



ຄະນະກຳມະການຄຸ້ມຄອງຫຼັກຊັບ
Lao Securities Commission

ບົດລາຍງານປະຈຳປີ
Annual Report

2013

Statement of LSCO

It's my great honor to present the 2013 Annual Report, the second Annual Report of the Lao Securities Commission Office (LSCO) after the 2012 Annual Report was published. I trust that this Report will provide some important information for the public to reflect the overview of the securities market operation in the previous year.

In 2013, the LSCO has put a lot of efforts in conducting its activities by creating framework and detailed plan to ensure the compliance of the Law on Securities approved by the National Assembly in 2012 and the Decree on Organization and Operation of the Lao Securities Commission. Additionally, the Lao Securities Commission has enacted 2 new legislations and amended 3 existing legislations; authorized one company to conduct initial public offering (IPO) to raise fund from the public; authorized the Lao Securities Exchange to launch the Home Trading System (HTS); granted two licenses to 2 securities companies. Also, in order to increase knowledge and understanding on securities activities to the public, the LSCO has provided training and education on "Law on Securities" and continued to cooperate with international organizations on a regular basis.

In 2014, the LSCO anticipates to focus on creating conditions necessary for local and foreign commercial banks to be able to provide custodian services, to create favorable conditions for the establishment of securities business association and to continue to seek for technical assistances from international organizations to ensure the prolonged and sustainable development of the capital market in Lao PDR.

Secretary General of LSCO

Singed and sealed

Vathana Dalaloy

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I. Securities Supervisory Authority

1. Lao Securities Commission

To ensure the consistency of operation of the Lao Securities Commission (LSC) with the “Law on Securities”, the Government of the Lao PDR has issued the “Decree on Organization and Operation of Lao Securities Commission” No. 188/PM, Dated 24 July 2013 to replace the “Prime Minister’s Decision on the Appointment of the Securities and Exchange Commissioners” No. 051/PM, 96/PM and 29/PM as proposed by the 1st LSC meeting in 2013. In this decree, the official name of “Securities and Exchange Commission or SEC” has been changed to the “Lao Securities Commission or LSC”. LSC comprises 13 commissioners including 1 chairman, 2 vice chairmen, 9 commissioners and 1 Secretary to the Lao Securities Commission. Most commissioners remained unchanged. However, there are 2 new commissioners have been appointed, namely Deputy Governor of the Bank of Lao PDR (BOL) and Deputy Director of the Supreme Public Prosecutor. This structure is in consistency with the provisions of the Decree on Organization and Operation of Lao Securities Commission, Article 8 determining the organizational structure of the LSC (Chart 1).

Chart 1: The Organizational Structure of Lao Securities Commission



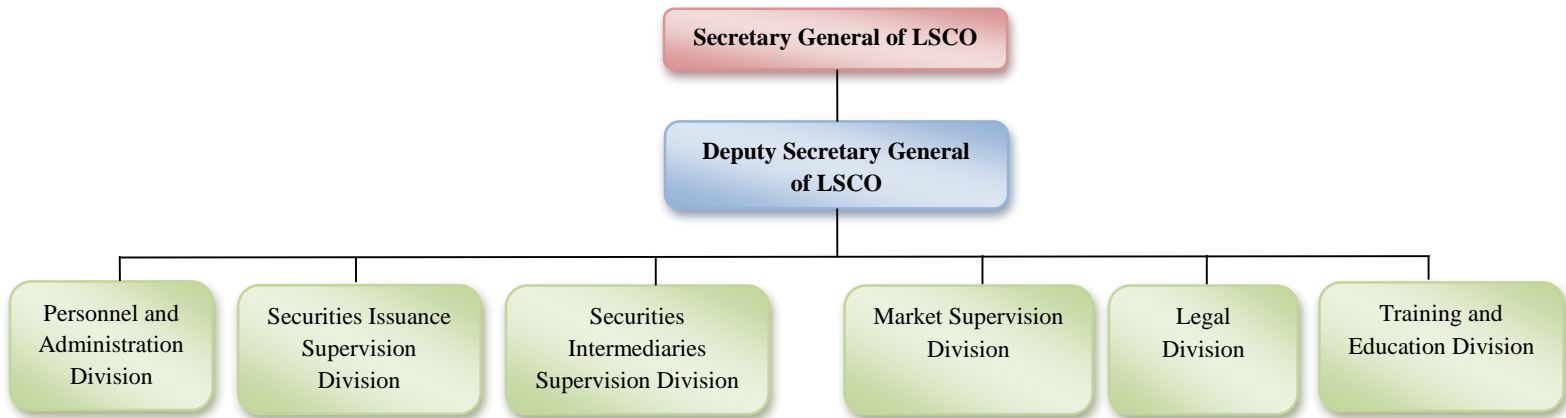
The LSC acts as a secretariat to the Government in the management of securities activities at a macro and centralized level in the Lao PDR particularly to supervise, monitor and inspect securities activities to ensure market efficiency, continuous and sustainable expansion of fundraising activities and securities market development as well as to contribute to national socio-economic development of the Lao PDR.

The primary rights and duties of Lao Securities Commission are to formulate and amend necessary strategic plans, policies and laws relating to securities activities as recommended by the Lao Securities Commission Office (LSCO) in order to propose to the Government for consideration; to approve project and work plans, operating plans, recruiting and capacity building plans and budget plans including plans on the development of infrastructure and the purchase of technical equipment of LSCO; to approve the regulations relating to securities activities proposed by LSCO; to grant an approval for establishment or dissolution of securities intermediaries, issuance of securities proposed by LSCO; to study and propose for the establishment and dissolution of securities exchange to the Government for consideration as recommended by LSCO; to lead the LSCO in implementing the supervision of securities activities and to support related parties to provide training and education to the public concerning securities activities; to collaborate with foreign countries and international organizations in exchanging information and seeking technical assistance regarding securities activities; to promote and encourage persons, juristic persons, and organizations to contribute to the development of securities activities, especially to encourage companies in all business sectors to list in the Lao Securities Exchange; and to summarize and report its operation to the Government regularly.

2. Lao Securities Commission Office

In order to make the operation of the Lao Securities Commission Office (LSCO) accurately reflect and in line with the “Law on Securities” pursuant to the resolution of the 1th Lao Securities Commission meeting in 2013, LSCO has studied and amended a number of regulations particularly the amendment of its role and functions and proposed to Lao Securities Commission for approval. This results in the substitution of the “Decision on Organization and Operation of LSCO” No. 013/LSC, Dated 17 December 2013 for the “Decision on Organization and Operation of Securities and Exchange Commission Office” No. 006/SEC, Dated 8 July 2010. The amendments to this Decision include the change of the name from “Securities and Exchange Commission Office” or “SECO” to “Lao Securities Commission Office” or “LSCO” and the change of LSCO organizational structure from 5 Divisions to 6 Divisions by adding an additional division, that is “Tranning and Education Division” (Chart 2).

Chart 2: The Organizational Structure of Lao Securities Commission Office



According to the Decision on Organization and Operation of LSCO No. 013/LSC, Dated 17 December 2013, the primary role of LSCO is to assist the LSC in implementing the supervision of securities activities to ensure that the market activities are operated in an orderly and proper manner in line with the Party’s guidance policy, laws and regulations and a periodic socio-economic development plan of the Government of the Lao PDR.

The primary rights and duties of LSCO are to issue decisions, orders, notifications and instructions relating to securities activities; to issue securities business establishment license, suspend or revoke the operation of securities companies, branches and service units of securities companies and asset management companies based on LSC’s approval and to permit on the change in securities business operation and others changes in these companies; to issue, revoke business license, to suspend or revoke an approval for custodian banks, audit companies, credit rating agencies and securities business associations as agreed by LSC; to issue, revoke securities professional license; to grant the issuance of securities in both domestic and overseas markets, to suspend or revoke the issuance of securities in Lao PDR in accordance with the “Law on Securities” as agreed by LSC; to grant an approval on the establishment, merger or dissolution of public funds as approved by LSC; to identify types of securities or other assets in which public funds can invest in and to approve rules or contracts on the governance of public funds; to approve regulations on operation of Securities Exchange and to permit an additional service or suspend such a service provided by Securities Exchange; to suspend or terminate or grant partly or fully the continuation of trading activities of Securities Exchange in case of malfunction of IT system, irregular fluctuation of securities trading, unfavorable socio-economic situations or the occurrence of any force majeure which seriously result or may result in damage to investors; to define types of members of the securities depository centre; to grant an approval on the use of registered capital of the Securities Exchange, Securities Companies and Asset Management Companies; to approve a code of conduct of securities professionals proposed by Securities Business Association; to settle securities related disputes; to propose LSC to issue an instruction to initiate an investigation relating to securities cases; to appoint on-site inspection committee

and propose LSC to appoint securities investigators; to give instruction on suspension of the operation of securities or cash account associated with violation of securities related laws and regulations; to take administrative measures against persons or juristic persons violating securities related laws and regulations; to provide rewards to persons or juristic persons with outstanding performance in securities operation; and to exercise other rights as assigned by LSC Chairman.

As of the end of 2013, LSCO has a total of 32 officials (16 females) comprising 1 Secretary-General and 1 Deputy Secretary-General (both are females), 3 Chief and Deputy Chief of Division (1 female) and 27 officials (13 females) holding Ph.D's degree (1 person), Master's degree (11 persons), Bachelor's degree (19 persons) and Diploma (1 person).

Additionally, In 2013 LSC has studied, amended and created a number of regulations to ensure that securities activities are operated in a proper manner and in compliance with the Law on Securities including the amendment of "Regulation on Organization and Operation of Securities Companies", the creation of new regulations namely "Regulation on Supervision of Share Trading on Internet" and "Regulation on Transfer of Share Registered in the Securities Exchange". Up to now, LSCO has enacted a total of 15 legislations (Appendix 1).

II. Basic understanding on securities

1. Overview of stock

1.1 What is stock?

According to the "Law on Securities", "Stock" means "the capital of a company in which stockholders are owners of the company, having the rights and benefits based on proportion to their respective stockholding". In the other words, "Stock" is a security or an equity based financial instrument issued by a company that wishes to raise fund for business operation. A stockholder shall hold the position as a "business owner" or an "owner of the stock issuing company" and shall have the rights over the assets and income of the business, including opportunities to get dividends as per specified by the issuer. Generally, there are two types of stocks as follows:

- **Common stock:** is an equity based financial instrument issued by a public company that wishes to raise fund from the public. A holder of common stock shall hold the position as the company's owner; having voting rights in shareholders' meetings based on proportion to their respective common stockholding. In the other words, a holder of common stock shall have the rights to participate in making decision on important matters of the company in shareholders' meetings such as matters relating to increase of capital, dividend payment, merger and acquisition of companies and other concerned matters. Moreover, a common stockholder shall also have the rights to get dividend when the company makes profit, obtain capital gain or lose when the stock price changed, get privilege on new issued stock in case the company issue additional stocks to raise capital and is also entitle to other rights.

- **Preferred stock:** is an equity based financial instrument. A holder of preferred stock holds the position as the company's owner similar to a common stockholder. However, the differences between the two are that a preferred stockholder shall have the rights to receive principal repayment before a common stockholder in case the company goes bankrupt or shutdown, but shall not carry voting rights. Additionally, a preferred stockholder shall perform other rights as defined by the issuer.

1.2 Transferring of registered shares in Lao Securities Exchange

The shares registered in the Lao Securities Exchange are transferable or marketable through trading in the Lao Securities Exchange. In addition, registered shares are also transferable for the purposes of inheritance or distribution of marital property and so on, given such transfers are conducted in compliance with the forms, methods and procedures prescribed in the regulations and instructions of the LSC to ensure a proper and efficient operation of securities related activities in the Lao PDR.

2. Overview of corporate bonds

- What is corporate bond?

As prescribed in Article 3 of "Law on securities", the "Corporate bond" means " the company's borrowing in which a corporate bondholder holds the status as creditor and shall get paid for the principal and interests as defined on the corporate bond certificate". In the other words, the "Corporate bond" is a debt financial instrument or securities that provide its holders the position as "creditors of the business or creditors of the issuer". The investors as creditors shall get returns or other benefits as described in the contract where the issuer shall clearly determine the interest rate, interest repayment date as well as the maturity or redeemed date of the corporate bond. While "Corporate Bonds" are issued by enterprises, "Bonds" are issued by public authorities, for instance the Ministry of Finance shall issue "Government Bonds" and the Bank of the Lao PDR shall issue "Central Bank Bonds". Nevertheless, in some countries, there are other types of bonds including municipality bonds or sovereign bonds.

The specific features of "Bonds" are clearly indicated in the maturity of corporate bonds, such as maturity of 1, 3, 5, 7, 10 and 15 years. The bondholder shall receive benefits or returns in the form of "interests" (to be paid in an annual or semi-annual basis) and the principal repayment upon the maturity of the corporate bond.

III. Securities Markets Performance 2013

The global securities markets were motivated by economic stimulus measures from the central bank of the United States of America or Federal Reserve (FED), European Central Bank

(ECB) and People’s Bank of China (PBC). In addition, the economic performance in the United States and Japan were significantly improved, GDP growth of the two countries were marked in quarter 3. Japanese Yen was depreciated against US dollar, which boosted Japanese exporters and Japanese business environment as a whole. These factors drove indexes of major global securities markets increase by the end of 2013 as compared to 2012, such as Dow Jones by 26.50%, S&P500 by 29.60% and NASDAQ by 38.32%. The indexes of securities markets in Euro Zone showed an upward trend, such as CAC40 by 17.99%, FTSE by 14.43%, and DAX by 25.48%. Asian securities markets indexes shared a similar trend, such as NIKKEI by 56.72%, KOSPI by 0.72%, HANGSENG by 2.87% and SHENZHEN by 20.03%.

The capital market performance in Lao PDR is as follow:

1. Fund raising through public offering

In 2013, 1 new listed company, namely Lao World Public Company (LWPC) has been approved for an initial public offering (IPO), the company could raise funds amounted to 40,35 Billion LAK. The purpose of fund raising of LWPC is for Lao-ITECC and Savan-ITECC building construction and for business operation’s working capital.

Table 1: Summary of LWPC’s IPO results (December 2013)

No.	Type of investors	No. of shares offered (share)	% of total shares	No. of investors (account)	Price/share (LAK)	Total amount of fund raised (LAK)
1	Domestic investors	2,875,800	7.27	94	10,200	29,333,160,000
2	Foreign investors	1,080,300	2.73	61	10,200	11,019,060,000
	total	3,956,100	20	155	10,200	40,352,220,000

2. The operations of listed companies

After the EDL-Generation Public Company (EDL-Gen) and Banque Pour Le Commerce Exterieur Lao Public (BCEL) completed an IPO at the end of 2010 and listed in the Lao Securities Exchange on 11 January 2011, both of them has good performance on business operation and paid dividend to shareholders regularly. The dividend payments of the two companies are made twice a year, that is in the first and the second half of the year.

Table 2: The statistic of dividend payments of listed companies in the Lao Securities Exchange from 2011-2013.

No.	BCEL			EDL-Gen		
	2011	2012	2013	2011	2012	2013

1 st half	Annual payment	436	405	177.97	170	182
2 nd half		443	380	320	280	293
Total		879	785	497.97	450	475

Unit: LAK/share

From table 2, BCEL and EDL-Gen made dividend payments of 785 kip/share and 475 kip/share respectively in 2013. If compare that to 2012, BCEL's dividend payment decreased by 94 kip/share or -10.69%, while EDL-Gen's increased by 25 kip/share or 5.55%.

Moreover, to comply with the notice of LSC ref. no. 014/LSC, date: 25 December 2014, BCEL and EDL-Gen are preparing to apply the International Financial Reporting Standard "IFRS". The notice stated that listed companies shall apply the International Financial Reporting standard (IFRS Full Version) starting from the accounting year of 2014. While new listed companies shall apply these standards at the 3rd year after being listed, capable listed companies may consider to apply these standards immediately.

In 2013, the evidence has been shown that listed companies fulfill their obligation prescribed in LSC's provisions regarding the information disclosure, particularly the disclosure of quarterly, semi-annual, and annual financial statements as well as other important information related to their business operation.

The Annual General Meeting of listed companies can be summarized as following:

At the Annual General Meeting of EDL-Gen for 2013 on 24 April 2103, there were 660 shareholders¹ attended the meeting, constituting 17.74% of total shareholders, among those are shareholders attending on their own behalf 216 persons and by proxy 444 persons, amounted 1,065,350,363 shares, constituting 86.88% of total shares. Retail shareholders of 3,059 persons holding 160,866,402 shares did not attend the meeting which decreased by 7.27% as compared to 2012.

At the Annual General Meeting of BCEL for 2013, there were 30 shareholders², holding 115.656.088 shares, constituting 84,68% of total shares, attended the meeting (total shareholders is 1,401 persons, equivalent to 136,577,600 shares). Retail shareholders of 1,371 persons holding 20,921,512 shares did not attend the meeting which decreased by 0.36% as compared to 2012.

At the Annual General Meeting of LWPC for 2013, there were 30 shareholders³, holding 29,882,325 shares, constituting 75.54% of total shares, attended the meeting (total shareholders is 190 persons, equivalent to 29,560,909 shares). Retail shareholders of 160 persons, holding 9,683,343 shares, did not attend the meeting.

In overall, at the Annual General Meeting of listed companies in 2013, shareholders paid more attention to the meeting and raised more questions regarding listed company's performance as compared to the previous years.

¹ Shareholders who are employees of EDL-Gen are not included

² Shareholders who are employees of BCEL and MOF are not included

³ Shareholders who are employee of LWPC are not included

3. Lao Securities Exchange's Performance

The LSX has one additional listed company in 2013, that is Lao World Public Company. Its shares were first traded on 25 December 2013 at 11,000 kip per share, which were higher than IPO price by 800 Kip or 7.84%. By the end of 2013, there are 3 listed companies including BCEL, EDL-Gen and LWPC with the total of 1,402,355,274 listed shares.

LSC has increased BCEL's celling on the limit of foreign investors holding from 5% to 10% of total listed shares of the company, allowing foreign investors to have wider room to trade shares. Additionally, the LSC has granted an approval to the LSX to introduce Home Trading System in order to facilitate investors trading through the Internet on 11 November 2013.

In 2013, LSX Composite Index was closed at 1,253.33 points, up 38.56 or 3.17% (Chart 3). Total trading value stood at 188.88 billion Kip (with average daily trading of 754.89 million Kip/day), increased by 65.09 billion Kip or 52.59% . Total trading volume was 26.24 million shares (with average daily trading volume of 104,905 shares/day), increased by 13.96% from 2012 (Chart 4). Market capitalization accounted for 10.67% of GDP in 2013 (Chart 5).

Chart 3: LSX Composite Index

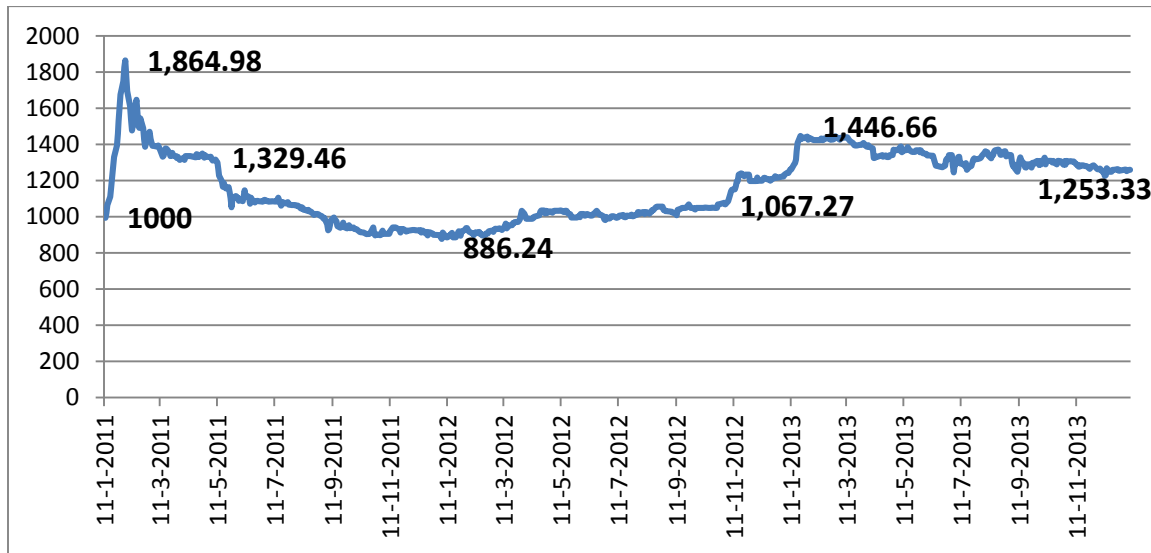


Chart 4: Trading value in 2013 as compared to 2012

Unit: mil kip

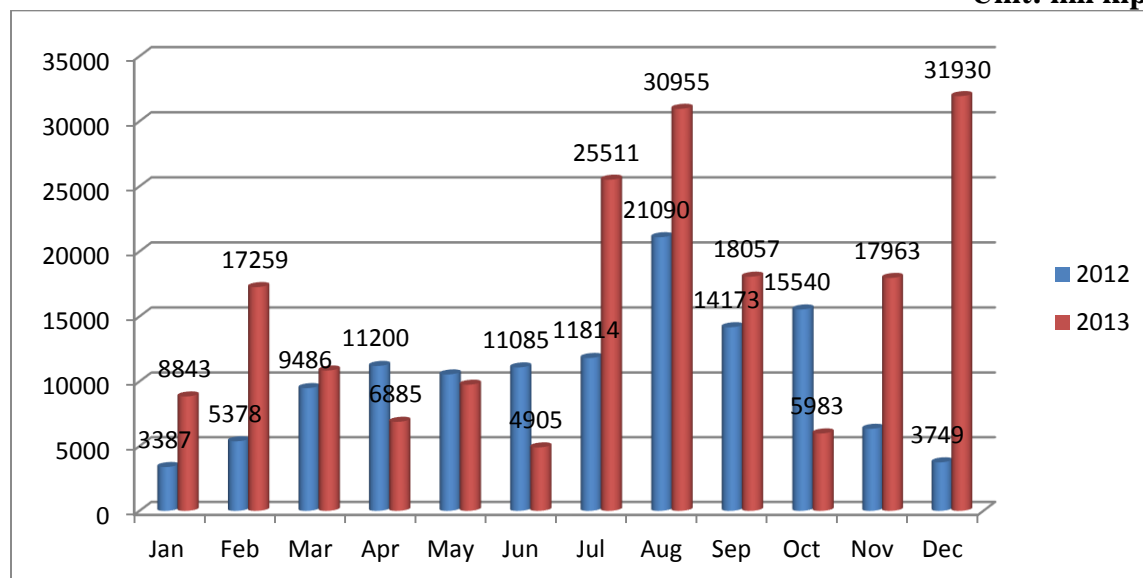
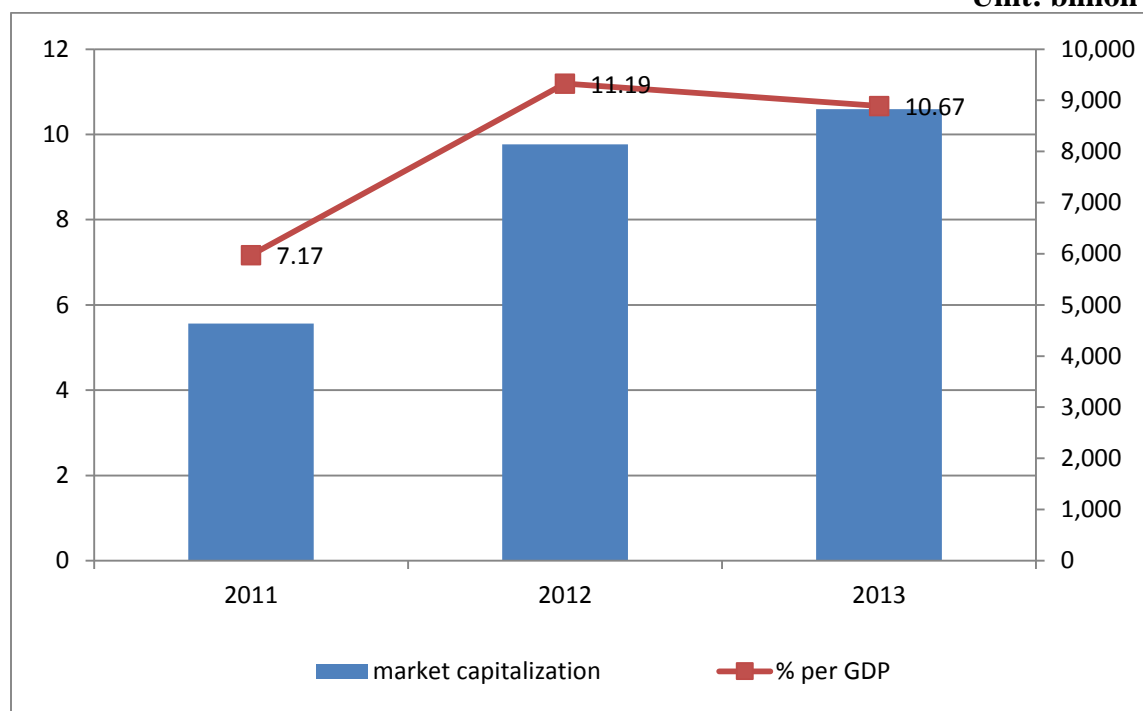


Chart 5. Market capitalization from 2011-2013 per GDP

Unit: billion kip



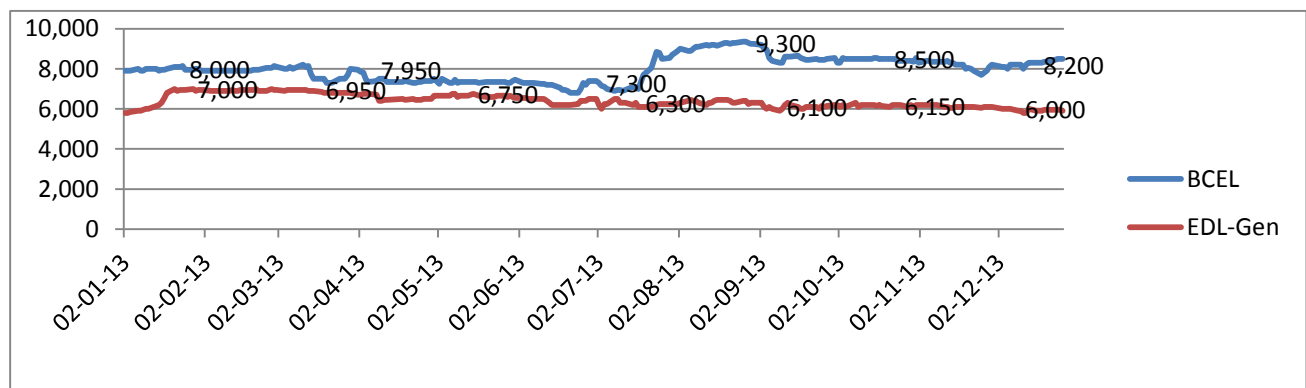
In 2013, BCEL's shares were traded on average at 8,454 Kip, increased by 1,347 Kip, the maximum price was 9,350 Kip and minimum price was 6,800 Kip in 2013 (Chart 6), total trading value was 87.31 billion Kip, increased by 132.55% from 2012 (daily average trading value was 349.25 million Kip). Total trading of foreign investors comprised 49.55% of total

shares trading of the company. By the end of 2013, foreign investors held 8.21% of total company's listed shares (the company's holding limit for foreign investors is 10%).

In 2013, EDL-Gen's shares were traded on average at 6,335 Kip, increased by 1,493 Kip, the maximum price was 7,000 Kip and minimum price was 5,800 Kip in 2013 (chart 6), total trading value was 101.40 billion Kip, increased by 17.59% from 2012 (daily average trading value was 406.63 million Kip). Total trading of foreign investors comprised 58.61% of total shares trading of the company. By the end of 2013, foreign investors held 14.00% of total company's listed shares (the company's holding limit for foreign investors is 20%).

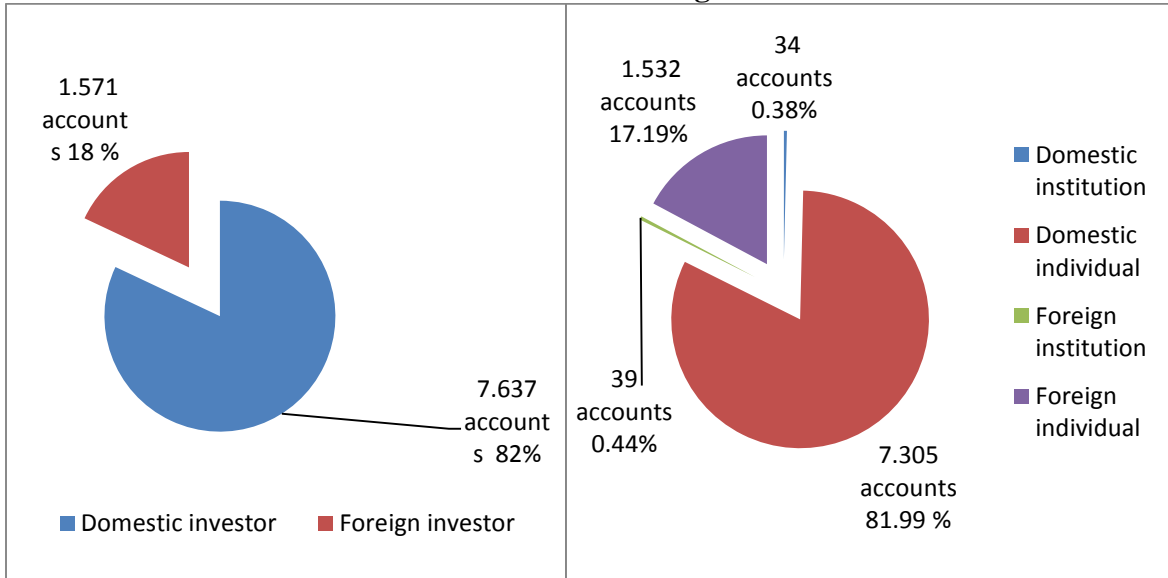
LWPC shares were traded on average at 10.996 Kip, total trading volume was 15,100 shares and total trading value was 166.04 million kip. Total trading of foreign investors was 58.16% of total shares trading of the company and by the end of 2013, foreign investors held 2.72% of total company's listed shares (the company does not have holding limit for foreign investors).

Chart 6. Price movement of BCEL and EDL-Gen's shares



After 3 years of operation, LSX has gained a continuous attention from domestic and foreign investors, which was shown on trading account from 8,910 accounts in 2012 to 9,466 accounts in 2013 or 6.24% increased. Of which, there were a total of 7,637 domestic investor accounts (7,603 individual investor accounts and 34 institutional investor accounts), constituting 80.67% of total trading accounts and a total of 1,829 foreign investor accounts (individual investors: 1,786 accounts and institutional investors: 43 accounts) constituting 19.33% of total trading accounts (Chart 7). Despite the low number of trading accounts, foreign investors remained the largest players in trading value which accounted for 63.31% of total trading consisting of institutional and individual investors accounted for 37.63% and 25.68% respectively. Trading of domestic investors comprised 36.69% of total trading, consisting of domestic individual and institutional investors constituted of 27.88% and 8.81% respectively (Chart 8).

Chart 7: Number of trading account in 2012



2013

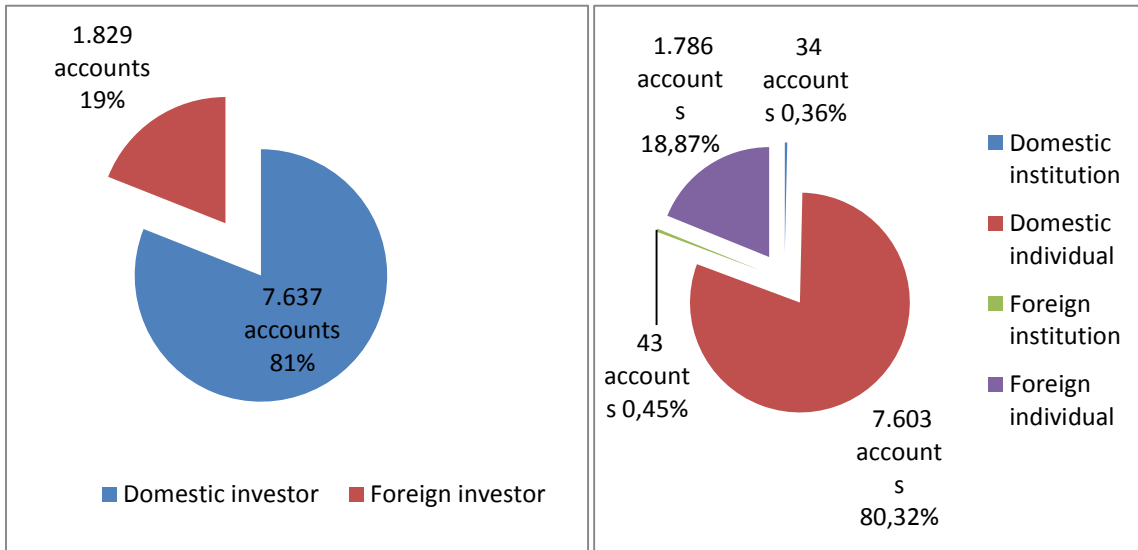
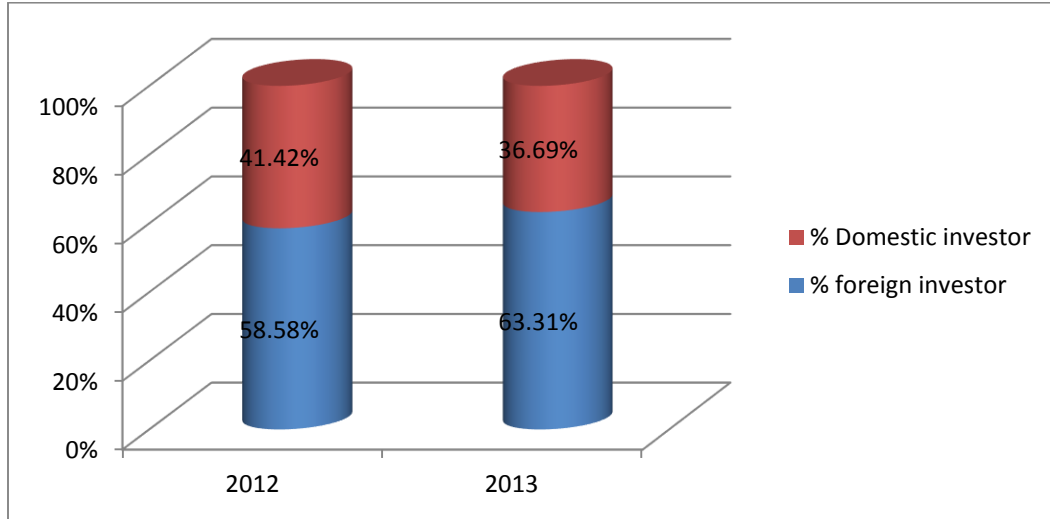


Chart 8: Percentage trading of Domestic and foreign investors



4. Securities Intermediaries

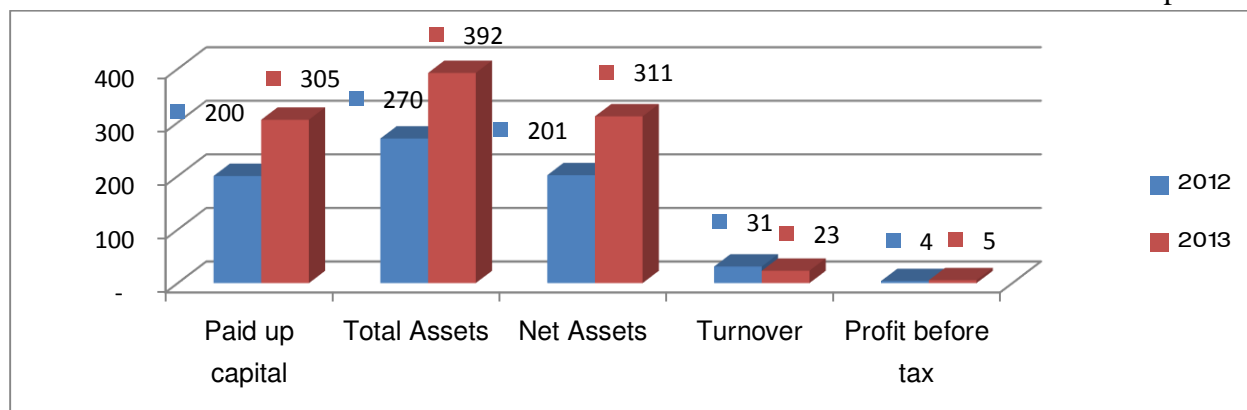
Currently, securities intermediaries consist of only securities companies and audit firms, while assets management company, credit rating agency, custodian bank and Securities Association have not yet been established in Lao PDR.

In 2013, two securities companies were granted with the establishment and operating licenses from LSCO, namely Lao-China Securities Company Limited (LCS) and APM (Lao) Securities Company Limited. So far, there are four securities companies and one representative office of foreign securities company permitted to operate their businesses in Lao PDR (Appendix 2). According to the securities business operating reports, all securities companies have financial stability with high liquidity and no risk in financial transaction mainly because the companies incur no liability, no long-term investment and most of their assets are current assets such as cash and bank deposit. In 2013, securities companies have completed its accounting system development and could prepare and submit their financial statements to LSCO on a timely basis.

In 2013, the significant figures in financial statements of securities companies show that all 4 securities companies had registered capital of 305 billion Kip, increased by 105 billion Kip or 52.50%, total assets of 392 billion Kip, increased by 122 billion Kip or 45.36%, and total net assets of 311 billion Kip, increased by 110 billion Kip or 54.51% as compared to 2012 due to two more securities companies were established. In 2013, securities companies recorded their income of 23 billion Kip, down by 8 billion Kip or 25.80% and EBIT of 5 billion Kip, up 1 billion Kip or 25% as compared to 2012 (Graph 9).

Chart 9: Securities Business Operation from 2012 - 2013

Unit: billion Kip



In comparison to last year, certified brokers increased from ten to twenty three persons, of which 17 persons received temporary securities professional certificates. The issuance of temporary certificates for securities companies’s staff by LSCO aimed to ensure the sufficient number of brokers in providing securities trading services to investors and to avoid sharing the brokerage ID among staff.

As of the end of 2013, LSCO has approved 3 independence audit firms to conduct auditing services in securities industries, namely PriceWaterhouseCoopers (Lao) Co., Ltd; KPMG Lao Co., Ltd and ERNST & YOUNG Laos Co., Ltd.

5. Training and Education

To ensure sufficient quality and quantity of the securities professionals and to increase public awareness and understanding on securities activities, the LSCO considers training and education on securities activities to the public as one of its priority tasks by continuously providing securities training and education in various forms. Particularly, LSCO together with the State Securities Commission of Vietnam (SSC) held the training on securities professionals with a total of 64 participants; advertised securities activities through newspapers, radio and television. Additionally, the LSCO organized a number of seminars on securities related topics at institutional and governmental organization level in Vientiane Capital (17 times, 1,917 participants) and in provinces (3 times, 769 participants from 9 provinces and 1 district). The number of participants in seminars organized increased by 46.38% to 2,686 participants as compared to 2012.

6. International Cooperation

For the year of 2013, LSCO has implemented the international collaboration policies imposed by the Party and the Government. The bilateral co-operations between Lao Securities Commission with the State Securities Commission of Vietnam (SSC), the China Securities

Regulatory Commission (CSRC), the Securities and Exchange Commission Thailand (SEC) and the Securities Commission Malaysia were further strengthened. Upon such co-operation, LSCO has learned and shared the securities supervisory experiences from each other by holding annual bilateral meetings with partners, sending LSCO staffs to on-site training programs, and co-conducting seminars and workshops on securities professional program for market participants.

LSCO has executed ASEAN Capital Market Integration Plan through the participation in ASEAN Integration Projects such as ASEAN Capital Market Forum (ACMF), Working Committee on Capital Market Development (WC-CMD), ASEAN Bond Market Forum (ABMF) and etc. to discuss on principles and standards setting for cross-border securities transactions in ASEAN in order to accomplish the ASEAN Economic Community (AEC) in 2015. Furthermore, LSCO also strengthened its collaboration among 5 Securities Commissions in the Greater Mekong Sub-region by attending the Mekong Capital Markets Co-operation Meeting regularly.

In additions, LSCO has deepened its relationship with the international organizations such as International Finance Corporation (IFC), Asian Development Bank (ADB), World Bank (WB) and etc. to seek for technical supports in terms of assistance on legal formulation and short term training programs.

IV. Outlook for 2014

In 2013, although LSCO had put much effort to accomplish all duties and tasks with high responsiveness. Since securities affairs have changed and developed rapidly, therefore, in 2014, LSCO needs to pay more attention in securities supervision, monitoring and inspection activities to ensure the efficiency, fairness, and transparency of securities activities; to encourage the involvement of public to ensure the continuity and sustainability of fund raising and capital market development and to contribute to the national socio-economic development.

LSCO will continue to formulate and amend legislations necessary for enhancing securities supervisory activities effectiveness; to increase the implementation of law and related regulations and strictly practicing sanctions against violators; to study and set up vision for 2030 and finalize the strategic plan for capital market development (2016-2025); to implement the rule on Net Capital Ratio (NCR) of securities companies; to encourage domestic and foreign commercial banks to provide custodian services; to study on conditions and facilitations for the establishment of asset management company and securities business association; to encourage and support potential listed companies to issue shares and be listed on the LSX as well as to adopt IFRS in their business operations; to seek for technical assistance from securities regulator of Vietnam, China, Thailand, S. Korea, Malaysia, Hong Kong, Ministry of Justice of S. Korea and etc.; to continue on studying, conducting feasibility study and applying for technical assistance and supports from international organization in order to become a member of the International Organization of Securities Commissions (IOSCO); to conduct seminars for educational institutes, government agencies, private and public sectors together with publicizing securities activities through the medias and publications; to create a special TV program and

radio advertisement on securities activities. Furthermore, LSCO will continue on improvement of the organizational structure and human resource development to serve for Lao Capital Market Development to be able to integrate with international securities markets.

Appendix 1: As of the end of 2013, Lao Securities Commission comprises the following legislations:

1. “Law on Securities” No. 21/NA, Dated 10 December 2012;
2. “Decision on the promulgation of Regulation on Issuance of Stock to the Public” No. 008/SEC, Dated 21 July 2010;
3. “Decision on the promulgation of Regulation on Securities Exchange Supervision” No. 012/SEC, Dated 10 November 2010;
4. “Decision on the promulgation of Regulation on Accounting and Auditing of Related Securities Activities” No. 013/SEC, Dated 10 November 2010;
5. “Decision on the promulgation of Regulation on Stock Trading of Foreign Investor Management” No. 012/SEC, Dated 19 May 2011;
6. “Regulation on Supervision of Securities Professional” No. 013/SEC, Dated 19 May 2011;
7. “Decision on the promulgation of Regulation on Disclosure of Information” No. 014/SEC, Dated 19 May 2011;
8. “Notice on Creation, Development and Application of IT System of Securities Companies” No. 371/SECO, Date 24 February 2012;
9. “Regulation on Reporting” No. 373/SECO, Dated 24 February 2012;
10. “Guideline on Licensing Structure of Securities Companies” No. 482/SECO, Dated 27 February 2012;
11. “Regulation on Supervision of Share Trading on Internet” No. 001/LSC, Dated 24 July 2013;
12. “Regulation on Organization and Operation of Securities Companies” No. 002/LSC, Dated 24 July 2013;
13. “Decree on Organization and Operation of Lao Securities Commission” No. 188/PM, Dated 24 July 2013;
14. “Regulation on Transfer of Share Registered in the Securities Exchange” No. 006/LSC, Dated 20 September 2013;
15. “Decision on Organization and Operation of Lao Securities Commission” No. 013/LSC, Dated 17 December 2013.

Appendix 2: Securities Companies in the Lao PDR

No	Name	Date of establishment	Shareholder Structure	Number of service center	Scope of business
1	Lanexang Securities Public Company	1.12.2010	<ul style="list-style-type: none"> - Lao Development Bank holds 48.5% and its official holds 0.5% - Scombank securities company (Vietnam) holds 50.5% and its official holds 0.5% 	-	Full license: Financial Advisory, Securities Broker, and Securities Underwriter.
2	BCEL-KT Securities Company Limited	20.12.2010	<ul style="list-style-type: none"> -Banque pour le Commerce Exterieur Lao Public holds 70% -KT ZMICO Securities Company (Thailand) holds 30% 	2	Full license: Financial Advisory, Securities Broker, and Securities Underwriter.
3	Lao-China Securities Company Limited	16.11.2013	<ul style="list-style-type: none"> - Agriculture Promotion Bank holds 41% - Pacific Securities Company Limited (China) holds 39% - Lao IT Industrial Company Limited holds 20% 	-	Full license: Financial Advisory, Securities Broker, and Securities Underwriter.
4	APM Securities Company Limited	16.11.2013	<ul style="list-style-type: none"> - Asset Pro Management Co., Ltd (Thailand) holds 60% - Foreign Investors (Thailand) hold 20% - Domestic investors hold 20% 	-	Financial Advisory