



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

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Lao Securities and Exchange Commission

Lao Securities and Exchange Commission Office

Ref. No. 482/SECO
Vientiane Capital, dated: 27/3/2012

Manual

On the Request for the Grant to Establish Securities Companies

- Pursuant to the Decree on Securities and Securities Exchange, Ref. No. 225/PM, dated 24 May 2010;
- Pursuant to the Decision on Organization and Operations of the Lao Securities and Exchange Commission Office, Ref. No. 006/SEC, dated 08 July 2010;
- Pursuant to the Decision on Organization and Operations of Securities Companies, Ref. No. 009/SEC, dated 21 July 2010.

The Securities Intermediaries Supervision Division is a division of the Lao Securities and Exchange Commission Office (SEC Office), mandated to assist the SEC Office in reviewing the request and proposing for the grant to establish securities companies as well as supervising, and monitoring the operations of securities companies.

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 objective of this Manual is to facilitate staff in the Division in reviewing the request and proposing for establishment of securities companies to the Secretary-General of the SEC Office, details are as follows:

I. Communication

Persons and juristic persons wishing to establish a securities company shall come and get detailed information at the Enterprise Registration Office (one-door service) of the Ministry of Industry and Commerce. After that, interested parties shall make application documents in accordance with the form defined by the Ministry of Industry and Commerce.

II. Application Lodgment

Upon the preparation of correct and complete application documents according to the form defined by the Ministry of Industry and Commerce, the applicant shall lodge the application documents at the Enterprise Registration Office (one-door service) of the Ministry of Industry and Commerce for verifying and examining the completeness, appropriateness and compliance with applicable laws and regulations. In cases where there is any document that is not completed or not in compliance with laws and regulations, the Enterprise Registration Office shall contact the applicant to correct and complete such documents. After lodgment of correct and complete documents, the Enterprise Registration Office of the Ministry of Industry and Commerce shall forward the application documents to the SEC Office for considering the grant for establishing a securities company and shall respond in writing to the Enterprise Registration Office of the Ministry of Industry and Commerce *within 10 working days*.

Upon receiving application documents for the establishment of a securities company in accordance with the form defined by the Enterprise Registration Office of the Ministry of Industry and Commerce, the SEC Office shall verify the documents for correctness and completeness in accordance with the following SEC requirements:

- **Requirements for the establishment of securities companies**
 1. Having a suitable and modern office and equipment ready for business operations;
 2. Having registered capital according to type of securities business, as follows:
 - 2.1 Full securities business operations require having the registered capital of 100 billion LAK and shall be able to operate securities businesses including: securities underwriting, securities dealing, securities brokerage and financial advisory related securities;
 - 2.2 Partial securities business operations require having the registered capital as follows:
 - Securities Dealing requires the registered capital of 80 billion LAK and shall be able to operate securities businesses including securities dealing, securities brokerage and financial advisory related securities;
 - Securities brokerage requires the registered capital of 50 billion LAK and shall be able to operate securities businesses including securities brokerage and providing direct advice to investors on securities investment;
 - Financial advisory related securities requires the registered capital of 30 billion LAK and shall be able to operate securities businesses including providing advice on the

preparation for issuance and offering of securities to the public, providing advice on listing at the securities exchange and providing direct advice to investors on securities investment.

3. The executives shall have knowledge and experience related securities, finance-banking business and shall hold a securities professional certificate issued by the SEC Office; technical staff shall hold a securities professional certificate issued by the SEC Office;
4. Having sound and reasonable business plan;
5. Satisfying other requirements as specified by the SEC Office.

• **Application documents for securities companies establishment (Article 28 of the Decree on Securities and Securities Exchange)**

1. Application form defined by the SEC Office;
2. Securities company's incorporation contract;
3. Company's by-law;
4. Certificates of education qualifications, experience, business operation profile and certificate of securities professional of executives and biography of major shareholders;
5. List of shareholders and the proportion of shareholding;
6. Certificate of financial position of shareholders, who are legal persons, audited by an external audit firm. In the case where there are shareholders who are natural persons, a certificate of bank deposit certified by the concerned banks is required;
7. Business plan for the first 3 years after the company establishment;
8. Other documents as required by the SEC Office.

In cases where there is any document that are not complete or not in compliance with laws and regulations, the SEC Office shall contact the applicant to revise the documents for correctness and completeness.

Upon receipt of correct and complete application documents, the SEC Office shall consider each issue as follows:

1. Organisational and personel structure
2. Regitered capital and type of securities business
3. Company's infrastructure:
 - Building
 - IT (hardware & software)
 - Correspondent bank for settelement
4. Company's By-law
5. Business plan.

III. Examination and Reporting Process

Upon receipt of complete and correct application documents, the SEC Office shall perform the following duties:

1. Prepare recommendations on the securities company establishment application and report to the Chairman of the Lao Securities Commission, accompanying comments of the Standing Vice Chairman of the Lao Securities Commission;
2. Upon receipt of guidance from the Chairman of the Lao Securities Commission, the SEC Office shall notify the Ministry of Industry and Commerce in writing on whether the application for establishing the securities company is granted or not granted;
3. In case where the SEC Office agrees to grant the applicant with the permission to establish a securities company, the SEC Office shall issue a license to the applicant and shall notify the Ministry of Industry and Commerce in writing stating “*agree, in principal, on the application to establish the securities company. However, before starting business operations, the applicant shall meet all the requirements in providing its services. The SEC Office shall give a 6 month startup business preparation and the company is required to obtaining permission prior to starting its actual operations*”. The Ministry of Industry and Commerce then shall issue the enterprise registration certificate to the company within 3 working days.

IV. Consideration of Application

The Lao Securities Commission shall issue a securities business license only when the SEC Office, in collaboration with concerned parties, conducts on-site inspection to verify readiness before securities business operations, such as premises, staff, equipment for operations, service system, security system and others in order to report to the Chairman or Standing Vice Chairman of the Lao Securities Commission for consideration.

The SEC Office shall consider the application and notify the applicant on the grant to establish a securities company in writing within 10 days from the day of receiving correct and complete application documents.

V. Payment and Utilization of Registered Capital

An applicant wishing to establish a securities company according to types of securities businesses defined in section II of this Manual shall make a payment of registered capital as follows:

The applicant with the grant to establish a securities company shall duly pay the registered capital in full or at least 30% of the total registered capital into the applicant’s bank account opened with the Banking Operation Department of the Bank of the Lao PDR within 30 days from the day of obtaining the securities business license issued by the SEC. The remaining amount shall be fully paid within a 1 year period.

The applicant with the grant to establish a securities company, who wishes to use the registered capital in preparing for its securities business operations or for other purposes shall have a detailed capital utilization plan and shall obtain permission from the SEC Office.

VI. Fees

An applicant shall pay fees for the establishment of a securities company as follows:

1. Fee for application form amounted 100,000 LAK;
2. Application fee amounted 15,000,000 LAK. The fee shall be paid to the SEC Office's bank account at the Banking Operation Department of the Bank of the Lao PDR., Account No. 00.5102800.000010. Upon complete the fee payment, the applicant shall bring a receipt to the Securities Intermediaries Supervision Division of the SEC Office;
3. In case where an applicant receive the grant to establish a securities company, it shall make a payment of a fee for a securities business license of 0,01% of the total registered capital and shall pay on the date of receiving the license by transferring the amount to the SEC Office's bank account opened with the Banking Operation Department of the Bank of the Lao PDR, Account, No. 00.5102800.000010.

(on behalf of) Secretary-General of the SEC Office

(Signed and Sealed)

Saysamone Chanthachack