

# **Lao Securities Commission Annual Report 2015**

## **Preamble**

The year 2015 is the final year of the 7<sup>th</sup> Lao National Socio-Economic Development Plan (2011-2015) and the 5<sup>th</sup> anniversary of Lao Capital Market. Nevertheless, The Lao Securities Commission Office has continuously improving the transparently and fairly capital market supervision, as well as enhancing the contribution of the Lao capital market to the socio-economic development.

Throughout the previous year, the world economic has grown in the slowly pace at 3.1 % due to sluggish economic growths of emerging and developing markets particularly China, in addition to the price fluctuations of crude oil, gold, commodities, stocks, as well as the fluctuation of interest and exchange rates. These uncertainties can bring out both challenges and opportunities to the development of capital market globally. In Lao PDR, under the closely supervision of LSC, we could overcome those difficulties and could achieved in many targets of the capital market development, such as, successfully drafting some new regulations and amending existing regulations , approving 1 initial public offering, certifying new auditing firm, allowing LSX to sign the MOU with 2 Exchanges (Cambodia Securities Exchange and Stock Exchange of Thailand), successfully hosting the 5<sup>th</sup> Mekong Capital Market Cooperation Meeting. Moreover, LSCO has successfully organized several seminars on basic knowledge about securities market and Lao capital market development at ministries and educational institutions, both in Vientiane capital and other provinces.

For the year 2016, in order to promote Lao capital market development, LSCO will draft and revise some regulations to be more appropriate to the current situation; Promote the services of credit rating agency and asset evaluation in Lao capital market in order to support the potential listed company's preparation; Supervise all the market participants to perform their role in compliance with related laws and regulations in order to protect the rights of shareholders. In addition, LSCO will encourage the potential listed companies to complete the initial public offering and list in the LSX; encourage the LSX to launch the Block Trading system; organize the seminars at the ministries and educational institution to provide the capital market knowledge and launching the TV program 'The Pathway the Lao capital market' to the public.

LSCO will enhance the relationships amongst counties in region and with international organizations at the aim of building up the capacity of human resource and being prepared for chairmanship of the 3<sup>rd</sup> OECD Southeast Asia Corporate Governance Initiative in Lao PDR.

**Lao Securities Commission Office's Secretary General**

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## I. Fundamental Understanding of Capital Market

### 1. Capital Market

Capital market is the market for long term fund raising, in other words, capital market is the fund allocation process between borrowers (government and business entities) and savers (individual and institutional investors). The fund raising via capital market is by issuing shares, government bond, corporate bond and other securities products and the raised fund will be invested in various long term projects such as factory constructions, business expansion or other necessary infrastructures constructions.

### 2. Capital Market Products

The capital market products will be varies among countries base on the development level of the capital market in each country. In general, the products that are traded in capital market are comprised of common stock, preferred stock, government bond, corporate bond, futures, options, warrant and others instruments. However, currently there is only common stock are traded in Lao Securities Exchange .

### 3. Lao PDR Capital Market's structure.

Lao capital market structure are comprised of :

#### 3.1 Lao Securities Commission

Lao Securities Commission (LSC) was established in May 2009 as a committee under the supervision of the government. LSC performs as the secretary of the government in supervising the securities activities within the country especially in supervising the capital market to ensure the efficiency and continuously development which could contribute to the national social economic development. The LSC consisted of 1 chairman, 2 vice chairmen, 9 commissioners and 1 secretary totally 13 members (as demonstrated in the Diagram 1)



**Diagram 1: Lao Securities Commission's Structure**

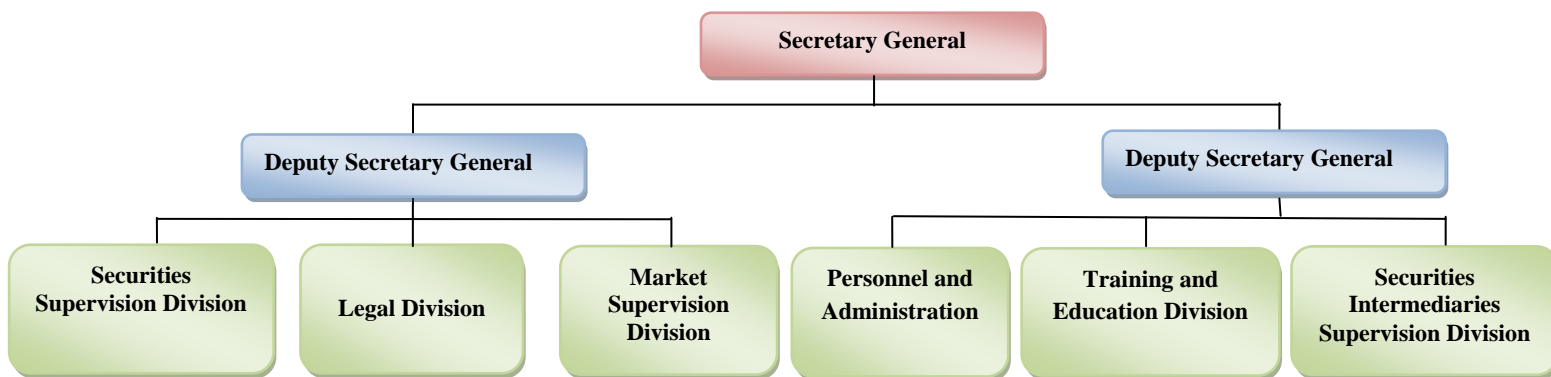
### 3.2 Lao Securities Commission Office

Lao Securities Commission Office (LSCO) was established in July 2009 as a secretariat to the LSC for implementing the securities market supervision to ensure the sustainable development in compliance with party's policy, laws and related regulations as well as government's socio-economic development plan from time to time.

The LSCO has 7 main duties which are: (i) studying, drafting and amendment the strategic plan, policies, laws and regulations which related to capital market and submitting to the LSC for approval ;(ii) dealing with the resolution and inspection for disputed securities activities; (iii) considering the applications and filings for securities issuance along with supervising the issuing /listed companies; (iv) Supervising the Lao Securities Exchange; (v) considering the application for intermediaries establishment and propose to LSC for approval and supervises those eligible intermediaries and securities business professionals. (vi) organizing the seminars and disseminating on related securities knowledges as directed by the LSC. (vii) cooperate with other countries and international organizations to develop the Lao capital market as assigned by LSC.

LSCO is therefore consisted of 6 divisions as follow: Personnel and Administration division, Securities Issuance Supervision division, Securities Intermediaries Supervision division, Legal division, Training and Education division and Market Supervision division (described in diagram 2). At the end of the year, LSCO has employed 48 staffs (female: 21), there are 3 executive directors (female: 2), 14 division heads (female: 6) and 31 technical staffs (female:14). In terms of education background, 1 staff holds Ph.D degree, 22 staffs hold master degree (female: 12), 24 staffs hold bachelor degree (female: 9) and only 1 diploma certificate holder.

**Diagram 2: LSCO's structure**



### 3.3 Lao Securities Exchange

In Lao PDR, Lao Securities Exchange (LSX) is performing the role of trading, settlement-clearing and depository center for securities of listed companies. Currently, there is only 1 securities exchange which established in 10<sup>th</sup> October 2010 under the form of limited company, out of total share holding percentage, 51% share held by Bank of the Lao PDR and the

remaining 49 % share is held by Korea Exchange and the first trading day was 11<sup>th</sup> January 2011.

### **3.4 Listed Companies**

Listed company is a company which sold its portion of share or most of the share to public domestically and internationally through capital market and those issued shares must be listed in LSX and every issuance must be approved by the securities supervisory body.

At the present, in Lao PDR there are totally 5 listed companies namely Banque Poure le Commerce Exterieur Lao Public (BCEL), EDL-Generation Public Company (EDL-Gen), Lao World Public Company (LWPC), Petroleum Trading Lao Public Company (PTL) and Souvanny Home Center Public Company (SVN).

### **3.5 Securities Companies**

Securities company is one category of securities intermediaries which functioning according to the license type provided by securities supervisory body. In Lao PDR, the securities company can provide 3 different types of services namely underwriting service, broker and dealer service and financial advisory service. So far, there are 4 securities companies performing their roles in Lao capital market, out of 4 company, 3 companies can operate full-fuction such as Lanexang Securities Public Company, BCEL-KT Securities Company Limited and Lao-China Securities Company Limited and 1 company can provide only 1 function, as a financial advisory service, which is APM Lao Securities Company Litimited.

### **3.6 External Audit firms**

External audit firms are catergorized as securities intermediaries and they are an entity which approved by ministry of finance and be licensed legally by Ministry of Industry and Commerce. However, in order to be able to provide audit service in Lao capital market, they need to be certified by the LSC.

In principle, the main duties of external audit firm are assisting the clients (entities) to comply with the International Financial Reporting Standard: (IFRS) and certifying the financial statements to be disclosed by a company, particularly listed company, periodically.

Currently, in Lao PDR, there are 4 certified external audit firms which are: PricewaterhouseCoopers (Lao) Sole Company Limited, KPMG Lao Company Limited, Ernst and Young Lao limited and Deloitte (Lao) Sole Company Limited.

## **II. Capital market development overview**

### **1. International Capital Market Overview**

In 2015, the indexes in many countries accross the world are highly volatile which causes the indexes in different regions move in different directions if compared to last year results as follow:

Dow Jones and S&P500 Indexes in America decrease 2,63% and 1,54 % respectively, except, NASDAQ index goes up 5,68%. The reasons why the overall indexes in America turn down are due to the decrease in employment rate of private companies, in the middle of the year,

compared to the expectation of the analyst and the investors are too much concerned over the world economy especially the American economy.

European stock indexes are increasing, particularly DAX and CAC40, increase 10.69%, and 7.05% respectively, but FTSE decreases 9.64%. The positive indexes' trends in Europe occurred are due to the economies of European Union members are getting better in the last quarter of the year and the European Central Bank has been still stimulating the economy.

The most indexes in Asia are also going up, the outstanding ones are namely Shenzhen index increases 75.37%, Shanghai index goes up 48.51%, NIKKEI index increases 10.1% and KOSPI increases 1.18%. Excepting TWSE decreases 8.76%, HANGSENG comes down 6.67% and Australia S&P/ASX comes down -3.4%. The reasons why most of the indexes in Asia moving up are because of the positive trend of Japanese economy and the both central banks of Japan and China are remaining stimulating the economies.

The trend of indexes in ASEAN country members are mostly decreasing such as SET index declines 19.39%, STRAIT TIMES index decreases 14.18%, JCI comes down 12.43%, FBMLCI declines 10.71%, PCOMP decreases 4.93%, HANOI and HOCHIMIN decline -12.95% and -4.45% respectively. The reason behind these down trends of indexes is due to the concern of investors on the unstable world economy which resulting the negative trend of many indexes in ASEAN.

## 2. Lao capital market overview

### 2.1 Fund raising through securities issuance

In 2015 there is only one company which is Souvanny Home Center (SVN) public company was licensed by Lao Securities Commission for Initial public offering (IPO) and EDL-Gen was approved by Lao Securities commission to reissue shares through rights offering (RO) and public offering (PO).

The IPO of SVN can raised of 77.5 Billion kip (Table 1). The objective of SVN's IPO is for business expansion especially for branches expansion in 450 years branch, Pakxan branch and Pakse branch.

**Table 1: Summary of fund raising through IPO of SVN (as of November 2015)**

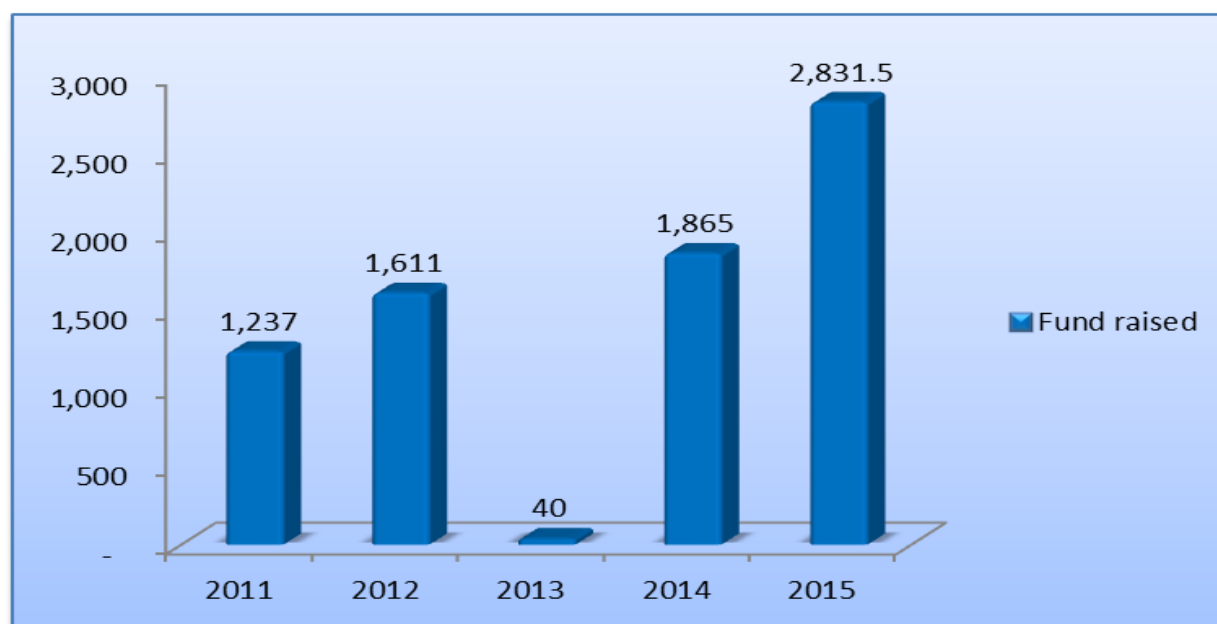
NO	Investor Type	Account		Shares	
		Amount	Percentage	Amount	Percentage
1	<u>Domestic</u>				
1.1	Individual	187	90,34%	18.295.700	73,18%
1.2	Institution	-	-	-	-
Sub total (1):		187	90,34%	18.295.700	73,18%
2	<u>Foreign</u>				
2.1	Individual	15	7,25%	1.229.300	4,92%
2.2	Institution	5	2,42%	5.475.000	21,90%
Sub total (2):		20	9,66%	6.704.300	26,82%
Grand Total (1)+(2)		207	100%	25.000.000	100%



During last 5 years, the total amount of fund that 5 companies could raise through capital market is 7,584 billion kip as illustrated in diagram 3; it shows that the funds raising annually is greater than 1.237 billion kip except in the year 2013 which is the smallest. The most outstanding fund raising is in 2015 which is greater than 2.800 billion kip.

**Diagram 3:** Fund raised in Lao Capital Market from 2011-2015

(unit: Billion kip)



For the RO and PO of EDL-Gen, both issuances can raise the fund in total of 2,754 billion kip and its shareholding structure after such fund raising can be illustrated in table 2. The objective of these fund raising is for using in new Hydro Power Construction and acquires other Hydro Power Plants from EDL and Independent Power Producer: IPP.

**Table 2:** Summary of EDL-Gen's RO and PO (as of September 2015)

Content	Rights Offering		Public Offering		Total	
	Number of share	RO%	Number of share	PO%	Number of share	Total %
<b>I. Domestic Investors</b>	<b>357.862.126</b>	<b>87,55%</b>	<b>37.637.029</b>	<b>84,87%</b>	<b>395.499.155</b>	<b>87,29%</b>
- Individual	16.990.851	4,16%	15.150	0,03%	17.006.001	3,75%
- Institution	340.871.275	83,40%	37.621.879	84,83%	378.493.154	83,54%
<b>II. Foreign Investors</b>	<b>50.876.796</b>	<b>12,45%</b>	<b>6.710.981</b>	<b>15,13%</b>	<b>57.587.777</b>	<b>12,71%</b>
- Individual	14.497.862	3,55%	981	0,03%	14.498.843	3,20%
- Institution	36.378.934	8,90%	6.710.000	15,13%	43.088.934	9,51%

<b>III. Domestic Total</b>	357.862.126	87,55%	37.637.029	84,87%	395.499.155	87,29%
<b>IV. Foreign Total</b>	50.876.796	12,45%	6.710.981	15,13%	57.587.777	12,71%
<b>V. Grand Total</b>	<b>408.738.922</b>	<b>100,00%</b>	<b>44.348.010</b>	<b>100,00%</b>	<b>453.085.711</b>	<b>100,00%</b>

## 2.2 Listed Companies' Performance

At the end of year 2015, there are totally 5 listed companies in LSX namely BCEL, EDL-Gen, LWPC, PTL and SVN. All 5 listed companies can generate revenues greater than previous year results; however, their net profits are mostly in decreasing trends, on average they are decreased by 8.31%. However, all 5 listed companies could be able to pay the dividend to the existing shareholders as shown in table 3 below.

**Table 3:** Dividend payments of 5 listed companies from 2011-2015

Unit: Kip/share

No	BCEL <sup>1</sup>					EDL-Gen <sup>2</sup>				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
<b>1<sup>st</sup> Payment</b>	776.58	436	405	360	173	177.97	170	182	182	110
<b>2<sup>nd</sup> Payment</b>		443	380	234	219	320	280	293	268	150
<b>Total</b>	776.58	879	785	594	392	497,97	450	475	450	460

No	LWPC <sup>3</sup>			PTL <sup>4</sup>		SVN <sup>5</sup>
	2013	2014	2015	2014	2015	2015
<b>1<sup>st</sup> Payment</b>	-	No dividend		N/A	45	N/A
<b>2<sup>nd</sup> Payment</b>	No dividend	200		66	31	45
<b>Total</b>	-	200	200	66	76	45

## 2.3 Securities trading in LSX

At the end of the year 2015, the LSX index closed at 1,173.63 points which decreased by 240.56 points or equivalent to 17.01% compared with the last year due to the decreasing in price of BCEL's shares (as shown in diagram 4), the total trading volume in LSX is 31.25 million shares, which is increased by 16.44% compared with the last year (diagram 5). On Average, the trading value per day is 810.52 million kip and the trading volume is 126,558 shares per day. The

<sup>1</sup> BCEL listed in LSX in January 2011.

<sup>2</sup> EDL-Gen listed in LSX in January 2011.

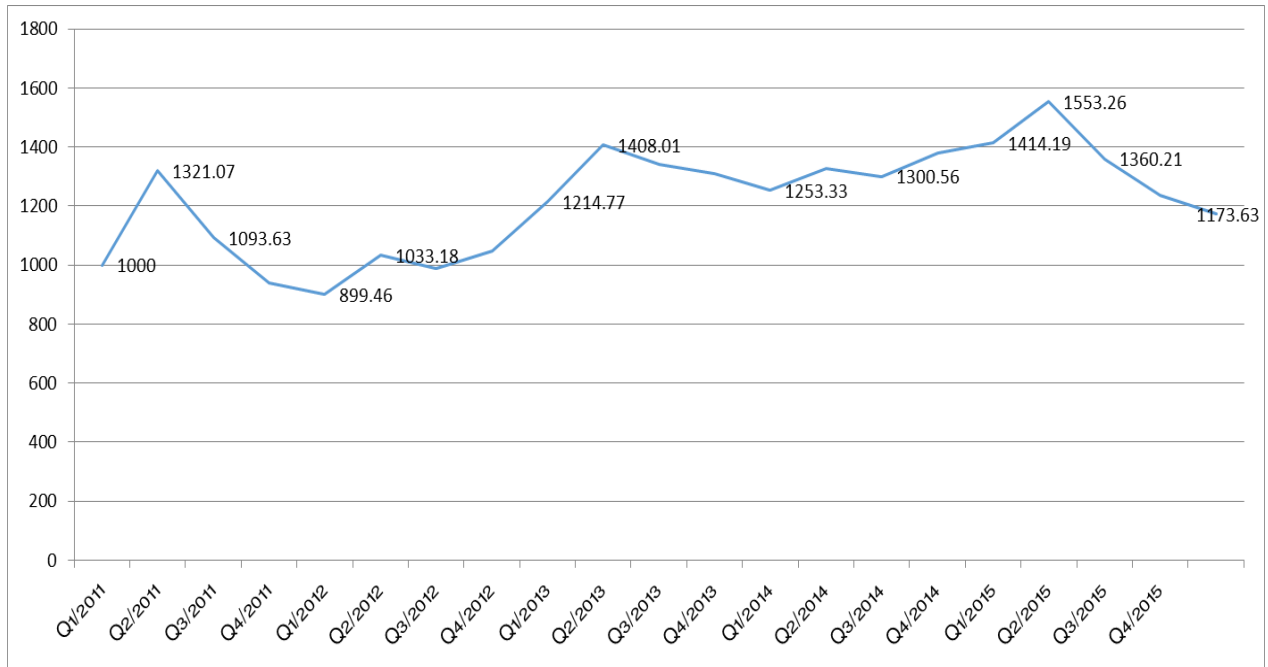
<sup>3</sup> LWPC listed in LSX in December 2013.

<sup>4</sup> PTL listed in LSX in December 2014.

<sup>5</sup> SVN listed in LSX in December 2015.

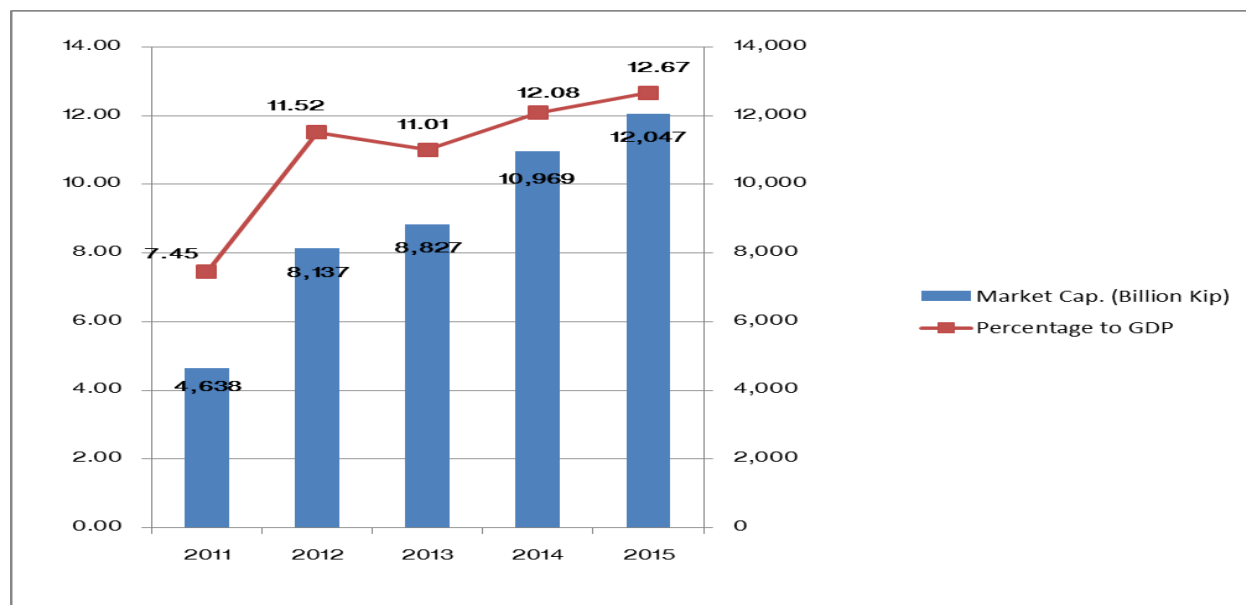
market capitalization in the year 2015 is 12,047 billion kip or equivalent to 12.67% of GDP in 2014 (Diagram 6)

**Diagram 4: LSX index 2011 – 2015**



**Diagram 5: Trading Volume and Value**



**Diagram 6: Market Capitalization from 2011 – 2015**

**Note:** Market capitalization in 2015 was compared with GDP in 2014.

BCEL's average price was 6,173 kip which decreased by 1,654 kip comparing with the previous year, throughout the year 2015. The highest and the lowest prices of BCEL's share were 7,500 kip and 4,900 kip respectively (as shown in diagram 7), with the total trading volume of 3.35 million shares and the trading value of 20.73 billion kip (83.96 million kip/day) which was decreased by 7.40% comparing to the last year. The foreign investor contribution to the total BCEL's share trading was 44.86% and the current foreign investor holding ratio is 9.75%<sup>6</sup>.

The average price of EDL-Gen was 6,865 kip which increased by 253 kip comparing with the previous year, the highest and lowest prices were 8,100 kip and 5,500 kip respectively (as shown in diagram 7). The total trading volume accounted for 23.94 million shares and total trading value was 164.36 billion kip which increased by 71.79% (on average 665.44 million kip/day). The foreign investors' contribution to the total EDL-Gen's share trading was 58.70% and the current foreign investor holding ratio is 13.83%<sup>7</sup>.

LWPC's average price was 7,956 kip, decreased by 1,896 kip compared to the last year price. The highest and the lowest prices of LWPC's share were 10,000 kip and 7,300 kip respectively (as shown in diagram 7), with the total trading volume of 42,200 shares and the total trading value of 335.72 million kip (on average 1.35 million kip/day). The foreign investors' contribution to the total LWPC's share trading was 39.30% and the current foreign investor holding ratio was 2.77%<sup>8</sup>.

<sup>6</sup> Foreign investors can hold BCEL's share is not more than 10%

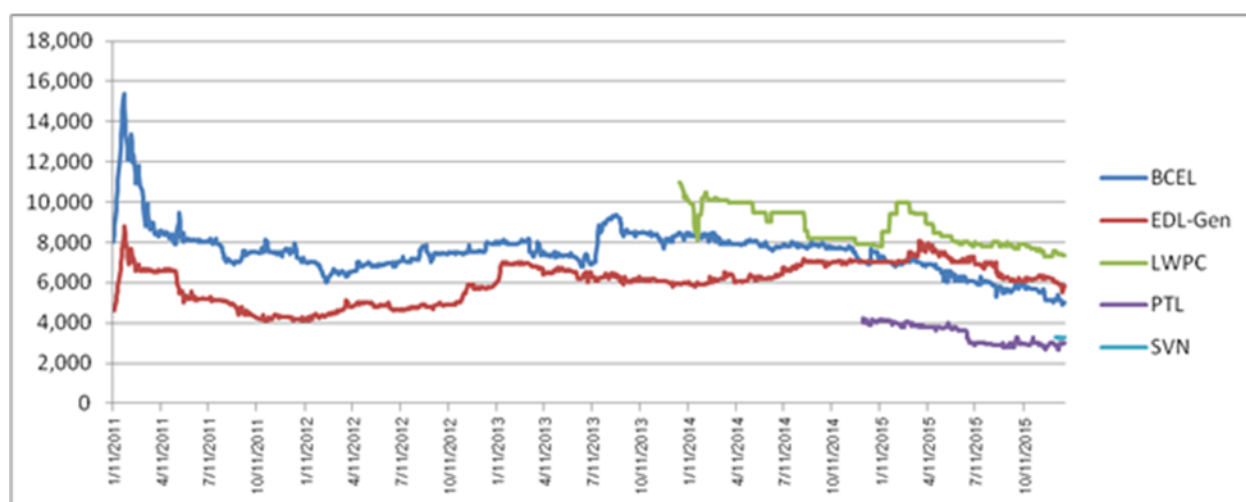
<sup>7</sup> Foreign investors can hold EDL-Gen's share is not more than 10%

<sup>8</sup> Foreign investors' holding ratio limitation of LWPC's share is unlimited

PTL's average price was 3,929 kip, decreased by 181 kip compared to the previous year average price. The highest and the lowest prices of PTL's share were 4,200 kip and 2,550 kip respectively (as shown in diagram 7), with the total trading volume of 3.60 million shares and the total trading value of 13.74 million kip (on average 57.28 million kip/day). The foreign investors' contribution to the total PTL's share trading was 45.47% and the current foreign investor holding ratio was 12.68%<sup>9</sup>.

SVN's share has been listed in LSX on 11 December 2015 with the first trading day closing price at 3,300 kip/share which was higher than IPO price by 200 kip or equivalent to 6.45%. The average trading price in 2015 was 3,260 kip with the highest and the lowest prices of 3,000 kip and 3,250 kip respectively (as shown in diagram 7). The total trading volume was 309,600 shares and the total trading value was 1 billion kip. The foreign investors' contribution to the total SVN's share trading was 36.02% and the foreign investor holding ratio was 4.10%<sup>10</sup>.

**Diagram 7: BCEL, EDL-Gen, LWPC, PTL and SVN's Share Prices Movement**

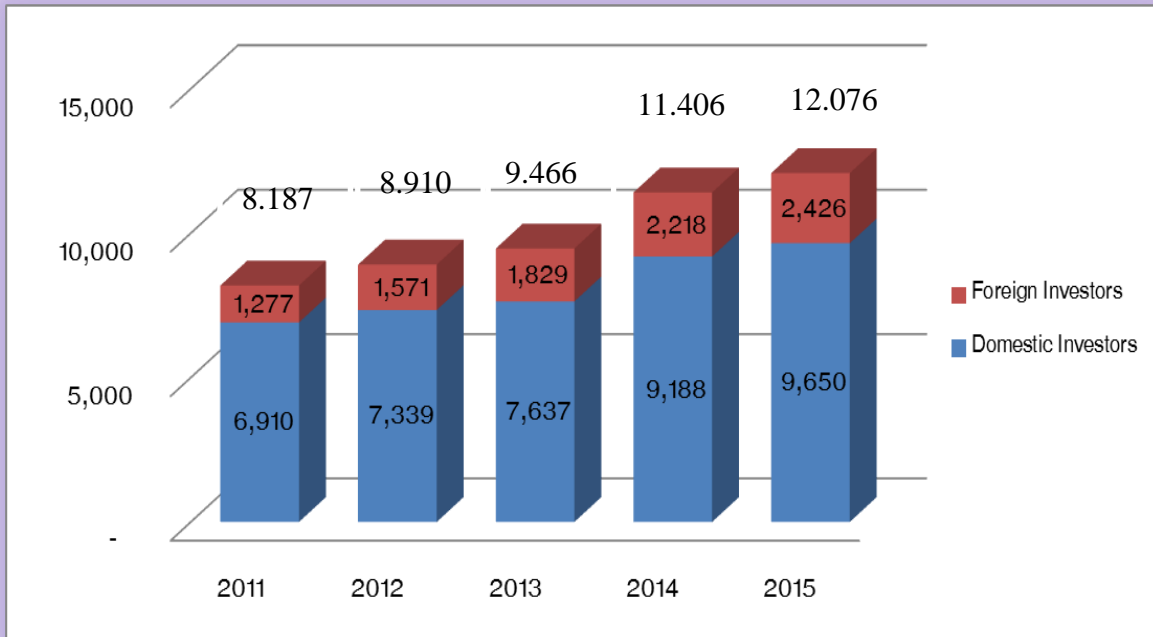


At the end of the year 2015, the total number of LSX's investor accounts were 12,076 accounts, which increased by 668 accounts or equivalent to 5.85% compared to the previous year. Out of the total number of accounts, the domestic account holders covered 9,650 accounts or equivalent to 79.91% (individual and institutional investor accounts were 9,614 accounts and 36 accounts respectively). The foreign investor account was totally 2,426 accounts or equivalent to 20.09% (individual and institutional investor accounts were 2,360 accounts and 66 accounts respectively) as shown in diagram 8. Although the foreign investor accounts covered only 20.09% of the total investor accounts, the trading value contributed by foreign investor was 85% of the total trading value in LSX (Diagram 9).

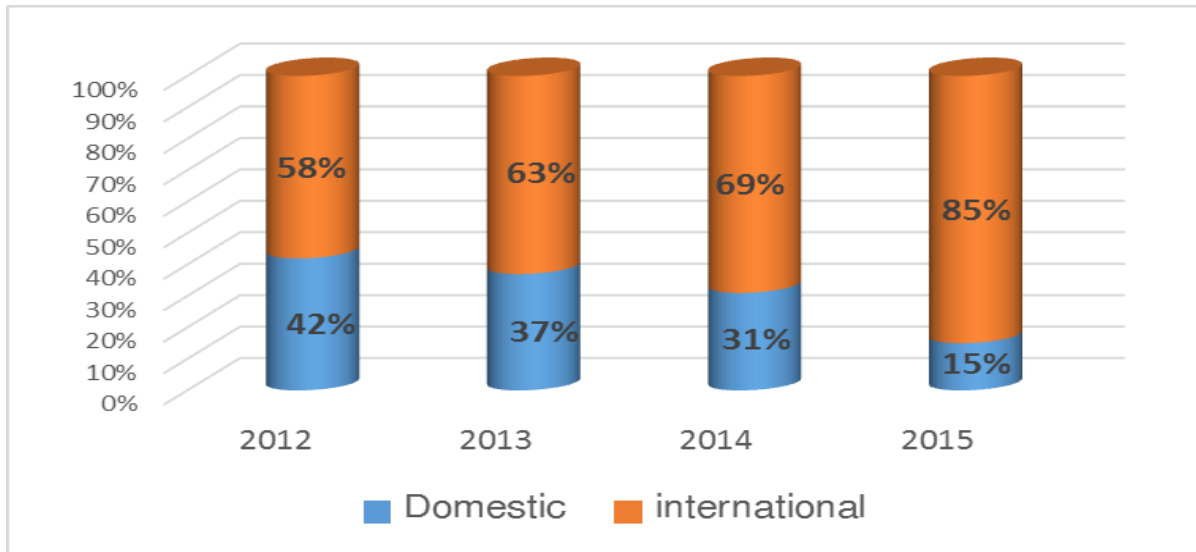
<sup>9</sup> Foreign investors' holding ratio limitation of PTL's share is unlimited

<sup>10</sup> Foreign investors' holding ratio limitation of SVN's share is unlimited

**Diagram 8:** Trading account numbers of both domestic and foreign investors



**Diagram 9:** Trading Value as a Percentage of domestic and foreign investors from 2012-2015



**2.4 Securities Intermediaries**

Currently, there are 4 securities firms and 1 representative office (Capital Nomura Securities Public company Limited) which granted license from LSC to provide services in Lao capital market (appendix 1). Under the closed supervisory and inspection of LSCO throughout

the year 2015, the securities firms and audit firms can perform their roles in appreciate manner which could maintain the stability in Lao capital market.

At the aim of encouraging capital market growth, in 2015, LSCO has granted an approval to Deloitte Lao Company Limited and also renew the license to 2 auditors. Therefore, by the end of 2015 there are 4 approved audit firms for Lao securities market namely PriceWaterhouseCoopers (Lao) Company Limited, KPMG Lao Company Limited, Ernst & Young Lao Company Limited and Deloitte (Lao) Sole Company Limited. To attract more foreign investors into Lao capital market, LSCO decided to grant a license to a custodian bank which was Bangkok Bank Public Company Limited Vientiane Branch. In addition, LSCO had certified 9 securities professionals, reclassifies 1 securities professional, and approved 5 securities auditors. So far, there were totally 15 securities professionals (decreased by 5 people compared to previous year), 7 brokers, 5 temporarily brokers, 2 financial advisors and 21 auditors.

By the end of 2015, all 4 securities firms had the registered capital at 305 billion kip which was the same as in 2014, while The total assets and net assets are slightly reduced by 0.18% and 1.43% respectively.

## **2.5 Legislation**

### **1. Capital market supervision related regulations**

In order to promote sustainability, efficiency, fairness, transparency and continuing growth of the Lao capital market, LSCO has successfully enacted 3 new regulations such as regulation on Registration of Foreign Credit Rating Agencies, regulation on Registration of Asset Management Companies and regulation on Omnibus Account. Besides, to compliance with the current securities market development, LSCO has also amended 4 regulations namely regulation on Accounting and Auditing related to Securities Activities, regulation on Share Issuance, regulation on supervision of Securities Exchange and regulation on supervision of Share Trading of Foreign Investors, Currently, there are totally 29 regulations which promulgated by LSCO (appendix 2).

### **2. LSX related regulations.**

To promote operational effectiveness, in 2015, LSX has issued 1 new regulation on the Risk Protection Fund. Besides, to compliance with the current securities market development, LSX has amended 4 regulations namely Stock Listing Regulation, Bond Listing Regulation, Membership Regulation and Clearing and Settlement Regulation. Currently, there are totally 10 regulations that LSX has issued. (Appendix 3).

## **2.6 Training and Education**

To enhance public knowledge and awareness on capital market and contributing to the capital market development, LSCO had used various means to disseminate the capital market related knowledge to public such as Bank Magazine, Laosphatthana newspapers and Lao National Television channel 1 and 3, LSC website and 99.7 MHz radio operated by Bank of the Lao PDR. Furthermore, LSCO also organized the seminar which is called ‘Professional Investment in securities’ in many government organizations and educational institutions. In that

campaign, LSCO has completed 19 times in Vientiane with 3,616 participants. Besides, LSCO has collaborated with LSX and APM Lao Securities Company Limited organizing the seminar on the preparation for ‘Fund Raising Through Capital Market and Listed in LSX’ for state owned enterprises and private companies in other provinces. In 2015, we had conducted the seminar in 5 provinces with total 328 participants. Moreover, on 14 July 2015, LSCO and Lao National Television had successfully signed the MOU to publicize the TV program called ‘The pathway to Lao Capital Market’.

### **2.7 International Cooperation.**

LSCO has enhanced the international cooperation both bilateral and multilateral mainly with securities commission from neighboring countries such as State Securities Commission of Vietnam (SSC), China Securities Regulatory Commission (CSRC), and Securities and Exchange Commission of Thailand (SEC). LSCO has also cooperated with Ministry of Justice of South Korea, Korea Exchange and another international organization such as International Finance Coporation (IFC) and Asia Development Bank (ADB) for technical assistances on securities market development and supervision, organizing the conferences and seminars on various capital market related topics for market participants. Under multilateral relations, LSCO had cooperated with other countries in ASEAN especially 5 countries in Mekong sub-region under Mekong Capital Markets Cooperation (MCMC) with the aim to promote capital market development in Mekong sub-region. Under this cooperation, LSCO has successfully hosted the 5<sup>th</sup> Meeting of MCMC in 2015 and had collaborated with OECD in preparing for a chairmanship of the 3<sup>rd</sup> Meeting of OECD-Southeast Asia Corporate Governance Initiative in 2016. In addition, LSCO has regularly participated in ASEAN capital market integration initiatives, especially under ASEAN Capital Market Forum (ACMF) and ASEAN Bond Market Forum (ABMF). Moreover, LSCO has been studying conditions and process to apply for membership of IOSCO.

### **III. Capital market development plan for 2016**

In order to implement the 2016-2020 strategic plan successfully, LSCO is focusing on following main tasks:

- **Legislation:** formulate new necessary regulations and amend existing ones to be more compliance with the current capital market development and meet the international standard in order to improve market efficiency as well as to solve the market’s weaknesses. Studied the process of inspection and investigation, dispute resolution and securities case procedures domestically and internationally at the aim of creating Lao securities inspection and investigation and dispute resolution platforms. Study and improve the channels and procedures of receiving the securities related recommendation and dispute resolution requests from public which will be used as references in capital market supervision.
- **Securities Intermediaries:** encouraging the securities firms to fully operate with their roles and responsibilities particularly in finding potential listed companies; supporting the target foreign credit rating agencies and asset valuation companies to provide services in Laos in order to support the process of bonds and other financial instruments issuing. Enhancing the market participant supervision to ensure the compliance of their performance with the regulations in order to secure right and benefit of investors.



- **Listed Companies:** increasing the number of listed companies by assisting the potential listed companies in IPO preparation, encouraging the transparency of listed company's disclosure by supporting and monitoring the International Financial Reporting Standard (IFRS) implementation of listed companies.
- **Secondary Market:** Promoting the liquidity in the secondary market by launching the Block Trading function and corporate bond market as well as extending trading hours to 13:00 pm. At the same time, the diversified capital market products are also taken into account in order to provide more options of fund raising and offer more investment alternative. Furthermore, LSCO will focus on studying and making the related supervisory policies, investment promotion and enhancing the investor base in Laos. Encouraging the LSX to be well prepared for being a partnership of Association of National Numbering Agencies (ANNA) with the purpose of attracting foreign investors to Lao capital market.
- **Education:** LSCO will continue organizing the capital market related seminar to government organizations, educational institutions and public to enhance their understanding and knowledge on capital market. Besides, LSCO will also disseminate the information and knowledge about capital market through various mass medias and will cooperate with Lao National Television to create TV programme on 'The pathway to Lao Capital market'. Continue studying the establishment of Lao Capital Market Training and Education Centre to develop human resource for Lao capital market in future.
- **International Cooperation:** implementing the cooperation plan with State Securities Commission of Vietnam, China Securities Regulatory Commission, Securities and Exchange Commission of Thailand and searching for technical assistances from international organizations. In addition, LSCO will continue studying the action plans under ASEAN capital market linkage and preparing the necessary condition to apply for membership of IOSCO. In addition, LSCO will prepare for a chairmanship of the 3<sup>rd</sup> Meeting OECD-Southeast Asia Corporate Governance Initiative in Vientiane.

**Appendix 1: Securities Companies in Lao PDR**

<b>No</b>	<b>Name</b>	<b>Date of establishment</b>	<b>Shareholder Structure</b>	<b>Number of service center</b>	<b>Scope of business</b>
<b>1</b>	Lanexang Securities Public Company	1.12.2010	Lao Development Bank holds 100%	-	Full license: Financial Advisory, Securities Brokerage, and Securities Underwriting.
<b>2</b>	BCEL-KT Securities Company Limited	20.12.2010	- Banque pour le Commerce Exterieur Lao Public holds 70% - KTZmico Securities Company (Thailand) holds 30%	2	Full license: Financial Advisory, Securities Brokerage, and Securities Underwriting.
<b>3</b>	Lao-China Securities Company Limited	16.11.2013	- Agriculture Promotion Bank holds 41% - Pacific Securities Company Limited (China) holds 39% - Lao Information Industry Company Limited holds 20%	-	Full license: Financial Advisory, Securities Brokerage, and Securities Underwriting.
<b>4</b>	APM LAO Securities Company Limited	16.11.2013	- Asset Pro Management Co., Ltd (Thailand) holds 60% - Foreign Investors (Thailand) hold 20% - Domestic investors hold 20%	-	Financial Advisory

**Appendix 2: regulations issued by LSCO at the year-end 2015**

1. Law on Securities. No. 21/NA, Dated 10 December 2012;
2. Guideline on Securities Code. No. 112/SEC, Dated 7 February 2011.
3. Decision on Information Disclosure Regulation. No. 014/SEC, Dated 19 May 2011;
4. Notice on Creation, Development and Application of IT System of Securities Companies. No. 371/SECO, Dated 24 February 2012;
5. Regulation on Reporting. No. 373/SECO, Dated 24 February 2012;
6. Guideline on the Licensing Structure of Securities Companies. No. 482/SECO, Dated 27 February 2012;
7. Regulation on Supervision of Share Trading on Internet. No. 001/LSC, Dated 24 July 2013;
8. Regulation on Organization and Operation of Securities Companies. No. 002/LSC, Dated 24 July 2013;
9. Decree on Organization and Operation of Lao Securities Commission. No. 188/PM, Dated 24 July 2013;
10. Regulation on Transfer of Share Registered in the Securities Exchange. No. 006/LSC, Dated 20 September 2013;
11. Decision on Organization and Operation of Lao Securities Commission Office. No. 013/LSC, Dated 17 December 2013;
12. Notice on Implementation of International Financial Reporting System (IFRS). No. 014/LSC, Dated 25 December 2013;
13. Notice on Fundraising by Securities Issuance and Listing Abroad. No. 001/LSC, Dated 14 February 2014;
14. Regulation on Inspection of Securities Activities. No. 002/LSC, Dated 18 February 2014;
15. Regulation on Capital Adequacy of Securities Companies. No. 003/LSC, 18 February 2014;
16. Regulation on Supervision of Securities Professional. No. 004/LSCO, Dated 18 February 2014;
17. Guideline on Implementation of Shareholders' Meeting of Listed Companies. No. 257/LSCO, Dated 3 March 2014;
18. Guideline on Implementation of Regulation on Capital Adequacy of Securities Companies No. 281/LSCO, Dated 6 March 2014;
19. Regulation on Reporting and Information Disclosure. No. 007/LSC, Dated 3 April 2014;
20. Regulation on Custodian Banks. No. 010/LSC, Date 7 May 2014;
21. Decision on fees for Cross-Border Offer for Sale of Corporate Bond. No. 011/LSC, Dated 7 May 2014;
22. Regulation on Bond Issuance. No. 019/LSC, Dated 22 December 2014.
23. Regulation on Accounting and Auditing of Related Securities Activities. No. 001/LSC, Dated 07 April 2015;
24. Regulation on Share Issuance. No. 018/LSC, Dated 27 July 2015;
25. Regulation on Securities Exchange Supervision. No. 019/LSC, Dated 27 July 2015;

26. Regulation on Registration of foreign Credit Rating Agencies. No. 002/LSC, Dated 08 December 2015;
27. Regulation on Registration of Asset Management Companies. No. 003/LSC, Dated 08 December 2015;
28. Regulation on Representative Trading Account in Securities Exchange in Lao PDR. No. 004/LSC, Dated 08 December 2015;
29. Regulation on Management of Share Trading of Foreign Investor. No. 005/LSC, Dated 08 December 2015;

**Appendix 3: regulations issued by LSX at the year-end 2015**

- 1) Regulation on Market Surveillance. No. 20/LSX, Dated 07 January 2011;
- 2) Regulation on Information Disclosure. No. 22/LSX, Dated 07 January 2011;
- 3) Regulation on securities deposit. No.26/LSX, Dated. 07 January 2011;
- 4) Regulation on Securities Transfer Agencies. No. 27/LSX, Dated 07 January 2011;
- 5) Regulation on Joint Compensation Fund. No.01/LSX, Dated 17 July 2013;
- 6) Regulation on Membership. No. 02/LSX, Dated 03 December 2014;
- 7) Regulation on Clearing and Settlement in the Securities Exchange. No. 27/LSX, Dated 04 December 2014;
- 8) Regulation on Stock Listing. No. 05/LSX, Dated 26 November 2015;
- 9) Regulation on Bond Listing. No. 06/LSX, Dated 26 November 2015;
- 10) Regulation on Market Operation. No. 07/LSX, Dated 11 December 2015.