from conducting any of the following actions:

1. Operating in exceeding the authorized scope of the association;
2. Establishing and operating inconsistent with principles and purposes of the association;
3. Supporting or operating which may result in damages to reputation or assets of persons, juristic persons or organizations in securities activities;
4. Performing other actions in violation of applicable laws and regulations.

Article 183 (New) Prohibition for Corporate Bondholders' Representative and Government Bondholders' Representative and Directors

Corporate bondholders' representative and government bondholders' representative and directors are prohibited from conducting any of the following actions:

1. Disclosing, utilizing or transferring information of holders of corporate bond and government bond for their benefits, or benefits of other persons, juristic persons and organizations;
2. Providing inaccurate information relating to the performance of duties of the corporate bondholders' representative and government bondholders' representative;
3. Providing services as a corporate bondholders' representative and a government bondholders' representative to which the service provider has a conflict of interest;
4. Performing other actions in violation of applicable laws and regulations.

Article 184 (Amended) Prohibition Relating to the Lao Securities Commission and Staff of the Lao Securities Commission Office

The Lao Securities Commission and staff of the Lao Securities Commission Office are prohibited from conducting any of the following actions:

1. Disclosing, providing or utilizing confidential information of any person, juristic person under their supervision and other confidential information from domestic or foreign known in the performance of their duties without prior authorization;
2. Holding any position of any juristic person or being an advisor to any person, juristic person under their supervision;

(Unofficial Translation)

3. Using their positions for their own or other person's or juristic person's benefits;
4. Any action that creates or might create conflict of interest in their performance of duties;
5. Demanding, giving or accepting bribe or other considerations;
6. Other actions in violation of applicable laws and regulations.

Part XIII
Supervision and Inspection of Securities Activities

Chapter 1
Supervision of Securities Activities

Article 185 (Amended) Securities Supervisory Authority

The Government supervises securities activities in a nationally centralized and uniformed manner by assigning the Lao Securities Commission to be directly responsible for the supervision of securities activities on the basis of coordination with other relevant authorities and having the Lao Securities Commission Office as an implementing agency.

Article 186 (New) The Lao Securities Commission

The Lao Securities Commission, abbreviated as "LSC", is non-standing organ and is the supreme organ of the securities supervisory authority, having responsibility in supervising securities activities in a centralized and uniformed manner throughout the country by assigning the Lao Securities Commission Office to be directly responsible for the supervision, monitoring and inspection of securities activities on the basis of coordination and exchange of information with other relevant authorities.

Article 187 (Amended) Personnel Structure of the Lao Securities Commission

The Lao Securities Commission consists of the chairman, the vice chairmen, a number of commissioners and the secretary general of the Lao Securities Commission Office as the secretary.

The deputy prime minister of the Lao PDR shall be the chairman of the Lao Securities Commission, the governor of the Bank of the Lao PDR shall be the first standing vice chairman, the Deputy Minister of Finance shall be the second vice chairman and the deputy ministers or the equivalent positions from the economic, justice and other relevant sectors shall be the commissioners.

Details on organization and operation of the Lao Securities Commission are prescribed in a specific regulation.

Article 188 (Amended) Rights and Duties of the Lao Securities Commission

The Lao Securities Commission shall have the rights and duties as follows:

1. To formulate policies, strategic plans, laws and subsidiaries legislation relating to securities to propose to the Government for consideration;
2. To disseminate policies, strategic plans, laws and regulations relating to securities;
3. To monitor the implementation of policies, strategic plans, laws, ordinances and decree relating to securities;
4. To approve regulations relating to securities activities proposed by the Lao Securities Commission Office;

(Unofficial Translation)

5. To approve program and project on operation of the Lao Securities Commission Office proposed by the Lao Securities Commission Office;
6. To approve the authorization, suspension and revocation of securities issuance proposed by the Lao Securities Commission Office;
7. To approve the authorization, suspension and revocation of the establishment of collective investment funds proposed by the Lao Securities Commission Office;
8. To approve the authorization for establishment or approval of securities intermediaries, suspension of operation, revocation of operating license or the approval of securities intermediaries proposed by the Lao Securities Commission Office;
9. To approve the issuance or withdrawal of securities business professional certificate, provide recommendations on the establishment of securities association in order to propose to related authorized parties for consideration on establishment;
10. To approve the authorization for the establishment, suspension and revocation of operation of the security exchange as approved by the Government;
11. To approve the authorization for the establishment, suspension and revocation of operation of the securities depository center as proposed by the Lao Securities Commission Office;
12. To appoint or remove head and deputy head of the securities investigation authority and securities investigators as proposed by the Lao Securities Commission Office;
13. To collaborate with foreign authorities and international organizations in relation to the supervision and development of securities activities;
14. To apply administrative measures to persons, juristic persons and organizations which violate this Law as proposed by the Lao Securities Commission Office;
15. To demand information, statements, documents relating to statements and details of bank accounts from commercial banks, securities accounts and other information from relevant parties;
16. To authorize the Lao Securities Commission Office to perform assigned activities;
17. To report its activities to the Government regularly;
18. To exercise other rights and perform other duties as set out in applicable laws and regulations.

Article 189 Working Regime

The Lao Securities Commission operates its activities based on meetings. Meetings of the Lao Securities Commission consist of ordinary meetings and extraordinary meetings. Ordinary meetings shall be held once every three months, and extraordinary meetings may be held at any time, if necessary, as per summons of the chairman of the Lao Securities Commission or as requests from more than half of the commissioners.

Meetings of the Lao Securities Commission can be convened when there are more than half of the members attending the meeting.

Resolutions of meetings of the Lao Securities Commission are passed by majority votes of the members attending the meeting. In case where the votes are tie, the chairman of the meeting shall have a casting vote.

Article 190 (New) The Lao Securities Commissions Office

The Lao Securities Commission Office, abbreviated as “LSCO”, acts as the secretariat for the Lao Securities Commission in the supervision, monitoring and inspection of securities activities and is an organization equivalent to department level and is under the supervision of the Bank of the Lao PDR in terms of personnel.

The Lao Securities Commission Office is also the securities investigation authority.

Article 191 (New) Personnel Structure of the Lao Securities Commission Office

The Lao Securities Commission Office consists of the secretary-general, the deputy secretary-general, division chiefs, deputy division chiefs and technical staff.

Details on organization and operation of the Lao Securities Commission Office are prescribed in a specific regulation.

Article 192 (Amended) Budget

The Lao Securities Commission and the Lao Securities Commission Office shall utilize the budget from the Bank of the Lao PDR. The primary revenues shall obtain from service fees and other revenues related securities in accordance with applicable laws and regulations. The primary expenses comprise technical and administration expenses used in the performance of its duties.

Article 193 Logo and Seal

The securities supervisory authority shall have its own logo and seal to be used for its official operation.

**Chapter 2
Inspection of Securities Activities**

Article 194 (Amended) Securities Inspection Authorities

The securities inspection authorities consist of internal inspection authority and external inspection authority.

Internal inspection authority is the inspection committee of the Lao Securities Commission.

External inspection authority is the National Assembly, People's Provincial Assemblies, the State Audit Authority and the Government Inspection Authority.

Article 195 (Amended) Inspection Targets

Targets of inspection comprise shares and corporate bond issuers, listed companies, the securities exchange, collective investment funds, securities intermediaries and other targets related securities.

Article 196 (Amended) Contents of Inspection

The inspection of securities activities shall cover the following contents:

1. compliance with relevant laws and regulations;
2. business operation;
3. electronic systems.

Article 197 (Amended) Forms of Inspection

There are three forms of inspection as follows:

1. Periodic inspection is the inspection conducted according to the regular schedule with fixed time frames;
2. Inspection by giving a prior notice is the inspection out of the schedule when deemed necessary subject to prior notice given to the inspection targets;
3. Sudden inspection is the urgent inspection without prior notice to the inspection targets.

(Unofficial Translation)

Inspection consists of off-site inspection and on-site inspection. Inspection shall strictly be performed in compliance with relevant laws and regulations.

Article 198 (Amended) Inspection Committee of the Lao Securities Commission

The inspection committee of the Lao Securities Commission shall comprise the staff of the Lao Securities Commission Office or may constitute representatives from other relevant parties where necessary.

Details on the inspection committee are prescribed in a specific regulation.

Article 199 (Amended) Rights and Duties of the Inspection Committee of the Lao Securities Commission

The inspection committee of the Lao Securities Commission shall have the rights and duties as follows:

1. To inspect targets as specified in the decision on appointment of the inspection committee;

2. To inspect books of record, account books, documents, electronic information, and other records relating to securities business operation of inspection targets;

3. To request for additional information and documents relating to inspection content from inspection targets and other relevant parties;

4. To call or invite members of board of directors, chief and deputy executive directors, chief and deputy chief of divisions, technical staff and other relevant persons to provide information relating to inspection as well as to record such provision of information;

5. To inspect place of business operation, document storage, and software system of inspection targets and other relevant parties;

6. To propose the Lao Securities Commission to implement any temporarily measures to ensure the performance of duties of the inspection committee in order to protect rights and benefits of persons, juristic persons and organizations;

7. To collaborate with other sectors and parties relating to inspection for sharing relevant information and documents in the inspection of targets;

8. To summarize and report results of inspection to the Lao Securities Commission and to take responsibility for its inspection results;

9. To exercise other rights and perform other duties as prescribed in relevant laws and regulations.

Article 200 (Amended) Obligations of Inspection Targets and Relevant Parties

Inspection targets and relevant parties have the obligations to contribute into the inspection work by participation, facilitation, reporting, providing information and evidence in a complete, accurate and timely manner as requested by the inspection committee as well as by giving cooperation to solve problems as set out in the inspection memorandum.

Part XIV

Policies on Persons with Achievement and Sanction against Violators

Article 201 (Amended) Policy on Persons with Achievement

Persons, juristic persons, organizations and investors with outstanding achievement in the implementation of this Law including the development of the capital market, provision of information relating to violation of relevant laws and regulations relating to securities activities shall receive rewards or other policies as prescribed by the regulations.

Article 202 (Amended) Sanctions against Violators

Persons, juristic persons, organizations and investors who are in violation of this Law and relevant laws and regulations resulting in damage to the State, the society, persons or juristic persons shall be educated, disciplined, fined, responsible for civil damages or sentenced to criminal offences as prescribed in applicable laws and regulations.

**Part XV
Final Provisions**

Article 203 Implementation

The Government of the Lao People's Democratic Republic shall implement this Law.

Article 204 (Amended) Effectiveness

This Law shall be effective after the date of the promulgating decree is issued by the President of the Lao People's Democratic Republic and fifteen days after its publication on the official gazette.

This Law replaces the Law on Securities No. 21/NA, dated 10 December 2012.

Any regulations and provisions that contradict this Law shall be void.

President of the National Assembly

(Seal and Signature)

Pany YATHOTOU