

## Contents

Part I General Provisions .....	8
Article 1 (Amended) Objectives .....	8
Article 2 (Amended) Securities .....	8
Article 3 (Amended) Definitions .....	8
Article 4 (Amended) Policies on Securities Activities .....	11
Article 5 (Amended) Principles on Operation of Securities Activities.....	11
Article 6 (New) Protection.....	11
Article 7 (Amended) Scope of Law Enforcement .....	11
Part II .....	11
Issuance of Shares, Corporate Bonds, Government Bonds and the Operations of Companies	
Issuing Shares, Corporate Bonds and Listed Companies .....	11
Chapter 1 .....	12
Issuance of Shares.....	12
Article 8 (Amended) Issuance of Shares .....	12
Article 9 (Amended) Types of Issuance of Shares .....	12
Article 10 (Amended) Issuance of shares through public offering.....	12
Article 11 (Amended) Issuance of Shares on Private Placement .....	12
Article 12 (Amended) Issuance of shares through rights offering.....	12
Article 13 (Amended) Conditions for Issuance of Shares .....	12
Article 14 (Amended) Application Documents for Issuance of Shares.....	13
Article 15 (Amended) Financial Statements.....	13
Article 16 (Amended) Prospectus.....	13
Article 17 (Amended) Underwriting Agreement of Issuing Shares .....	14
Article 18 (Amended) Consideration of Application for Issuance of Shares .....	14
Article 19 (Amended) Procedures of Issuance of Shares .....	15
Article 20 (Amended) Report on Result of Issuance of Shares .....	15
Article 21 (Amended) Suspension of Issuance of Shares.....	15
Article 22 (New) Revocation of Issuance of Shares.....	15
Article 23 (New) Using Funds Mobilization .....	16
Article 24 (Amended) Shares Certificate.....	16
Chapter 2.....	16
Issuance of Corporate Bonds .....	16
Article 25 (New) Issuance of Corporate Bonds .....	16
Article 26 (New) Forms of Issuing Corporate Bonds.....	16
Article 27 (New) Issuing Corporate Bonds in Private Placement .....	16
Article 28 (New) Conditions of Issuing Corporate Bonds.....	17
Article 29 (New) Supporting documents for request to issue corporate bonds .....	17
Article 30 (New) Procedures for Issuance of Corporate Bonds .....	17
Article 31 (New) Reporting and Result Confirmation of Issuance of Corporate Bonds .....	17
Article 32 (New) Using the Mobilized Funds.....	18
Article 33 (New) Using the Provisions of issuing shares .....	18
Chapter 3.....	18

Issuance of Government Bonds .....	18
Article 34 (New) Issuance of Government Bonds .....	18
Article 35 (New) Deposit and Registration of Government Bonds .....	18
Chapter 4 .....	18
Activities of Issuing Company of Shares, Corporate Bonds and Listed Companies .....	18
Article 36 (Amended) Managing the Issuing Company of Shares, Corporate Bonds and Listed Companies .....	18
Article 37 (Amended) Accounting and Auditing .....	19
Article 38 (Amended) Occupation of Activities .....	19
Article 39 (Amended) Related Party Transactions .....	19
Article 40 (Amended) Acquisition and Arbitration of Assets .....	19
Part III .....	19
Investment Funds .....	19
Article 41 (New) Investment Funds .....	19
Chapter 1 .....	20
Public Funds .....	20
Article 42 (Amended) Public Funds .....	20
Article 43 (Amended) Investment Objectives of Public Funds .....	20
Article 44 (Amended) Categories of Public Fund .....	20
Article 45 (Amended) Conditions for Public Fund Establishment .....	20
Article 46 (Amended) Application Documents for Public Fund Establishment .....	21
Article 47 (Amended) Consideration of Public Fund Establishment .....	21
Article 48 (Amended) Procedure for issuance of the investment unit .....	21
Article 49 (Amended) Public Fund Registration .....	22
Article 50 (Amended) Public Fund Activities .....	22
Chapter 2 .....	22
Private Funds .....	22
Article 51 (New) Private Funds .....	22
Article 52 (New) Requirements of Private Fund .....	22
Part IV .....	23
Securities Intermediary .....	23
Article 53 (New) Securities Intermediary .....	23
Chapter 1 .....	23
Securities Company .....	23
Article 54 (Amended) Securities Company .....	23
Article 55 (Amended) Requirements to Obtain Authorization to Operate a Securities Business .....	23
Article 56 (Amended) Application Documents for operating the Securities Business .....	24
Article 57 (Amended) Consideration of Securities Business Licenses .....	25
Article 58 (Amended) Scope of the securities business operations of a securities company .....	25
Article 59 (Amended) Rights and Duties of Securities Company .....	25
Article 60 (Amended) Establishment of Branch or Service Unit .....	26

Article 61 (Amended) Establishment of a Representative Office of a Foreign Securities Company .....	26
Article 62 (Amended) Clearing and Using Registered Capital of the Securities Company .....	26
Article 63 (Amended) Organizational Structure of Securities Company .....	26
Article 64 (Amended) Securities Company Rules .....	26
Article 65 (Amended) Capital Adequacy Ratios .....	27
Article 66 (Amended) Changes need to be authorized .....	27
Article 67 (Amended) Accounting of Securities Companies .....	27
Article 68 (New) Suspension of securities business of securities companies .....	27
Article 69 (Amended) Withdrawal of securities business license of securities companies .....	28
Article 70 (Amended) Compliance after withdrawal of the securities operating license .....	28
Chapter 2 .....	28
Investment Fund Management Company .....	28
Article 71 (Amended) Investment Fund Management Company .....	28
Article 72 (New) Requirements for Operating Business for Investment Fund Management .....	29
Article 73 (Amended) Scope of the Business Operating of an Investment Fund Management Company .....	29
Article 74 (Amended) Rights and Duties of the Fund Management Company .....	29
Article 75 (New) Action after the License Revocation .....	30
Article 76 (Amended) Applications of Securities Company Provisions .....	30
Chapter 3 .....	30
Asset Valuation Company .....	30
Article 77 (New) Asset Valuation Company .....	30
Article 78 (New) Approval Requirements for Asset Valuation Services .....	30
Article 79 (New) Application Documents for Approval of Asset Valuation Services .....	31
Article 80 (New) Consideration on approval for Asset Valuation Services .....	31
Article 81 (New) Service Provider Scope of Asset Valuation Company .....	31
Article 82 (New) The rights and duties of the asset valuation company .....	31
Article 83 (New) Suspension of Asset Valuation Services .....	32
Article 84 (New) Withdrawal of Certificate of Asset Valuation Services .....	32
Chapter 4 .....	32
Custodian Bank .....	32
Article 85 (Amended) Custodian Bank .....	32
Article 86 (Amended) Conditions for certification as a Custodian Bank .....	33
Article 87 (Amended) The application for approval as a Custodian Bank .....	33
Article 88 (Amended) Service Scope of the Custodian Bank .....	33
Article 89 (Amended) The Rights and Duties of the Custodian Bank .....	33
Article 90 (New) Action after revocation of certificate .....	33
Article 91 (New) Applying the provisions of the Asset Valuation Company .....	34
Chapter 5 .....	34
Audit Company .....	34
Article 92 (Amended) Audit Company .....	34
Article 93 (Amended) Conditions for Approval of Audit Services .....	34

Article 94 (Amended) Application Documents for Approval of Audit Services .....	34
Article 95 (New) Scope of Audit Services .....	34
Article 96 (Amended) Rights and Duties of Audit Company.....	35
Article 97 (New) Applying the provisions of the Asset Valuation Company .....	35
Chapter 6.....	35
Credit Rating Agency .....	35
Article 98 (New) Credit Rating Company .....	35
Article 99 (New) Requirements for Approval of a Credit Rating Services .....	36
Article 100 (New) Documents Assures Credit Rating Services .....	36
Article 101 (Amended) Scope in the Credit Rating Services .....	36
Article 102 (New) The Rights and Duties of the Credit Rating Companies .....	36
Article 103 (New) Applying the provisions of the Asset Valuation Company .....	36
Chapter 7.....	37
Representatives of Corporate Bonds Holders and Government Bonds .....	37
Article 104 (New) Representatives of Corporate Bonds Holders and Government Bonds.....	37
Article 105 (New) Conditions for approval as Representatives of Corporate Bonds Holders and Government Bonds.....	37
Article 106 (New) Application Documents for Approval of representing the Corporate Bonds Holders and Government Bonds.....	37
Article 107 (New) Scope of services of representative of corporate bond holders and government bonds .....	37
Article 108 (New) Rights and duties of a representative of corporate bond holders and government bonds .....	38
Article 109 (New) Action after Revocation of Certificate of Approval .....	38
Article 110 (New) Applying the provisions of the Asset Valuation Company .....	38
Part V .....	39
Securities Business Professionals and Securities Association.....	39
Chapter 1 .....	39
Securities Business Professionals .....	39
Article 111 (New) Securities Business Professionals .....	39
Article 112 (New) Types of Securities Business Professionals.....	39
Article 113 (New) Asking a Securities Business Professional .....	39
Chapter 2.....	39
Securities Activity Association.....	39
Article 114 (Amended) Securities Activity Association .....	39
Article 115 (New) Types of Securities Activity Association .....	39
Article 116 (New) Establishment of Securities Activity Association .....	40
Article 117 (Amended) Rights and Duties of Securities Activity Association .....	40
Part VI.....	40
Securities Exchange .....	40
Article 118 (Amended) Securities Exchange.....	40
Article 119 (Amended) Requirements for the Operating Securities Exchange .....	40
Article 120 (Amended) Application Documents for Operating the Securities Exchange .....	41

Article 121 (Amended) Considerations for operating securities exchange business.....	41
Article 122 (Amended) Issuance of Licenses for Operating Securities Exchange Business....	41
Article 123 (Amended) Scope of operating of the Securities Exchange .....	42
Article 124 (Amended) Rights and Duties of Securities Exchange.....	42
Article 125 (Amended) Payment and Utilization of Registered Capital of the Securities Exchange.....	43
Article 126 (Amended) Organizational Structure of Securities Exchange .....	43
Article 127 (New) Shareholders' Meeting .....	43
Article 128 (New) The Rights and Duties of Shareholders' Meeting .....	43
Article 129 (New) Executive Board .....	44
Article 130 (New) Rights and Duties of Executive Board .....	44
Article 131 (New) Committee of Executive Board .....	44
Article 132 (New) The Rights and Duties of Audit Committee .....	44
Article 133 (New) The Rights and Duties of Risk Management Committee .....	45
Article 134 (New) Board of Directors .....	45
Article 135 (New) The Rights and Duties of the Board of Directors .....	45
Article 136 (Amended) Member of the Securities Exchange .....	46
Article 137 (Amended) By-laws of Securities Exchange .....	46
Part VII.....	46
Securities Depository .....	46
Article 138 (Amended) Securities Depository.....	46
Article 139 (New) Condition for Approval for operating Securities Depository .....	47
Article 140 (New) Application Documents for approval to operate the Securities Depository business.....	47
Article 141 (New) Consideration for approval to operate the securities depository business..	47
Article 142 (Amended) Scope to operate the securities depository business .....	48
Article 143 (New) The Rights and Duties of Securities Depository .....	48
Article 144 (Amended) Members of Securities Depository .....	48
Article 145 (New) The Use of Provisions of Securities Exchange.....	48
Part VIII .....	49
Unfair Securities Trading.....	49
Article 146 (New) Unfair Securities Trading .....	49
Article 147 (Amended) Market Manipulation .....	49
Article 148 (Amended) Using inside information to trade securities .....	49
Article 149 (Amended) Instigation to customers to make decision to trade securities .....	50
Article 150 (New) Creating, supplying or disseminating false securities activity information	50
Article 151 (New) Falsification of financial statements and other securities documents.....	50
Part IX.....	50
Reporting, disclosing and keeping information on securities activities.....	50
Article 152 (Amended) Reporting .....	50
Article 153 (Amended) Disclosures.....	51
Article 154 (Amended) Internal person data reporting.....	51
Article 155 (Amended) Safeguards information.....	51

Part X .....	51
Investigation of Securities Activities .....	51
Article 156 (Amended) Basis for Investigation .....	51
Article 157 (Amended) Investigation Procedures.....	51
Article 158 (Amended) Instruction to Initiate Investigation.....	52
Article 159 (Amended) an instruction not to initiate an investigation.....	52
Article 160 (Amended) Conduct of an investigation .....	52
Article 161 (Amended) End of an investigation .....	52
Article 162 (Amended) Investigation Officer.....	52
Article 163 (Amended) Rights and Duties of Investigation Officer .....	53
Part XI.....	54
International Cooperation on Securities Work .....	54
Article 164 (Amended) International Cooperation .....	54
Article 165 (New) Principles of International Cooperation.....	54
Article 166 (New) Content of International Cooperation .....	54
Article 167 (New) Requesting or Providing Mutual Information .....	54
Article 168 (New) Use of Information.....	54
Article 169 (New) Confidentiality .....	55
Article 170 (New) Rejection of Request.....	55
Part XII.....	55
Prohibition.....	55
Article 171 (Amended) General Prohibitions .....	55
Article 172 (Amended) Prohibition for Issuing Securities .....	55
Article 173 (Amended) Prohibition for Securities Companies and Manager.....	56
Article 174 (Amended) Prohibition for Investment Fund Management Company and Manager .....	56
Article 175 (New) Prohibition for Asset Valuation Companies and Manager.....	57
Article 176 (Amended) Prohibition for Custodian Bank and Manager.....	57
Article 177 (Amended) Prohibition for Audit Company and Manager.....	57
Article 178 (New) Prohibition for Credit Rating Company and Manager .....	58
Article 179 (New) Prohibition for Securities Business Professionals .....	58
Article 180 (Amended) Prohibition for the Securities Exchange, Administrators, Departments and Academic Staff.....	58
Article 181 (New) Prohibition for Securities Depository, Manager, Deputy Head of Department and Technical Staff .....	58
Article 182 (New) Prohibition for Securities Activity Associations .....	59
Article 183 (New) Prohibition for Agent of holders of Corporate Bonds and Government Bonds and Manager .....	59
Article 184 (Amended) Prohibition for the Securities Commission and Personnel of the Office of the Securities Commission .....	59
Part XIII .....	60
Management and Inspection of Securities Activities.....	60
Chapter 1 .....	60

Management of Securities Activities .....	60
Article 185 (Amended) Securities Management Organization.....	60
Article 186 (New) Securities Commision.....	60
Article 187 (Amended) The organizational structure of the Securities Commission.....	60
Article 188 (Amended) Rights and Duties of the Securities Commission .....	60
Article 189 Regime and Methods of Working.....	61
Article 190 (New) The Office of Securities Commission .....	62
Article 191 (New) Personnel Structure of the SC Office .....	62
Article 192 (Amended) Budgets .....	62
Article 193 Logo and Seal .....	62
Chapter 2.....	62
Inspection of Securities Activities .....	62
Article 194 (Amended) Securities Inspection Authority .....	62
Article 195 (Amended) Inspection Targets.....	62
Article 196 (Amended) Contents of Inspection .....	62
Article 197 (Amended) Methods of Inspection .....	63
Article 198 (Amended) Inspection Committee.....	63
Article 199 (Amended) Rights and Duties of Inspection Committee.....	63
Article 200 (Amended) Obligations of Inspection Targets and Relevant Parties.....	64
Part XIV .....	64
Policy on Persons with Achievement and Sanctions against Violators.....	64
Article 201 (Amended) Policy on Persons with Achievement .....	64
Article 202 (Amended) Sanctions.....	64
Part XV .....	64
Final Provisions .....	64
Article 203 Implementation .....	64
Article 204 (Amended) Effectiveness.....	64

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

National Assembly

No.79/NA

Vientiane Capital, dated 03 December 2019

**LAW ON SECURITIES  
(Amended version)**

**Part I  
General Provisions**

**Article 1 (Amended) Objectives**

This Law prescribes the principles, rules and measures regarding the management, monitoring and inspection of securities activities to ensure the efficiency, transparency and fairness of such activities to reduce systemic risks and to encourage the participation of individuals, legal entities and organizations to ensure the continuous and sustainable expansion of fundraising, investment and development of securities exchange and be able to link to regional and international levels contributing to the national socio-economic development.

**Article 2 (Amended) Securities**

Securities mean financial instruments which comprise shares, corporate bonds, government bonds, investment units, derivatives and other types of securities as defined by the Securities Commission. Each holder has the rights and interests in accordance with the characteristics of each portfolio.

**Article 3 (Amended) Definitions**

**Terms used in this Law have the meanings as specified below**

- 1. Securities Activity** means the issuance of shares and corporate bonds, the operations of companies for issuance of shares and corporate bonds, listed companies, funds for investment, securities intermediary, securities business professional and securities associations, securities exchange, securities depository centers and unfair securities trading;
- 2. Share** means type of equity securities used by a public company as an instrument for fundraising, which are divided in each unit of equal value whereby the shareholders hold the status as the owners of the company and are entitled to rights and benefits pursuant to their shareholding ratio;



3. **Corporate Bond** means debt securities used by a company as an instrument for fundraising, which are divided in each unit of equal value, predetermining the rate of return in equal proportion, whereby the corporate bond holders hold the status as the creditors of the company;
4. **Government Bonds** means debt securities used by the government as an instrument for fundraising, which are divided into each unit of equal value, predetermining the rate of return in equal proportion, whereby the Government Bonds holders hold the status as the creditors;
5. **Public Fund Units** means funds securities used for fundraising in investment funds, whereby the Public Fund Units holders hold the status as the owners of the funds for investment, and are entitled to rights and benefits pursuant to their Public Fund Units ratio;
6. **Derivative** means a securities having a contract or agreement between two or more parties to agree to trade in a particular products, securities or property at an agreed price, quantity and condition;
7. **Insider** means the controlling person, manager, auditors and employees of companies for issuance of shares, listed companies, securities intermediary and securities exchange as well as securities commission, the staff of the Securities Commission Office and other relevant parties who have access to or recognize internal information;
8. **Controlling Person** means a shareholder who has voting rights, whether directly or indirectly, with more than twenty-five percent of the total shares with voting rights of the company or a member of the board of directors and the Executive Board who is involved in determining policies, management or significant business operation of company;
9. **Inside information** means information which has not been authorized to be officially disclosed to the public and such information affects securities price or trading quantity;
10. **Manager** means the President of the Executive Board, the Vice-President of the Executive Board, the Committee of the Executive Board and the Directors;
11. **Combined Shares Certificate** means share of the company that issues a share to be deposited with the securities deposit center;
12. **Combined Corporate Bond Certificate** means corporate bond of the company that issues a corporate bond to be deposited with the securities deposit center;
13. **Certificate of Shares and Corporate Bond allocation** means a certificate which certifies type, amount and value of shares or corporate bond for an investor after completion of Share and Corporate Bond allocation;
14. **Listed Company** means a company that has taken its shares to be listed on the securities exchange;
15. **Registering for an investment fund** means bringing the money raised from the issuance of an investment unit to register with securities commission before putting such money into the investment according to fund policy set out in the prospectus;

- 16. Management of Investment Fund** means bringing the money raised from the issuance of an investment unit to invest according to the investment fund policy set forth in the the prospectus;
- 17. Net Asset Value of Public Fund** means the total assets value of a public fund, including the return of the public fund, which is expected to deduct debt and public fund costs over the same period;
- 18. Investor** means type of investor, any person and institution, both domestic and foreign, who invest in securities trading;
- 19. Institutional Investors** means a commercial bank, securities company, investment fund, insurance company, social security fund and other institution or other legal entities as defined by the Securities Commission;
- 20. Major Investor** means any investor who has financial knowledge and capacity, who has experience in investing and has net assets or has an annual income as determined by the Securities Commission;
- 21. Fund Manager for investment** means a professional in securities business who is authorized by the Securities Commission to manage the Investment Fund;
- 22. Securities Business Professional Certificate** means a Certificate of Profession as a broker for trading in securities, securities trader, financial advisor, investment advisor, securities analyst, investment fund administrator and other securities business professional as determined by the Securities Commission;
- 23. Securities Business** means sbroker for trading securities, guarantee for issuance of shares, financial advisor and investment fund administrator;
- 24. Target group of securities activities** means a company that intends to issue shares and corporate bonds, companies for issuing shares, companies for issuing corporate bonds, listed companies, securities exchange, investment funds, securities intermediaries and other target groups as defined by the Securities Commission;
- 25. Major shareholder** means any shareholder of company that issues shares or the listed company with more that five percent of total shares with voting rights of the company;
- 26. Related Person** means a person who has any or all of the following characteristics:
- Hold shares of company issuing shares and / or listed company in proportion as prescribed by the Securities Commission;
  - To be an administrator of the issuing company and / or a listed company.
- 27. Related Legal Entities** means any legal entity or all of the following characteristics:
- Hold shares of companies issuing shares and / or listed companies in proportion as prescribed by the Securities Commission;

- Shares held by the issuing company and / or listed company in proportion as determined by the Securities Commission;
- A related person, as defined in point 26 of this Article, is the administrator or shareholder in proportion as prescribed by the Securities Commission.

#### **Article 4 (Amended) Policies on Securities Activities**

The State promotes securities activities by issuing legislation, training and recruiting personnel, forming fundamental structure, supplying budgets, equipment and facilities to ensure the efficient securities operations.

The State encourages and promotes and facilitates persons, juristic persons and organizations, both domestic and foreign, to participate in operation and development of securities activities by advertising, disseminating, supplying information relating to securities activities and tax incentives and other policies as defined in the laws, promotes all business units of all sectors and economic segment in good growth, fulfil fundamental conditions to issue securities, and to list on the securities exchange without conflicting with any prior policy applied to them.

#### **Article 5 (Amended) Principles on Operation of Securities Activities**

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

1. To comply with policies, strategies, laws and national socio-economic development plans;
2. To administer as centralized and uniform system across the country;
3. To protect the rights and benefits of investors;
4. To be fast, modern, efficient, transparent, fair and verifiable;
5. To prevent and reduce financial system risks.

#### **Article 6 (New) Protection**

Employees and other securities officials and those involved, such as reporters, information suppliers, witnesses, experts and their families, will be protected by the law from retaliation, threats to their lives, health, freedom and dignity, reputation or personal property.

#### **Article 7 (Amended) Scope of Law Enforcement**

This law applies to individuals, legal entities and organizations, both domestic and foreign, operating the securities activities in the Lao PDR.

## **Part II**

# **Issuance of Shares, Corporate Bonds, Government Bonds and the Operations of Companies Issuing Shares, Corporate Bonds 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 objectives:

1. capital increase or fundraising for business expansion;
2. restructuring shareholding structure;
3. dividend or as bonus;
4. Other objectives as prescribed by the Securities Commission (SC).

For the issuance of shares for dividends or as bonus, there is a separate regulation.

#### **Article 9 (Amended) Types of Issuance of Shares**

Issuance of shares can be divided into three types as follows:

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

#### **Article 10 (Amended) Issuance of shares through public offering**

Issuance of shares through public offering is the first issuance of shares or subsequent issuance which is widely advertised through mass media without specifying specific types or groups of investors.

#### **Article 11 (Amended) Issuance of Shares on Private Placement**

Issuance of shares on private placement basis is issuance of shares to capacity investors, who have experience in the activities of companies issuing shares or listed companies, institutional investors and major investors.

The Securities Commission determines the number of investors, the value and the number of issuing of shares on private placement.

#### **Article 12 (Amended) Issuance of shares through rights offering**

Issuance of shares through rights offering is issuance of shares of company issuing shares or listed company which provides pre-emptive rights to the existing shareholders in subscribing the shares pursuant to the resolution of the shareholders' meeting.

#### **Article 13 (Amended) Conditions for Issuance of Shares**

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

1. Authorized by the Securities Commission;
2. Having the status of a legally established public company;
3. Have a registered capital of at least five hundred million kip;
4. Have a structure of the Executive Board as determined by the Securities Commission;

5. There are plans for issuance of shares and using capital mobilization which are approved by the shareholders' meeting;
6. Have the audited financial statements from audit companies certified by the Securities Commission;
7. Having satisfied other conditions as prescribed by the laws.

For the issuance of a foreign shares, must meet the conditions as set forth in point 1, 2 and 5 as defined in paragraph 1 of this article shall be subject to the following conditions:

1. A sector that needs a lot of funding;
2. Have good operating results and a source of income to secure dividend payments;
3. Having satisfied other conditions as prescribed by the laws.

#### **Article 14 (Amended) Application Documents for Issuance of Shares**

A company wishing to issue shares shall submit supporting documents as follows:

1. An application pursuant to the form of the SC;
2. A copy of the enterprise registration certificate, business license. In the event of a concession, also requires a concession agreement, a concession joint venture agreement;
3. A copy of the tax payments;
4. A copy of by-laws of the company;
5. A resolution of the shareholders' meeting approving the issuance of shares and using the mobilization funds;
6. Financial Statements;
7. Prospectus;
8. A Guaranteed Agreement for Issuance of shares with a securities company acting as the guarantee for issuing shares;
9. Other documents as defined in the laws.

#### **Article 15 (Amended) Financial Statements**

Financial Statements are as follows:

1. Financial statements;
2. Performance statements;
3. Cash flow statements;
4. Change of Ownership Statement;
5. Appendix of Financial Statements.

If the company intends to issue the shares, if it is a group of companies, the financial statements should be in a form of separate activities and consolidated activities.

#### **Article 16 (Amended) Prospectus**

Prospectus is important information for investors to assess their risk and return before making an investment decision.

The prospectus for issuance of shares to the public and to the rights offering is as follows:

1. 1.Information relating to company issuing shares, its business operation, capital struction, risk factors, Certificate of tax payments and asset used for business operation;
2. Information relating to members of an Executive Board and a board of directors;
3. 3.Information relating to shares being offered, e.g. offering method, amount, par value, offering price, offering period, subscription method, allocation, delivery and transfer restriction of shares;
4. 4.The names and addresses of securities companies, audit company and other parties relating to the issuance of shares;
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 operation results of a company issuing shares which is audited by an audit company cirtified bySecuritits Commssion;
9. Information verified by relevant parties;
10. Other information as defined in the laws.

For the prospectus if issuing shares in private placement is defined in separate regualtions.

#### **Article 17 (Amended) Underwriting Agreement of Issuing Shares**

Underwriting Agreement of issuing shares is an agreement between the shares issuing company and the securities company acting as the underwriter to help issue shares and / or acquire some or all of the shares of the issuing company to secure the issuance of the shares.

Issuing shares each time, issuing company must make a underwriting agreement with a securities company, except for the share issuance in private placement, which must contain the following contents:

1. The name, address of main office and legal representative of the issuing company (the insured party) and the underwriter of issuing shares (the guarantor);
2. The amount, type, total amount of the shares guaranteed and the price of shares issued;
3. Estimated issued share period;
4. Terms and forms for guarantee of issuing shares;
5. Rights and obligations of the shares issuer and the guarantee for issuing shares;
6. Cancellation of contracts, dispute resolution and fines.

In the case of multiple securities companies joined the collateral, they must assign a securities company acting to make a underwriting agreement with the issuing company.

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

The Securities Commission (SC) shall consider such application for issuance of shares within forty-five days from the date of receipt of such supporting documents. In case of rejection, the SC shall provide a response in writing together with reasons for rejection.

In considering an application for issuance of shares, if necessary, the SC can request for additional documents and information, including working paper from an audit company, and invite a company issuing shares or a securities company and other relevant parties to provide information 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 issuance of shares through mass media;
2. Advertise sale of shares through mass media and /or other methods, except for issuance of shares in private placement without announcement through mass media;
3. Subscribe for shares and place deposit;
4. Allocate shares;
5. Make payment or return deposit in case the subscriber has not been allocated with the shares according to the subscribed shares amount or in the event that the issuance of the shares is unsuccessful;
6. Issue shares allocating certificates.

Sale of shares shall be completed within ninety days from the date of an approval onwards. In case sale of shares is not completed, an issuing company can request the SC to extend the offering period, provided that the extended period shall not exceed thirty days.

#### **Article 20 (Amended) Report on Result of Issuance of Shares**

Issuing company shall report results of issuance of shares to the SC in writing within five business days from the last date of shares offering onwards.

The SC shall confirm results of issuance of shares within five business days from the date of receipt of such report.

In case that less than eighty percent of the total offering shares are subscribed, such issuance of shares shall be deemed unsuccessful and the securities company responsible for shares distribution shall return all subscription money to investors within five business days from the date of receipt of confirmation on result of issuance of shares.

#### **Article 21 (Amended) Suspension of Issuance of Shares**

The Securities Commission has the right to suspend the issuance of shares in such cases:

1. Provides incorrect information;
2. Failure to comply with the share issuance procedure;
3. Other cases as determined by the Securities Commission.

After the Securities Commission orders the issuance of shares, the issuing company must provide additional information and amendments as determined by the Securities Commission.

Suspension of issuing shares should be made openly to public.

#### **Article 22 (New) Revocation of Issuance of Shares**

The Securities Commission has the right to revoke the issuance of shares in such cases:

1. Deliberately provide inaccurate information;
2. Not be able to fix the residuals as specified in Article 21 of this Law;
3. Other cases as determined by the Securities Commission.

The cancellation of issuing shares should be made openly to public.

#### **Article 23 (New) Using Funds Mobilization**

The issuing company must use the funds mobilized in accordance with the plan of using funds and as stated in the prospectus and report the use of such funds to the Securities Commission until such funds capital are used up.

The issuing company will use the mobilized funds after completion of any changes to the contents of the enterprise registration or related documents.

The Securities Commission shall determine the use of mobilized funds as a shares value supplement of issuing company.

#### **Article 24 (Amended) Shares Certificate**

A share certificate of issuing companies is a combined share certificate. Listed companies shall deposit such share certificate with the securities depository.

## **Chapter 2**

### **Issuance of Corporate Bonds**

#### **Article 25 (New) Issuance of Corporate Bonds**

Issuance of Corporate Bonds means issuing corporate bonds to investors for any or all of the following objectives:

1. Operate or expand business;
2. Loan debt repayment;
3. Repayment of previously issued corporate bonds;
4. Other objectives as agreed by the Securities Commission.

#### **Article 26 (New) Forms of Issuing Corporate Bonds**

Issuing Corporate Bonds consist of:

1. To the public;
2. In private placement.

For the issuance of shares to the public shall be in compliance with the provisions of Article 10 of this Law.

#### **Article 27 (New) Issuing Corporate Bonds in Private Placement**

Issuing Corporate Bonds in Private Placement means issuing corporate bonds to institutional investors, major investors and other types of investors as determined by the Securities Commission.

The Securities Commission is responsible for determining the number of investors, the value and the number of issuing corporate bonds in private placement.



### **Article 28 (New) Conditions of Issuing Corporate Bonds**

Companies Issuing Corporate Bonds in Lao PDR must meet these requirements:

1. Authorized by the Securities Commission;
2. Establish legally;
3. Have a registered capital of at least one billion kip;
4. Have a plan for issuing **Corporate Bonds**, capital usage and repayments principals and interest accredited by shareholder meeting or executive board;
5. Characteristics of corporate bonds, rights and duties of issuers and holders, or agents of holders of corporate bonds;
6. Audited financial statements from audit company approved by the Securities Commission;
7. Other requirements as provided by laws.

For the issuance of foreign corporate bonds, the conditions as set forth in point 1, 2 and 4 as prescribed in paragraph 1 of this article shall be subject to the following conditions:

1. It is a sector that needs a lot of funding;
2. Have good operating results and a source of revenue to secure the payment of principal and interest;
3. Other conditions as provided by laws.

### **Article 29 (New) Supporting documents for request to issue corporate bonds**

Issuing company of corporate bonds must meet the following documents:

1. Application based on the printed forms of the Securities Commission;
2. A copy of the enterprise registration form;
3. A copy of tax payment certificate;
  - i. A copy of company rules;
4. A copy of the resolution of the meeting of the shareholders or the executive board of Directors, approving the issuance of the corporate bonds, the use of the funds, the payment of principal and the interest;
5. Financial statements;
6. Prospectus;
7. Other documents as provided by laws.

### **Article 30 (New) Procedures for Issuance of Corporate Bonds**

Issuance of Corporate Bonds complies with the issuance procedure of corporate bonds as set out in Article 19, paragraph 1 of this law.

### **Article 31 (New) Reporting and Result Confirmation of Issuance of Corporate Bonds**

The issuing company of corporate bonds must report the sale results of the corporate bonds in writing to the Securities Commission within five business days of the last day of each issuance of the corporate bonds.

The Securities Commission must confirm the issuance results of the corporate bonds within five business days from the date of the report.

**Article 32 (New) Using the Mobilized Funds**

The issuing company of corporate bonds must use the mobilized funds in accordance with the plan of using funds and as defined in the prospectus and report the use of such funds to the Securities Commission until the funds are fully utilized.

The issuing company of corporate bonds will use the mobilized funds upon receipt of the issuance results of corporate bonds from the Securities Commission.

**Article 33 (New) Using the Provisions of issuing shares**

Financial statements, prospectus, consideration of issuance of corporate bonds, suspension and termination of issuance of corporate bonds and share certificates pursuant to the provisions of the Issuance of shares as defined 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 government bonds to investors.

For the goals, types, forms, conditions and procedures for issuing government bonds to comply with relevant laws and regulations.

**Article 35 (New) Deposit and Registration of Government Bonds**

Government Bonds issued through the securities exchange must be deposited with the security depositary center and listed for trading on the securities exchange.

### **Chapter 4**

#### **Activities of Issuing Company of Shares, Corporate Bonds and Listed Companies**

**Article 36 (Amended) Managing the Issuing Company of Shares, Corporate Bonds and Listed Companies**

The issuing company of shares, corporate bonds and listed companies must implement the principles of management, including equitable shareholder action, disclosure of information and transparency, duties and responsibilities of the members of executive board, and the role of relevant stakeholders in business operations.

The SC shall determine the principles of management.

### **Article 37 (Amended) Accounting and Auditing**

The issuing company of shares, corporate bonds and listed companies must implement the activities of accounting and standard of financial statements and also produce financial statements in accordance with the Law on Accounting and related regulations.

The financial statements of the issuing company of shares, corporate bonds and listed companies must be reviewed and audited by Audit Company approved by the Securities Commission.

### **Article 38 (Amended) Occupation of Activities**

An occupation is the purchase or transfer of shares of the issuing company or a listed company that turns a buyer or a transferee of shares into a shareholder that can determine the policy and management of the issuing company or the listed company. Shareholders of such activity occupation must propose to buy some or all of the shares from other shareholders as determined by the Securities Commission.

### **Article 39 (Amended) Related Party Transactions**

Related party transaction means any transaction that occurs between an issuing company or listed company and related individuals and legal entities.

The Securities Commission determines the procedures, categories, calculation formula, pricing, approval rights, reporting, disclosure and other matters relating to the related items.

### **Article 40 (Amended) Acquisition and Arbitration of Assets**

Acquisition and Arbitration of Assets of the issuing company or listed company is the purchase, sale, delivery or transfer of a high value asset that affects the financial position, performance, rights and interests of the stockholders of the issuing company or the listed company.

The Securities Commission determines the procedures, categories, calculation formula, approval rights, reporting, disclosure and other matters relating to Acquisition and Arbitration of Assets.

Acquisition and Arbitration of Assets must be reported and made openly to public.

## **Part III**

### **Investment Funds**

### **Article 41 (New) Investment Funds**

Investment Funds are as follows:

1. Public Fund
2. Private Fund.

Where necessary, other investment funds may be set up as required by the government.

## **Chapter 1**

### **Public Funds**

#### **Article 42 (Amended) Public Funds**

Public Funds is a fund managed by an investment fund company created to mobilize funds from individuals, legal entities and organizations, both local and foreign, as promised by the investment distribution.

#### **Article 43 (Amended) Investment Objectives of Public Funds**

Public funds can invest in any or all of the following objectives:

1. money market products, e.g. saving deposits, deposits, certificates of deposits;
2. shares listed on the securities exchange;
3. corporate bonds;
4. government bonds;
5. developing a financially rewarding infrastructure;
6. other objectives as prescribed by the SC

#### **Article 44 (Amended) Categories of Public Fund**

There are two types of Public Fund:

1. Closed-end public fund;
2. Open-end public fund.

Closed-end public fund is a non-repurchase joint venture fund and has a fixed age limit. A closed-end fund must be listed on the securities exchange in order to trade such investment units.

Open-end public fund is public funds that repurchases or does not buy back investment units and does not have an age limit. Open-end public fund may be listed or not listed on the securities exchange for trading the investment units. Open-end public fund listed on the securities exchange will not buy back an investment unit.

#### **Article 45 (Amended) Conditions for Public Fund Establishment**

Those who establish a public fund shall be subject to the following primary conditions:

1. An Investment fund management company authorized by the Securities Commission to conduct business on the establishment and management of public funds;
2. A company that is not in bankruptcy or is on the verge of bankruptcy;
3. There are public fund executives with professional certificates, types of investment fund management;
4. There is a contract with the Custodian Bank, which is authorized by the Securities Commission to maintain and manage the property and act as an agent to protect the rights and interests of the investors;

5. There is a contract with the audit company to verify the financial position of the public fund;
6. Have detailed plan for mobilization and investment plan;
7. Other conditions as defined by laws.

**Article 46 (Amended) Application Documents for Public Fund Establishment**

Those who wish to apply for Public Fund Establishment must submit the following documents to the Securities Commission:

1. an application pursuant to the form of the SC;
2. A copy of the enterprise registration form of the investment fund management company;
3. A copy of the business license on establishing and managing a public fund in the Lao PDR;
4. A copy of securities business professional certificate, type of investment fund manager and resume of the investment fund manager;
5. Fundraising plan and investment plan;
6. Prospectus as prescribed by the Securities Commission;
7. Draft a contract between the investment fund management company and the Custodian Bank;
8. Drafting an agreement between the investment fund management company and the audit company;
9. Drafting an agreement between the investment fund management company and the investor;
10. Other documents as prescribed by laws.

**Article 47 (Amended) Consideration of Public Fund Establishment**

The Securities Commission must consider the request for the public fund establishment within forty-five days from the date of receipt of the full and accurate supporting documents. In case of rejection, the reply must be given in writing, with reasons.

If necessary, the Securities Commission has the right to request additional documentation and information, or invite relevant parties to clarify or provide information.

Following the authorization of the public fund establishment, the investment fund management company shall conduct the issuance of the investment unit.

**Article 48 (Amended) Procedure for issuance of the investment unit**

Upon approval of the Securities Commission to establish a public fund, the investment fund management company shall issue investment units in the following procedures:

1. Announce the issuance of an investment unit;
2. Advertise the distribution of investment units as prescribed by the prospectus;
3. Buy an investment unit and place deposits;
4. Allocate investment unit;
5. Pay or refund of the deposits to the subscriber not allocated an investment unit by the subscription amount;

6. Issue certificate of investment unit allocation.

#### **Article 49 (Amended) Public Fund Registration**

Upon the completion of the issuance of the investment units to the investors, the investment fund management company shall report and propose to register a public fund with the Securities Commission within five business days and the Securities Commission shall consider the listing within ten business days of receiving the proposal.

#### **Article 50 (Amended) Public Fund Activities**

Public Fund Activities shall be conducted as follows:

1. The assets of the public fund must be maintained and managed by Custodian Bank;
2. The assets of each public fund shall be separate and separate from the assets of the investment fund management company;
3. The assets of a public fund are considered to be the property of the investment unit holders;
4. Income and other assets from the public fund management must be the property of the public fund;
5. Investment policy information, risks, returns and other information must be disclosed to inform investors in investment decisions.

The calculation of the net asset worth of the public venture, the sale price and the purchase price of the investment unit shall follow the technical specifications and be made openly to public.

## **Chapter 2 Private Funds**

#### **Article 51 (New) Private Funds**

A private fund is a fund for investment made up of a combination funds from individuals, legal entities, and organizations, both domestic and foreign, which does not exceed the amount set by the Securities Commission, to be allocated to an investment fund management company or a securities company administered pursuant to the agreement and objectives as defined in Article 43 of this Article.

The movement of private funds to comply with the provisions of Article 50 of this Law.

#### **Article 52 (New) Requirements of Private Fund**

Those with the intention of administering private funds have the following requirements:

1. An investment fund management company or securities company authorized by the Securities Commission to conduct business on the management of private funds;

2. Have a fund manager with a professional certificate, type of investment fund manager;
3. Have a detailed plan for the investment;
4. Not in bankruptcy or on the verge of bankruptcy;
5. There is a contract between the investment fund management company or the securities company with custodian bank;
6. There is a contract between the investment fund management company or the securities company and the audit company;
7. There is a contract between the investment fund management company or the securities company with the investor;
8. Other requirements as provided by law.

## **Part IV**

### **Securities Intermediary**

#### **Article 53 (New) Securities Intermediary**

Securities Intermediary is as follows:

1. Securities Company;
2. Investment Fund Management Company;
3. Property Valuation Company;
4. Custodian Bank;
5. Audit Company;
6. Credit Rating Company;
7. Agent of corporate bond holders or Government Bond;
8. Other securities intermediary as determined by the Securities Commission.

## **Chapter 1**

### **Securities Company**

#### **Article 54 (Amended) Securities Company**

A securities company is a financial institution that conducts securities business.

A person or legal entities wishing to incorporate a securities company shall be required to register the enterprise as stipulated in relevant laws and obtain permission to conduct securities business with the SC.

Securities companies must be established in the corporate form.

#### **Article 55 (Amended) Requirements to Obtain Authorization to Operate a Securities Business**

Those who wish to obtain authorization to operate a securities business shall meet requirements as follows:

1. Be a commercial bank, domestic or foreign insurance company or a foreign securities company holding shares with a hundred percent. For other legal entities and individuals must have a joint ventures with commercial banks, insurance companies or securities companies based on the equity ratios set by the Securities Commission;
2. Have registered capital:
  - At least five billion kip for financial advisory;
  - At least thirty billion kip for securities brokerage;
  - At least one hundred billion kip for underwriter.
3. There are plans to run the business for at least the first three years after its establishment;
4. Have internal control, risk management, information technology and preventing conflicts of interest within the company, company to any person or other legal entities, except for securities company which is financial advisory;
5. Have knowledgeable personnel and experience in securities business, finance, banking or legal matters integrated into the Executive Board and Board of Directors;
6. There are members of Executive Board and board of directors who have not been convicted by a court of criminal fraud, embezzlement or financial misconduct;
7. There are an appropriate number of securities business professionals;
8. Have a good financial position and have been audited by the audit company accredited by parties concerned, never committed financial misconduct;
9. Other requirements as provided by laws.

#### **Article 56 (Amended) Application Documents for operating the Securities Business**

Application Documents for operating the Securities Business are as follows:

1. An application pursuant to the form of the SC;
2. An establishment and joint venture agreements;
3. Article of Incorporation;
4. Copies of enterprise registration, certificate of tax payments and rules of legal entities requesting for the establishment;
5. Copies of education qualification, certificate of criminal record, brief biographies, copies of identification cards or passports of members of Executive Board and board of directors;
6. A list of shareholders more than five percent, brief biographies, copies of identification cards or passports of a shareholder who has legal entities to requesting for the establishment;
7. The financial statement of the legal entity requesting for the establishment, which has been verified by auditing company certified by parties concerned, for individuals must be verified by the parties concerned.
8. List of names and securities business professional certificate;
9. A business plan at least for the first three years after the incorporation;



10. Other documents as prescribed by laws.

**Article 57 (Amended) Consideration of Securities Business Licenses**

The Securities Commission shall consider the applications to obtain authorization to conduct securities business within forty-five days from the date of receipt of the complete and accurate application documents. In case of rejection, the reply must be given in writing with the reasons given.

When deemed necessary, the Securities Commission has the rights to request additional documents and information or invite related person to clarify or provide information.

After receiving a business license from the Securities Commission, the securities company must announce to the public through the mass media within five business days of the issuance of the business license.

**Article 58 (Amended) Scope of the securities business operations of a securities company**

The securities company operates the securities business in any or all of the following scopes:

1. Financial consultant, organizational structure, financial management, and business operations;
  2. Investment advisers on securities;
  3. A Securities broker based on the purchase or sale of an investor;
  4. Trade securities on behalf of securities companies;
  5. Guarantee of securities issuance;
  6. Private Fund Management;
  7. Conduct other business as determined by the Securities Commission.
- In the case that a securities company wishes to change the scope of its securities business, the securities company shall be authorized by the Securities Commission.

**Article 59 (Amended) Rights and Duties of Securities Company**

A securities company has the primary rights and duties as follows:

1. To operate securities business as defined in the Article 58 of this law;
2. To improve and develop the internal control system, risk management, information technology and prevention of conflicts of interest within a company or with relevant persons;
3. To separate 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 business;
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, e.g. names, addresses, occupations, places of business, sources of income and financial status, and ensure that a securities account applicant is an actual 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 activity, audit and statistic and other financial obligations pursuant to the laws and regulations;
11. Be responsible for any damages incurred as a result of its services.
12. To exercise such other rights and perform such other duties as defined by laws.

**Article 60 (Amended) Establishment of Branch or Service Unit**

Establishment of branch or service unit of a securities company in Lao PDR and in foreign countries must be approved by the Securities Commission.

Establishment of branch of a foreign securities company in the Lao PDR must be approved by the Securities Commission.

The Securities Commission determines the requirements for establishing and operating the branch of a foreign securities company that operates in the country and the branch of a foreign securities company operates in the Lao PDR.

**Article 61 (Amended) Establishment of a Representative Office of a Foreign Securities Company**

Foreign securities companies can establish their representative offices in the Lao PDR as provided by relevant laws.

**Article 62 (Amended) Clearing and Using Registered Capital of the Securities Company**

Any person who wishes to obtain securities licenses shall have full registered capital to their deposited account immediately with the commercial bank in Lao PDR as provided in the regulations.

The registered capital can be used to prepare the securities business and must report the use of such capital to the Securities Commission.

**Article 63 (Amended) Organizational Structure of Securities Company**

Securities Company has the Organizational Structure as follows:

1. Shareholders' meeting;
2. Executive Board;
3. Board of the Executive Board;
4. Board of Directors;
5. Sectors.

Details of the organizational structure of the securities company are provided in separate regulations.

**Article 64 (Amended) Securities Company Rules**

The securities company rules must contain the following:

1. Organizational structure;
2. Shareholder structure;
3. Administrative management;

4. Meetings and resolutions;
5. Accounting and Auditing;
6. Dispute Resolution;
7. Cancellation and Settlement;
8. Other content as provided by law.

#### **Article 65 (Amended) Capital Adequacy Ratios**

Capital Adequacy Ratio is a financial ratio that shows the ability to pay off short-term debt, prevent and manage financial risk.

The securities company must maintain a sufficient capital adequacy ratio in accordance with the regulations of the Securities Commission to ensure its security;

The method for calculating capital adequacy ratios is set out in separate regulations.

#### **Article 66 (Amended) Changes need to be authorized**

Any securities company, subject to change, must seek permission from the Securities Commission as follows:

1. Increase or decrease of registered capital;
2. Name, location, control or cancellation of a company, branch, service unit or representative office ;
3. Temporary suspension of business activities, except suspension due to violation of law;
4. Change in shareholder structure is from five percent up to;
5. Changes to the members of Executive Board, Board of Directors, and Internal Audit Committee;
6. Other changes as provided by law.

The Securities Commission shall consider the change as defined under paragraph one of this Article within thirty days from the date of receipt of the complete and correct change request.

#### **Article 67 (Amended) Accounting of Securities Companies**

The securities company must perform accounting, financial reporting standards in accordance with the accounting law.

The securities company's annual financial statements must be audited by auditing company approved by the Securities Commission.

#### **Article 68 (New) Suspension of securities business of securities companies**

The securities company will temporarily suspend any or all of the securities business in any of the following cases:

1. Permitted to operate securities business on the basis of providing incorrect information;
2. Excessive actions or disregards his rights and duties as stipulated in irrelevant regulations;
3. There is an order of the relevant authority to suspend the securities business;
4. A manager was sued or sued over a securities business transaction;

5. Failure to perform other tax and financial obligations as provided by law;
6. Other cases as determined by the Securities Commission.

Following the suspension of the securities business, the securities company shall make adjustments in accordance with the schedule of the Securities Commission.

**Article 69 (Amended) Withdrawal of securities business license of securities companies**

The securities company will revoke its securities operating license in any of the following cases:

1. At the request of the securities company with resolution of the shareholders meeting;
2. Be authorized to conduct business on the basis of providing incorrect information which results in serious damage to the company's security and capital market system;
3. Failure to comply with the company's securities regulations as prescribed by the Securities Commission.;
4. Not address the underlying causes of the business suspension;
5. Violation of the prohibitions as stipulated in this Law;
6. Violation of laws that have serious consequences on the capital market system as considered by the SC;
7. There are decisions and judgments of the people's court that can be used by bankruptcy companies.

Following the withdrawal of the business license, the Securities Commission has to request the parties concerned to cancel the company and make a public announcement through themass media for seven days in a row from the date the business license is suspended onwards.

**Article 70 (Amended) Compliance after withdrawal of the securities operating license**

A securities company that has withdrawn a license for securities operating must transfer the list of clients, accounts, securities, collateral and other securities of the clients under their own management to another securities company in order to provide services as prescribed by the Securities Commission as stipulated by relevant laws.

## **Chapter 2**

### **Investment Fund Management Company**

**Article 71 (Amended) Investment Fund Management Company**

Investment Fund Management Company is a financial institution that conducts business development and administration of investment funds.

Individuals, legal entities wishing to establish an investment fund management company must register the enterprise as required by relevant laws and obtain a license to operate an investment fund management business with the Securities Commission.

An investment fund management company must be established in the company form.

**Article 72 (New) Requirements for Operating Business for Investment Fund Management**

Those who wish to obtain a license to operate an investment fund management business must meet the following requirements:

1. Be a commercial bank, domestic or foreign insurance company or a foreign securities company with holding shares one hundred percent. For other entities and individuals, shall have a joint ventures with commercial banks, insurance companies or securities companies based on the equity ratios set by the Securities Commission;
2. Have a registered capital of at least ten billion kip;
3. Have a business plan for at least the first three years after its establishment;
4. Have internal control, risk management, information technology and conflict protection of interests within the company, company to any individuals or other legal entities except the securities company which is the financial advisor;
5. Have knowledgeable personnel and experience in securities, finance - banking or legal matters integrated into the Executive Board and the Board of Directors;
6. Securities business professionals, type of investment fund management and investment adviser in the appropriate amount;
7. There are members of Executive Board and directors not convicted of fraud, embezzlement or financial misconduct;
8. Have a good financial position and have been verified by an auditing company that is accredited by parties concerned, never committed financial crimes;
9. Other requirements as provided by laws.

**Article 73 (Amended) Scope of the Business Operating of an Investment Fund Management Company**

An investment fund management company can do this business:

1. Set up an Investment Fund;
2. Investment Fund Management;
3. Perform other business as determined by the Securities Commission.

**Article 74 (Amended) Rights and Duties of the Fund Management Company**

The Fund Management Company has the following rights and duties:

1. Conduct business under the scope of Article 73 of this Law;
2. Investment fund management that establishes and distributes investment units in the country including management of established investment funds and overseas investment distributions;
3. Adhere to the code of ethics standard in the management of the investment fund management company;

4. Conduct the sale, redemption of an investment unit and the registration of an investment unit in a securities exchange or assign it to an agent to sell an investment unit as approved by the Securities Commission;
5. Carry out the custodian agreement, the investment fund management agreement and the protection of investor interests;
6. Register an Investment Fund with the Securities Commission after the completion of the sale of investment unit of each public fund. For individual funds, the investor's capital results must be made in writing to the Securities Commission;
7. be liable for any damages incurred as a result of its service;
8. Exercise other rights and perform such other duties as provided by the laws.

#### **Article 75 (New) Action after the License Revocation**

Investment fund management companies that have been revoked their operating licenses must transfer the management contracts, the lists of investment funds, the lists of holders of investment units, the information on the investment unit holding and other types of investment funds under their management to another investment fund management company after approval by the SC, unless otherwise agreed by the meeting of holders of investment unit of the investment funds.

#### **Article 76 (Amended) Applications of Securities Company Provisions**

Business permit application forms, consideration of business licenses, clearance and use of registered capital, organizational structure, company rules, list changes, accounting work, suspension of business operations, revocation of business licenses pursuant to the provisions of the securities company as defined in Chapter 1 of this Article.

### **Chapter 3**

#### **Asset Valuation Company**

#### **Article 77 (New) Asset Valuation Company**

An asset valuation company is a domestic or foreign entity that provides property valuation services in securities operations.

Asset valuation companies that wish to provide asset valuation services in the area of securities work need to be approved by the Securities Commission. Asset valuers at an asset valuation company must also be approved by the Securities Commission.

#### **Article 78 (New) Approval Requirements for Asset Valuation Services**

An asset valuation company that is intended to provide an asset valuation service in securities operations must meet the following requirements:

1. Have at least three years of property valuation business for foreign asset valuation company and taxpayer identification number ;

2. Have a qualified asset appraiser, a property valuation experience in appropriate amount, and a certification through an Asset Valuation Course or Certificate of Domestic or Foreign Asset Appraiser;
3. Other requirements as provided by law.

**Article 79 (New) Application Documents for Approval of Asset Valuation Services**

Application Documents for Approval of Asset Valuation Services in the securities work is as follows:

1. Application pursuant to the form of the SC;
2. A copy of the enterprise registration certificate, tax payments or taxpayer ID and internal rules of the asset valuation company;
3. A list and brief biographies of the asset valuers;
4. Business Activity Reports;
5. Other documents as provided by law.

**Article 80 (New) Consideration on approval for Asset Valuation Services**

The Securities Commission shall consider the application for certification of the asset valuation services within thirty days from the date of receipt of the complete and accurate application documents. In case of rejection, give a written reply with reasons.

When deemed necessary, the Securities Commission has the rights to request additional documents and information or invite stakeholders to clarify or provide information.

After receiving the certificate from the Securities Commission, must announce to the public through the mass media within five business days from the date of receiving the approval.

**Article 81 (New) Service Provider Scope of Asset Valuation Company**

Asset Valuation Company offers asset valuation services in the following areas:

1. Lands;
2. Buildings;
3. Mechineries;
4. Materials and equipment;
5. Lease contracts;
6. Consession contracts;
7. Intellectual property;
8. Other services as defined by the SC.

**Article 82 (New) The rights and duties of the asset valuation company**

The asset valuation company has the rights and duties as follows:

1. Service to the scope as specified in Article 81 of this Law;
2. Provide asset valuation services to target groups of the securities activity;
3. To report on its business activities as determined by the Securities Commission;
4. Responsible for any damages incurred as a result of its services;

5. To exercise such other rights and perform such other duties as provided by the laws.

#### **Article 83 (New) Suspension of Asset Valuation Services**

The asset valuation company will be suspended from providing the asset valuation services in the securities activity in any of the following cases:

1. Certified on the basis of incorrect information;
2. Excessive actions or disregard to apply with the rights and duties as stipulated in this Law;
3. Order from the relevant authority to suspend the business of carrying out the asset valuation.;
4. The manager is prosecuted or sued for asset valuation;
5. Violation of relevant laws and regulations that do not have a negative impact on the capital market system at the discretion of the Securities Commission;
6. Failure to perform other tax and financial obligations as provided by law.

Following the suspension, the Asset Valuation Company must make adjustments to the schedule set by the Securities Commission.

#### **Article 84 (New) Withdrawal of Certificate of Asset Valuation Services**

The asset valuation company will be withdrawn its Certificate of Asset Valuation Services in any of the following cases:

1. Not addressing the cause of the suspension of service within the time set by the Securities Commission;
2. At the request of the Asset Valuation Company with the resolution of the shareholders meeting;
3. It is recognized on the basis of the provision of inaccurate information that has serious consequences on the capital market system;
4. Violation of laws that have a severe impact on the capital market system as considered by the SC.

Upon the withdrawal of the certificate, the Securities Commission shall inform the parties concerned and make a public announcement through the mass media for seven consecutive days from the date the license is issued.

## **Chapter 4 Custodian Bank**

#### **Article 85 (Amended) Custodian Bank**

Custodian Bank is a legally established commercial bank or foreign commercial bank that provides storage, asset management and representation services to protect the rights and interests of investors.

Commercial banks wishing to serve as Custodian Bank must obtain approval for the SC;



**Article 86 (Amended) Conditions for certification as a Custodian Bank**

Domestic and foreign commercial banks that wish to apply for a Custodian Bank must meet the following requirements:

1. Implementation of security procedures provided by the Bank of the Lao PDR periodically;
2. Departments or units including asset keeping and asset management systems and overseeing investor interests;
3. Have knowledgeable and experienced personnel in asset keeping and asset management and take care of investor interests;
4. Taxpayer identification number for foreign commercial banks;
5. Other requirements as provided by law.

**Article 87 (Amended) The application for approval as a Custodian Bank**

The application for approval as a Custodian Bank is as follows:

1. Application pursuant to the form of the SC;
2. A copy of the enterprise registration certificate, tax payments or taxpayer ID, business license and internal rules of the commercial bank;
3. Resolutions of the Executive Board on approval of the operations of asset management services;
4. Organizational structure and personnel;
5. A business statement and audited financial statements from auditing company;
6. Other documents as provided by law.

**Article 88 (Amended) Service Scope of the Custodian Bank**

The Custodian Bank offers services to any or all of the following:

1. Keep and manage investors' assets;
2. o represent the protection of the rights and interests of investors;
3. Other services as determined by the Securities Commission.

**Article 89 (Amended) The Rights and Duties of the Custodian Bank**

The Custodian Bank has the rights and duties as follows:

1. Service to the scope as specified in Article 88 of this Law;
2. Store assets, information and documents related to investor's transactions;
3. Maintain confidentiality of investor information;
4. Monitor the interests made by the investor's assets;
5. Separate the assets of each public fund and separate from their own assets;
6. Manage, monitor investments and investment ratios of investment funds;
7. be liable for any damages incurred as a result of its service;
8. Exercise other rights and perform such other duties as provided by the laws.

**Article 90 (New) Action after revocation of certificate**

The Custodian Bank, which has been withdrawn the certificate, must transfer the client's records, accounts, securities listings and other information of the clients under its management to another custodian bank after approval by the Securities Commission.

**Article 91 (New) Applying the provisions of the Asset Valuation Company**

The consideration, suspension and withdrawal of a Certificate as the Custodian Bank, shall comply with the provisions of the Asset Valuation Company as set forth in Chapter 3 of this Section.

**Chapter 5**  
**Audit Company**

**Article 92 (Amended) Audit Company**

Audit Company is an enterprise established and licensed to conduct business as provided by relevant laws to provide audit services.

Audit Company, which intends to provide audit services in the area of securities work, has to obtain the approval of the Securities Commission. The auditors of the audit company must also be approved by the Securities Commission.

**Article 93 (Amended) Conditions for Approval of Audit Services**

Audit Company, which is intended to provide audit services in the securities sector, must meet the following requirements:

1. Conduct business in accordance with the law;
2. Member of the Professional Accountants and Lao Auditors' Association;
3. Have audit experience;
4. Other conditions as required by law.

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

Application Documents for Approval of Audit Services in the securities activity are as follows:

1. Application pursuant to the form of the SC;
2. A copy of the enterprise registration certificate, tax payments and business license of the audit company;
3. A copy of the Verified Certificate of Audit for the quality assurance system of the Ministry of Finance;
4. A list of auditors with a brief biographies and audit experience;
5. A copy of the Certificate of Membership of the Professional Accountants and Lao Auditors' Association;
6. Business Transaction Reports;
7. Other documents as provided by law.

**Article 95 (New) Scope of Audit Services**

Audit Company offers services to any or all of the following areas:

1. Examine the financial statements;
2. Review the financial statements;

3. Other services as determined by the Securities and Exchange Commission.

#### **Article 96 (Amended) Rights and Duties of Audit Company**

In securities auditing, the audit company has the following rights and duties:

1. Offer service to the scope as specified in Article 95 of this Law;
2. to duplicate documents, or request the entities being audited and related companies to provide accounting information and other necessary information
3. to terminate an audit service agreement, in case it deems that such audit is not independent, does not receive cooperation, or is forced to take any action not in compliance with the laws and regulations;
4. to notify management of an entity being audited, in case it deems that there is violation in order to cease such violation and seek for solution together with specifying such violation in an audit report and to notify an Executive Board;
5. to report audit results to the SC in relation to:
  - termination of an audit service agreement;
  - violation of the laws;
  - damage that may occur or have occurred with a value of equal to or more than ten percent of asset value of an entity being audited;
  - irregular change in asset value;
  - insufficiency of total asset value to make debt repayment.
6. Implement ethics and standards related to audit work;
7. Reporting of its business activities as determined by the Securities Commission;
8. Responsible for any damages incurred as a result of its services;
9. Exercise other rights and perform such other duties as provided by the laws.

#### **Article 97 (New) Applying the provisions of the Asset Valuation Company**

The consideration, suspension and withdrawal of a certification of audit service is in compliance with the provisions of the Asset Valuation Company as set forth in Chapter 3 of this Section.

### **Chapter 6 Credit Rating Agency**

#### **Article 98 (New) Credit Rating Company**

A credit rating company is a legally established legal entity or foreign credit rating company that provides a credit rating on the quality and risk of a company and securities in the securities activities.

A credit rating company wishing to provide credit rating services relating to securities activities in Lao PDR shall be approved by the SC.

**Article 99 (New) Requirements for Approval of a Credit Rating Services**

Credit Rating Companies that wish to be approved for credit rating services must meet the following criteria:

1. There is a person responsible for credit rating who has the knowledge and experience of credit rating with appropriate numbers;
2. Have a good reputation and experience in credit rating;
3. Have principles and criteria based on the international standards for credit ratings;
4. There are operational mechanisms that ensure the credit ratings;
5. A taxpayer identification number for a foreign credit rating company.

**Article 100 (New) Documents Assures Credit Rating Services**

Documents Assures Credit Rating Services in the securities activities are as follows:

1. Application pursuant to the form of the SC;
2. A copy of the enterprise registration certificate, tax payment certificate and internal rules of the credit rating company;
3. The list and brief biographies of the persons in charge of credit rating;
4. Business Transaction Reports.

**Article 101 (Amended) Scope in the Credit Rating Services**

Credit Rating Companies offers services to any or all of the following:

1. Rate the quality and risk of the securities;
2. Rate the management and financial position of the company in the target groups in the securities activities;
3. Other services as determined by the Securities Commission.

**Article 102 (New) The Rights and Duties of the Credit Rating Companies**

The credit rating company has the rights and duties as follows:

1. Service to the scope as specified in Article 101 of this Law;
2. Report on its activities as determined by the Securities Commission;
3. Responsible for any damages incurred as a result of its services;
4. Exercise other rights and duties as stipulated by law.

**Article 103 (New) Applying the provisions of the Asset Valuation Company**

The consideration, suspension and withdrawal for approval of credit rating Service is in compliance with the provisions of the Asset Valuation Company as defined in Chapter 3 of this Chapter.

## **Chapter 7**

### **Representatives of Corporate Bonds Holders and Government Bonds**

#### **Article 104 (New) Representatives of Corporate Bonds Holders and Government Bonds**

Representatives of Corporate Bonds Holders and Government Bonds are commercial banks, legally established securities companies or commercial banks, foreign securities companies that provide services as representatives to investors in tracking the performance of the rights and duties of corporate bond issuers and government bonds as defined in the prospectus and other related documents.

Commercial banks or securities companies intended to represent corporate bond holders and government bonds must be approved by the Securities Commission.

#### **Article 105 (New) Conditions for approval as Representatives of Corporate Bonds Holders and Government Bonds**

Those who wish to represent the Corporate Bonds Holders and Government Bonds must meet the following conditions:

1. There is an administrative management system that ensures their own operations;
2. There are administrators and staff who have the knowledge and experience of representing the corporate bond holders and government bonds, never convicted of fraud, embezzlement or financial misconduct.
3. Other requirements as provided by law.

#### **Article 106 (New) Application Documents for Approval of representing the Corporate Bonds Holders and Government Bonds**

Those who wish to represent the Corporate Bonds Holders and Government Bonds must compile the following documents:

1. Application pursuant to the form of the Securities Commission;
2. A copy of the enterprise registration certificate, tax payments or taxpayer ID, business license and securities law of a commercial bank or securities company;
3. Resolutions of the Executive Board on approval of representative of corporate bond holders and government bonds;
4. Organizational structure;
5. A business statement and audited financial statements from auditing company;
6. Other documents as provided by law.

#### **Article 107 (New) Scope of services of representative of corporate bond holders and government bonds**

The representative of corporate bond holders and government bonds provides services in the following areas:

1. Acting as a representative of corporate bond holders and government bonds on behalf of the holders;

2. To be a provider to the issuer of corporate bonds and government bonds;
3. To keep and manage assets of holders of corporate bonds and government bonds;
4. To serve as a representative to protect the rights and interests of the holders of corporate bonds and government bonds;
5. Other services as assigned by the Securities Commission.

**Article 108 (New) Rights and duties of a representative of corporate bond holders and government bonds**

The representative of corporate bond holders and government bonds has the rights and duties as follows:

1. Service to the scope as specified in Article 107 of this Law;
2. Monitor the credit rating, security and adequacy of the collateral of issuers of corporate bond and government bonds, and the collateral of debt payment guarantor;
3. Monitoring the business activities of issuers of corporate bond or government bonds information;
4. Monitor the activity of specific accounts in the repayment of principal and interest of corporate bond and government bonds;
5. Examine the consistency of using capital as stated in the prospectus and related documents;
6. Observe the obligation performance of the issuers of corporate bond and government bonds as set out in the prospectus and other relevant documents.
7. Claim or sue the damages on behalf of holders of corporate bond and government bonds in case of failure to pay the principal and / or interest.
8. be liable for any damages incurred as a result of its service;
9. To exercise such other rights and perform such other duties as provided by the laws.

**Article 109 (New) Action after Revocation of Certificate of Approval**

The representative of the holders of corporate bonds and government bonds who have been withdrawn the certificate must transfer the name list of clients, account, list of corporate bonds and government bonds and other information of the holders of corporate bonds and other government bonds under their own management to the representative of the holders of corporate bond and government bonds after the consent of the SC.

**Article 110 (New) Applying the provisions of the Asset Valuation Company**

The consideration, suspension, and withdrawal of the service approval as a representative of the holders of corporate bonds and government bonds shall be subject to the provisions of the Asset Valuation Company as defined in Chapter 3 of this chapter.

## **Part V**

### **Securities Business Professionals and Securities Association**

#### **Chapter 1**

##### **Securities Business Professionals**

###### **Article 111 (New) Securities Business Professionals**

Securities Business Professionals is an employee of a securities company or an investment fund management company with a qualification, experience and securities business professional certificate from the Securities Commission.

###### **Article 112 (New) Types of Securities Business Professionals**

Securities Business Professionals are as follows:

1. Broker to trade securities;
2. Trader of securities;
3. Financial advisor;
4. Investment advisor;
5. Securities analyst;
6. Investment Fund Administrator;
7. Other securities business professionals as determined by the Securities Commission.

For the conditions of securities business professionals of each type is specified in a separate regulations.

###### **Article 113 (New) Asking a Securities Business Professional**

A securities company or investment fund management company that intends to certify securities business professionals to its employees must submit a paperwork to submit to the Securities Commission for consideration.

#### **Chapter 2**

##### **Securities Activity Association**

###### **Article 114 (Amended) Securities Activity Association**

The securities activity association is an economic association that is established of voluntary and non-profit movements, helping one another, protecting the rights and legitimate interests of the association and its members to contribute to the development of the securities activities.

###### **Article 115 (New) Types of Securities Activity Association**

Securities Activity Association is as follows:

1. Securities company association and securities business professionals
2. Registered companies association;

3. Other associations as determined by the Securities Commission.

#### **Article 116 (New) Establishment of Securities Activity Association**

Those wishing to establish the securities activity association shall have the full conditions and combine applications documents as required by law to submit to the SC for comments, then submit it to the Ministry of Industry and Commerce for approval of the establishment.

Once approved, the securities activity association must register the association with its stakeholders.

#### **Article 117 (Amended) Rights and Duties of Securities Activity Association**

Securities Activity Association has the following rights and duties:

1. Research the rules of the association operations;
2. Research the ethics code on the activities of securities companies and securities business professionals;
3. to research and enhance the knowledge relating to securities activity for the members;
4. to advertise and disseminate the laws and provide information relating to securities activity to the members and the society;
5. to supervise, monitor and inspect the business operation of the members;
6. To cooperate with Securities Commission and other concerned parties for the development of securities work;
7. Be responsible for any damages incurred as a result of its activities;
8. Exercise other rights and duties as provided by law.

## **Part VI Securities Exchange**

#### **Article 118 (Amended) Securities Exchange**

Securities Exchange is a financial institution that conducts business in securities listing, securities trading and the calculation of securities transaction.

Any person who intends to do business in the securities exchange must submit a permit application with all relevant and accurate documents to the single window investment management office at central level for submission to the Securities Commission for approval of the securities business operations. The securities exchange must be established in the form of a limited company or a public company only.

#### **Article 119 (Amended) Requirements for the Operating Securities Exchange**

Those who wish to operate Securities Exchange must have the following requirements:



1. Good financial position and strong experience in securities business operating;
2. Have a registered capital of at least three hundred billion kip;
3. There are plans for information technology systems, registrations, exchange trading and calculation of securities transactions, backup systems and maintenance plans, and plans for connecting to external systems;
4. Have internal control system, risk management, conflict prevention in terms of interests and other related systems to support the operations of the securities exchange;
5. Have a business operating plan for the first three years after its establishment;
6. Organizational structure;
7. Other conditions as provided by law.

**Article 120 (Amended) Application Documents for Operating the Securities Exchange**

Application documents for operating the securities exchange are as follows:

1. Application pursuant to the form of the SC;
2. Applicant's financial statements and performance reports;
3. Establishment agreement or joint venture agreement;
4. Securities exchange rules;
5. The name and address of the applicant as well as the number of shares held;
6. Business plan for the first three years after its establishment;
7. Other documents as provided by law.

**Article 121 (Amended) Considerations for operating securities exchange business**

After receiving complete and accurate supporting documents for operating the securities exchange business as prescribed in Articles 118 of this Law, the Securities Commission shall consider and agree in principle if it meets the requirements set forth in Article 119 of this Law through the the single window investment management office at central level within forty-five days.

In case of non-compliance, the Securities Commission shall issue a written rejection request to those who request for operating the securities exchange business.

**Article 122 (Amended) Issuance of Licenses for Operating Securities Exchange Business**

After receiving an investment license from the Central One-Stop Investment Promotion and Management Committee, the persons applying to operate a securities exchange business must complete additional conditions within one hundred and eighty days, as follows:

1. Fully paid the registered capital;
2. Incorporate techniques and facilities to ensure the operations of securities exchange business;
3. There is a system of information technology that meets international standards and standards set by the Securities Commission, An advanced information security system can be continuously serviced, extended to the needs of the work, and guaranteed to connect to external systems. For registration,

exchange trading and calculation of securities transactions, the system must have a backup system and must be maintained regularly;

4. Have sufficient personnel with knowledge and experience in finance, banking or law to be trained;
5. There is an operating system that can provide the operation of securities exchange business.

In the event that the license holder to operate securities exchange does not meet any of the above conditions, the Securities Commission shall consider extending the duration of these conditions by ninety days but not more than twice.

The Securities Commission will issue a securities exchange license once the applicant who requests to exercise a securities exchange business has fully complied with the above paragraph.

After receiving a license to operate the securities exchange, the Securities Commission shall notify the relevant sector to register the enterprise.

### **Article 123 (Amended) Scope of operating of the Securities Exchange**

The Securities Exchange operates in the following areas:

1. To list securities;
2. To trade securities;
3. To calculate securities transactions;
4. To perform other business as determined by the Securities Commission.

Changes in the scope of the securities exchange must be approved by the Securities Commission.

### **Article 124 (Amended) Rights and Duties of Securities Exchange**

The securities exchange has the following rights and duties:

1. Conduct business under the scope of Article 123 of this Law;
2. Research, develop plans and policies for securities exchange development;
3. Establish their own business regulations;
4. Manage, monitor the activities of its members and monitor the information disclosure of listed companies;
5. Track unjust trading of securities;
6. Establish, develop and maintain securities trading system, calculate securities transactions, monitor securities trading, ask for securities trading information and modern network information and can be used for work all the time;
7. To cooperate and provide information to inspection committee, investigation officers and other concerned parties;
8. To cooperate with foreign securities exchange and other agencies in the securities exchange activities;
9. To perform accounting work, reporting and information disclosure as provided by relevant laws and regulations;
10. Be liable for any damages incurred as a result of the business operations;
11. Creating and managing a risk protection fund from calculation and accounting deductions;

12. Exercise other rights and duties as stipulated by law.

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

Any person who wishes to obtain a license to do business in the securities exchange shall be fully registered as prescribed by this law into their own savings account opened at the commercial banks in Lao PDR.

Registered capital can be used to prepare the readiness in securities exchange business operation and must report the use of such capital to the Securities Commission.

**Article 126 (Amended) Organizational Structure of Securities Exchange**

Securities Exchange has the main organizational structure as follows:

1. Shareholders' Meeting;
2. Executive Board;
3. Board of Executive Board;
4. Board of Directors;
5. Departments;

The organization and activities of the division are provided in separate regulations.

**Article 127 (New) Shareholders' Meeting**

Shareholders' Meeting is the highest organization of the securities exchange which consists of ordinary meetings and extraordinary meetings. Notification of meetings, assemblies, agendas, dates of resolutions, resolutions of meeting, amendments, cancellation of resolutions of meeting and periods of opening session is in accordance with enterprise law.

**Article 128 (New) The Rights and Duties of Shareholders' Meeting**

Shareholders' Meeting has the following rights and duties:

1. Approval of rules and agreements on the establishment of securities exchange as proposed by the Executive Board;
2. To elect or remove the President, Vice President, Members of Executive Board and Directors in accordance with the requirements laid down in the law as well as report to the Securities Commission;
3. Adopt a summary and annual business plan and annual budget plan, annual audit summary, financial accounting and risk management policies as proposed by the Executive Board;
4. Adopting the merge, separation, cancellation, trading of assets including investment in any activity or project and the sale or transfer of some or all of the securities exchange or improve the securities exchange structure as proposed by the Executive Board;
5. Adoption of Audit Company, dividend distribution, shares issuance, increase or decrease of registered capital of securities exchange, meeting interest, salaries or policies for executives and securities exchange officers as proposed by the Executive Board.

### **Article 129 (New) Executive Board**

The Executive Board of securities exchange consists of five or more members, of which at least one third is independent members.

The Executive Board of securities exchange consists of a president, a vice president and some of committee, all of whom are elected or resigned by a shareholders' meeting. The term of office of the Executive Board shall not exceed two years and may be re-elected.

The Executive Board of the Securities Exchange is active under the Conference system. The Executive Board Meeting consists of ordinary and extraordinary meetings. The general meeting is open at least twice a year. The Executive Board's operations to comply with the securities exchange rules, relevant laws and regulations.

### **Article 130 (New) Rights and Duties of Executive Board**

The Executive Board has the following rights and duties:

1. Research, establish rules and contract to establish securities exchange to propose shareholder meeting for approval;
2. To appoint, transfer or remove certain committees of the Executive Board and directors;
3. Review the summary and business plan, annual budget, annual audit results, international cooperation, financial accounting and risk management policies to submit to the shareholders meeting for approval;
4. To consider the merge, separation, cancellation, trading of any property, including investment in any activity or project, and the sale or transfer of all or part of the securities exchange or to update the shareholder structure to propose a shareholder meeting for approval;
5. Considering the increase or decrease of the registered capital of securities exchange to propose a meeting of shareholders for approval;
6. Consideration of interest of Executive Board meetings, salaries, bonuses and policies for Executive Board members, Directors, Departments, Academic Staff and Contracting Officers within the securities exchange to submit to the shareholders' meeting for approval;
7. Adhere to the rules of the securities exchange as agreed by the Securities Commission;
8. Exercise other rights and perform such other duties as provided by the laws.

### **Article 131 (New) Committee of Executive Board**

The Committee of the Executive Board is composed of the Audit Committee and the Risk Management Committee. If necessary, another committee may be formed.

### **Article 132 (New) The Rights and Duties of Audit Committee**

Audit Committee has the following rights and duties:

1. Research, establish regulations and internal monitoring mechanisms of the securities exchange to submit to the Executive Board for consideration;

2. Monitor and inspect the movements of Executives, Deputy Directors of Departments and staff within the securities exchange in the implementation of the law, policy, activity plan and budget of the securities exchange;
3. Monitor and inspection the progress of the Executives on resolving the pending issues identified in the external audit report of external audit company and the results of the audit of the Securities Commission;
4. Conclusion of the regular audit report of the overall operation of securities exchange to the Executive Board;
5. To exercise such other rights and perform such other duties as provided by the laws.

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

Risk Management Committee has the following rights and duties:

1. Research, develop rules, mechanisms and plans for risk management of securities exchange to submit to the Executive Board for consideration;
2. To monitor the implementation of the rules, mechanisms and plans for the risk management of the securities exchange;
3. Report the overall risk management results of securities exchange to the Executive Board on a regular basis;
4. To exercise such other rights and perform such other duties as provided by the laws.

#### **Article 134 (New) Board of Directors**

The Board of Directors of the Securities Exchange consists of directors and deputy directors as necessary.

The Director shall manage the day-to-day affairs within the rights and duties of their own as stipulated in this Law, the rules of the securities exchange and as agreed by the Executive Board.

The director is appointed or removed by the Executive Board, has a term of office less than two years and can be reappointed.

The Director may be a member of the Executive Board but shall not assume the office of President or Vice-President of the Executive Board.

The Deputy Director has the responsibility to assist the Director in managing the affairs of the securities exchange and acts on his behalf when the Director has engaged in other duties as assigned by the Director. The Deputy Director may be a member of the Executive Board but may not serve as the President or Vice-President of the Executive Board.

#### **Article 135 (New) The Rights and Duties of the Board of Directors**

The director of the securities exchange has the following rights and duties:

1. Research and develop business activity plans, annual budgets, financial accounting and risk management policies to submit to the Executive Board for consideration;

2. To supervise and manage the comprehensive affairs of the securities exchange in accordance with the laws, regulations, rules of the securities exchange and as agreed by the executive board;
3. Appoint, transfer or remove the deputy director as approved by the Executive Board;
4. To appoint, transfer or remove division directors and place personnel of the securities exchange;
5. Research the regulations of the securities exchange for submission to the Executive Board for consideration;
6. To exercise such other rights and perform such other duties as provided by the laws.

#### **Article 136 (Amended) Member of the Securities Exchange**

Member of securities exchange consists of securities companies and other members as defined by the securities exchange.

Member of securities exchange is responsible for receiving orders of trading from investors and submitting orders to trading system of securities exchange and informing the trading of investors.

#### **Article 137 (Amended) By-laws of Securities Exchange**

By-laws of Securities Exchange shall meet the following conditions:

1. Organizational structure;
2. Shareholder structure;
3. Administrative management;
4. Meetings and resolutions;
5. Accounting and Auditing;
6. Dispute Resolution;
7. Cancellation and Settlement;
8. Other content as provided by law.

## **Part VII Securities Depository**

#### **Article 138 (Amended) Securities Depository**

Securities Deposit Center is a financial institution that conducts business in securities registrations, securities registrars, securities depositors, securities transfers and securities accounts deduction.

Entities or organizations, both domestic and foreign, with the purpose of establishing a securities depository must be approved by the Securities Commission: The securities depository shall be established in the form of a limited company or a public company only.

**Article 139 (New) Condition for Approval for operating Securities Depository**

Those who wish to operate business in securities depository shall meet the following conditions:

1. Good financial position and strong experience in securities depository business;
2. Have a registered capital of at least fifty billion kip;
3. Have an internationally standardized information technology system and standards set by the Securities Commission, a secure system and ensure the link with external systems;
4. Registering, securities depositing, securities accounts deduction and securities registrars must have a backup system and must be maintained regularly;
5. Have internal control system, risk management, conflict prevention in terms of interests and other related systems to support the securities depository operations;
6. Have knowledgeable personnel and experience in finance, banking or law;
7. Have a business plan for at least the first three years after its establishment;
8. Have an organizational structure;
9. Other requirements as provided by law.

**Article 140 (New) Application Documents for approval to operate the Securities Depository business**

Application documents for approval to operate the securities depository business are as follows:

1. Application pursuant to the form of the SC;
2. Financial Statements;
3. Agreement on establishing a securities depository in the case of a joint venture;
4. Securities depository rules;
5. Business plan for at least the first three years after its establishment;
6. Organizational structure;
7. Other documents as defined by laws.

**Article 141 (New) Consideration for approval to operate the securities depository business**

The Securities Commission shall consider issuing a securities depository operating license within forty-five days from the date of receiving complete and accurate application documents. In case of rejection, the reply must be given in writing with reasons.

When deemed necessary, the Securities Commission has the rights to request additional documents and information or invite stakeholders to clarify or provide information.

After receiving a business license from the Securities Commission, the securities depository shall make a public announcement through a mass media within five business days from the date of issuance of the business license onwards.

**Article 142 (Amended) Scope to operate the securities depository business**

The securities depository operates business as follows:

1. Set up a securities lists and serve as a securities registrar;
2. Deposit of securities;
3. Transfer of securities;
4. Securities accounts deduction;
5. Provides for the preparation of shareholder meetings, payment of dividends and interest of corporate bonds or government bonds;
6. Perform other business as authorized by the Securities Commission.

**Article 143 (New) The Rights and Duties of Securities Depository**

The securities depository has the following rights and duties:

1. Conduct business under the scope of Article 142 of this Law;
2. Research, develop plans and policies for securities depository development;
3. Establish regulations for providing its services;
4. Manage, monitor and inspect the activities of its members;
5. Performs accounting, reporting and information disclosure activities as provided by law and regulation;
6. Be responsible for any damages incurred as a result of its services;
7. Exercise other rights and obligations as stipulated by law.

**Article 144 (Amended) Members of Securities Depository**

The members of the securities depository are as follows:

1. Securities Company;
2. Custodian Bank;
3. Investment Fund Management Company;
4. Listed Companies;
5. The Company issues shares and corporate bonds;
6. Bond Issuer;
7. Foreign securities depository;
8. Other members as determined by the securities depository.

**Article 145 (New) The Use of Provisions of Securities Exchange**

Payments and utilize registered capital, the organizational structure, shareholder meetings, the Executive Board, the committee of the Executive Board, the directors, the Departments and the contents of rules of securities depository shall be complied with the provisions of securities exchange as set forth in Part VI of this law.



## **Part VIII**

### **Unfair Securities Trading**

#### **Article 146 (New) Unfair Securities Trading**

Unfair securities trading is any behavior of an individual, legal entity or organization that causes the value and / or quantity of the securities to fluctuate unnormal in a material way and harms other investors.

Unfair securities trading is as follows:

1. Market manipulation;
2. Using inside information to trade securities;
3. Instigation to make decision to trade securities;
4. Creating, supplying or disseminating information on securities activities that are not factual;
5. Falsification of financial statements and other related documents in the field of securities activities.

#### **Article 147 (Amended) Market Manipulation**

Market manipulation is the behavior of buying and / or selling a shares at a high and / or unusual high or low volume in in a material way and causing serious harm to other investors.

Market manipulation has one or all of the following characteristics:

1. Send an order to buy or sell shares that mislead the general public in terms of quantity or price of trading shares;
2. Send an order to buy or sell shares with a continuous aspect with the aim of increasing the price or volume of shares, increasing or decreasing the securities normal situation;
3. Trading shares for the benefit of the same person or group;
4. Send an order to sell shares knowing that their own or the person acting together has sent the same order to trade the same shares for the same amount, price and time;
5. Submitting, modifying or canceling order to trade shares during the pre-opening or closing of trading shares with the intention of making the opening or closing price higher or lower than it should be;
6. Submitting, modifying or canceling order to trade a share in a manner that impedes the trading shares of another party, which in turn causes the other party to submit order to trade a share at a price that is higher or lower than the actual price;
7. Proceed with another method that causes damage to investors and harms the capital market system.

#### **Article 148 (Amended) Using inside information to trade securities**

Using inside information to trade securities is to use, deliver, receive, forward, disclose or disseminate information directly or indirectly on the financial position, results of

operations, the price of trading securities or other information of the company issued shares and the registered company with the important content and not allowed to disclose to the public officially to the benefit of, persons, legal entities or organizations which, after a revelation may affect the price or volume of securities or investment decisions of investors trading.

**Article 149 (Amended) Instigation to customers to make decision to trade securities**

Instigation to customers to make the decision to trade securities is the act of any person, legal entity or an organization that manipulates, tricks, deceive or misleads to make others believe and then decide to invest in trading the securities for their own benefit, individual, legal entity or other organizations causing a uselessness for the persons concerned.

**Article 150 (New) Creating, supplying or disseminating false securities activity information**

Creating, supplying or disseminating false securities activity information is acts by individuals, entities or organizations that bring information about company issuing shares, registered company and investment funds and / or other parties about the securities activity that is not true or incomplete or lack of thorough consideration on information in order to analyze or predict about the financial position, results of operations, price of trading securities and others. This leads individuals, legal entities or organization to misunderstand or believe that this information should be used as the basis for making a decision to invest in securities transactions, and any such act harms the person, the entity or organization that uses the information.

**Article 151 (New) Falsification of financial statements and other securities documents**

Falsification of financial statements and other securities documents is the act of individuals, entities or organizations who have forged the signature, sealed, cut or added a message, created or edited figures in financial statements that do not conform to reality or act in any other form for their own benefit, a person, entity or organization that causes damage to investors and damage to capital market systems.

## **Part IX**

### **Reporting, disclosing and keeping information on securities activities**

**Article 152 (Amended) Reporting**

The securities exchange, the securities depository, the companies issuing of shares, corporate bonds, the listed companies, the securities intermediary and other concerned parties must implement the reporting regime to the Securities Commission under the rules set by the Securities Commission. Reporting must be complete, accurate and timely.

#### **Article 153 (Amended) Disclosures**

The securities exchange, the issuance companies, corporate bonds, the listed companies, the securities companies, the mutual fund company and other concerned parties must implement the disclosure regime to the public based on the regulations. The disclosure shall be complete, accurate and timely.

#### **Article 154 (Amended) Internal person data reporting**

The Securities Commission, the employees of Office of the Securities Commission and the securities exchange shall report information about holdings and trading shares to their own organization. Securities employees must report such information to the Securities Commission.

The controlling person, executives, inspectors and personnel of the companies issuing of shares, the listed companies, the securities companies, the investment fund management company, the audit company and other concerned parties must report information about holdings and trading shares to their own organization, the Securities Commission and the securities exchange as defined in separate regulations.

#### **Article 155 (Amended) Safeguards information**

The securities exchange, the securities depository center, the issuance companies, corporate bonds, the listed companies, the securities intermediaries and other concerned parties shall keep information and documents about their main business activities, for example, securities transactions, securities information, shareholder information and financial statements at least ten years from the day ended of the activity onwards.

## **Part X**

### **Investigation of Securities Activities**

#### **Article 156 (Amended) Basis for Investigation**

Basis for an investigation of securities activities are as follows:

1. A claim or a complaint filed by a person, legal entity or an organization relating to criminal offences under securities activities;
2. Surrender of offenders;
3. An evidence of offences by investigation organization of securities activities or the Office of public prosecutor.

#### **Article 157 (Amended) Investigation Procedures**

Investigation procedures for securities activities are as follows:

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

### **Article 158 (Amended) Instruction to Initiate Investigation**

Head of investigation organization of securities activities or Head of the Office of public prosecutor 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 the instruction, name, surname and position of the person issuing the instruction, reasons and basics to initiate for the investigation, the nature of the offence committed and the relevant provisions as defined in the law on criminal procedure, the relevant provisions of penal code, this Law and other relevant laws.

### **Article 159 (Amended) an instruction not to initiate an investigation**

In case there is insufficient information to initiate an investigation or there is a cause not to initiate an investigation as defined in this law and the law on criminal procedure, Head of investigation organization or the Office of public prosecutor shall issue an instruction not to initiate an investigation and shall notify such instruction to a person, legal entity or an organization who filed such claim or complaint

If the parties do not satisfy to the instruction not to initiate an investigation of Head of investigation organization shall appeal to the Head of the Office of Public Prosecutor at the same level and the parties have the rights to appeal the instruction not to initiate an investigation from the Head of the Office of Prosecutor to the Head of the Office of Prosecutor at higher level next to within seven business days of receiving the instruction onwards. The Head of the Office of Prosecutor at this level shall examine the request for an appeal not to initiate the investigation within five days.

### **Article 160 (Amended) Conduct of an investigation**

When the securities investigation officers receive an instruction to initiate an investigation, they must conduct the investigation, as defined in the law on criminal procedure.

### **Article 161 (Amended) End of an investigation**

An investigation will be completed once the securities investigation officer completes the investigation and concludes the results of the investigation.

After completion of the investigation If there is information and strong evidence of a criminal offense in securities-related activities, the securities investigation officer must summarize the findings of the investigation as well as combine the case file and submit it to the Securities Commission for submission to the Office of Public Prosecutor for review and prosecution in court.

### **Article 162 (Amended) Investigation Officer**

A securities investigation officer is an officer at the Securities Commission who meets the criteria and conditions set forth in the regulations to be appointed as investigation officer from the Securities Commission.

The securities investigation officers consist of Head, deputy head and investigation officers in the field of securities activities.

**Article 163 (Amended) Rights and Duties of Investigation Officer**

Securities Investigation Officer has 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 to collect statements from suspects, the accused, victims, plaintiffs, witnesses and other relevant persons;
3. Obtain relevant information, documents and evidence from target groups in securities activities, individuals, legal entities and other relevant parties under management and not under the supervision of the Securities Commission;
4. To investigate a place of offence, inspect equipment, system and vehicles;
5. examine documents and any form of information relating to the securities activities;
6. Propose to Head of the Office of public prosecutor for consideration to issue an order to seize or confiscate property, search building and person relating to securities case;
7. To propose the Head of the Office of public prosecutor or the people's court for consideration to issue an order to pursue, arrest, capture, detain, retain at place, release, temporarily release the accused person;
8. To notify accusation, rights and obligations to suspects and the accused;
9. To comply with any instruction and report situation relating to securities investigation to the Head of investigation organization or Head of the Office of public prosecutor;
10. To propose to the Head of investigation organization or Head of the Office of public prosecutor to consider and issue an instruction to suspend or dismiss a case relating to the securities activities;
11. To summarize, report and combine a document file relating to the investigation to the Head of investigation organization for submission to the Office of public prosecutor to review and prosecute;
12. Maintain property in dispute in relation to securities cases;
13. Confidentiality of the investigation;
14. To exercise such other rights and perform such other duties as provided by the laws.

In conducting investigation, the securities investigation officer shall coordinate with the relevant parties as provided by laws.

## **Part XI**

### **International Cooperation on Securities Work**

#### **Article 164 (Amended) International Cooperation**

The State promotes foreign, regional and international cooperation in securities activities by sharing lessons, information, techniques, specialization, human resource development for the development of the Convention and international agreements in which Lao PDR is a party.

#### **Article 165 (New) Principles of International Cooperation**

International cooperation on securities activities between the Securities Commission of the Lao PDR and the foreign Securities Commissions shall observe and adhere to the principles of national independence, sovereignty and territorial integrity, non-interference in each other's internal affairs, mutual benefits and to comply with international agreements to which the Lao Securities Commission of the Lao PDR is a party.

#### **Article 166 (New) Content of International Cooperation**

The international cooperation on securities activities shall be adheres to the content as follows:

1. Sign a cooperation agreement with a foreign country or participate in a party of an international agreement on securities activities;
2. Share information with each other;
3. Assist each other in building and development of technical work, human resources to enhance the competence of staff and officials concerned;
4. Other contents as agreed by the parties.

#### **Article 167 (New) Requesting or Providing Mutual Information**

The Securities Commission can request information document or evidence relating to the securities activities with foreign securities management organization within the scope as defined in the international agreement to which the SC of the Lao PDR is a party.

The Securities Commission can provide information, document or evidence relating to the securities activities under their responsibilities or received from parties concerned pursuant to the proposal of foreign securities management organization.

#### **Article 168 (New) Use of Information**

The information that the Securities Commission of Lao PDR receives or provides foreign securities management organization, both sides can use for the purposes set forth in the application form for assistance, for example, in the application of criminal proceeding, civil case or administrative measures.

In the event that any party intends to use such information other than the one specified in the documentation, the request must be approved by the Securities Commission of Lao PDR or the foreign securities management organization that provides the information.

**Article 169 (New) Confidentiality**

The Securities Commission of the Lao PDR and the foreign securities management organization shall maintain confidentiality regarding any information, documents or evidence they receive or provide.

**Article 170 (New) Rejection of Request**

The Securities Commission of the Lao PDR may refuse to request information from a foreign securities management organization if finding that such information is relevant to national security, social security and is not set out in international agreements or international memoranda of understanding (MOU) to which the Securities Commission is a party.

## **Part XII Prohibition**

**Article 171 (Amended) General Prohibitions**

Prohibits individuals, legal entities and organizations, both domestic and international, for the following acts:

1. Unfair trading of securities as defined in Article 146 of this Law;
2. Conducting securities business, investment fund management, securities exchange, securities depository, or conducting fundraising used financial instruments without authorization;
3. Conduct asset valuation business, take care of property, audit or credit rating, agent of shareholder or government bond in securities work without approval;
4. Use securities business and / or trade securities for money laundering and terrorist financing;
5. Utilization and permission to use accounts and names of other persons or juristic persons or organization for the purpose of securities trading, except in the case of using a representative account for the purpose of securities trading;
6. Obstruction or non-cooperation with performance of securities supervisory authorities, fails to provide information, documents or evidence as requested by the Securities Commission;
7. Other actions in violation of the laws and regulations.

**Article 172 (Amended) Prohibition for Issuing Securities**

Prohibits legal entities and organizations, both domestic and international, for the following acts:

1. Local legal entities distribute securities domestically and internationally without permission;
2. Foreign legal entities come into the country for issuing securities without permission;
3. Issuing securities on the basis of false or misleading information in all forms;

4. Use the deposit to buy securities or funds mobilized before the successful issuance of securities;
5. Improper use of capital mobilization or alteration purposes of using capital which is not applicable to the prospectus unless approved by a shareholders' meeting or an investment unit holders' meeting or as stipulated in the contract;
6. Other actions in violation of the laws.

**Article 173 (Amended) Prohibition for Securities Companies and Manager**

Prohibition for Securities Companies and Manager for the following acts:

1. Operating the securities business beyond the permitted limit;
2. Providing securities issuance guarantee services or acting as an agent in the issuance of securities that does not comply with the laws;
3. Providing securities issuance guarantee services or financial advisory services to companies that hold shares in their own company or to companies holding more than ten percent of the total shares;
4. Advertise to sell securities in accordance with the contents of the prospectus or misleading the investor;
5. Merge or cancel any company, branch, service unit or representative office without authorization;
6. Trading in securities, using money or securities of clients without the permission of the clients;
7. Use the client's money, securities or other assets to pay off the debt;
8. Disseminate, use customer information for their benefit, person, legal entity or other organization unless the information is provided to an authorized authority as provided by law;
9. Taking priority for their own securities trading over customers';
10. Other actions in violation of the laws.

**Article 174 (Amended) Prohibition for Investment Fund Management Company and Manager**

Prohibition for Investment Fund Management Company and Manager for the following acts:

1. To operate a investment fund management business beyond the permitted limits;
2. Establish fund and sell investment unit of public funds without authorization;
3. To invest one fund's assets in another fund that he or she manages, buy shares or corporate bonds of the custodian bank he or she serves;
4. Acquire the assets of the fund to buy securities of a securities company with a supervisory authority in the investment fund management company;
5. Use funds mobilized before obtaining permission or invest in any unauthorized targets;
6. Incorporate one fund's assets into another fund or its assets or other client's assets;



7. Use the fund's assets for their own benefit, individuals, legal entities or other organizations other than the holders of investment unit of the fund;
8. Make illegal income available to the investment unit;
9. Holds a position in the Custodian Bank or other Investment Fund Management Company;
10. Engaged in securities transactions or other transactions that harm the assets of the Fund for investment and the interests of the holders of investment unit;
11. Other actions in violation of the laws.

**Article 175 (New) Prohibition for Asset Valuation Companies and Manager**

Prohibition for Asset Valuation Companies and Manager for the following acts:

1. Provide asset valuation services beyond the permitted limits;
2. Unauthorized disclosure of information about target groups in securities;
3. Valuation of assets which is not in accordance with the principles of property valuation;
4. Assessing the value of the assets that the company, management of the company or the person assessing the value of the assets is involved in the benefits;
5. Other actions in violation of the laws.

**Article 176 (Amended) Prohibition for Custodian Bank and Manager**

Custodian Bank and Manager are prohibited from the following acts:

1. Provide asset care services beyond the permitted limits;
2. Hold a shares in the investment fund management company he / she serves;
3. Invest or trade the investment units of a public fund he or she serves;
4. Provide asset care services to investment fund management companies that are equity holders in their own banks or at the bank he /she holds the shares;
5. Incorporate one fund's assets into another fund or its assets or other client's assets;
6. Transfer, use or manage the customer's asset without the customer's permission;
7. Failure to comply with the contract with the client;
8. Member of the Executive Board of the investment fund management company which he / she serves;
9. Other actions in violation of the laws.

**Article 177 (Amended) Prohibition for Audit Company and Manager**

Audit Company and Manager are prohibited from the following acts:

1. Provide audit services beyond the permitted limits;
2. To provide accounting services to target groups within the securities area that he/ she provides audit services in the same accounting year;
3. Other actions in violation of the laws.

**Article 178 (New) Prohibition for Credit Rating Company and Manager**

Credit Rating Company and Manager are prohibited from the following acts:

1. Provide credit ratings beyond the permitted limits;
2. Unauthorized disclosure of information about target groups in the field of securities;
3. Credit ratings are not in line with the principles of international credit ratings;
4. Credit rating services where their own company, company executive or person rating credit are involved in the benefits;
5. Other actions in violation of the laws.

**Article 179 (New) Prohibition for Securities Business Professionals**

Securities professionals are prohibited from the following actions:

1. Have another person use his / her securities professional certificate or their securities broker code;
2. Receive orders from clients outside of specified locations;
3. Act as a securities professional as a securities company or investment fund management company;
4. Dissemination or utilization of information of customers for their own benefits, persons, legal entities or other organizations;
5. Investment advice to investors while financially consulting;
6. Other actions in violation of the laws.

**Article 180 (Amended) Prohibition for the Securities Exchange, Administrators, Departments and Academic Staff**

Securities Exchange, Administrators, Departments and Academic Staff are prohibited from the following acts:

1. Operating in a securities exchange business beyond the permitted limit;
2. Invest in activities or other enterprises without permission;
3. Announce or disseminate false information and mislead others, affecting securities, investors and the securities exchange;
4. Disclose, use or transmit information of its members, listed companies or investors' personal information for their benefit, persons, legal entities and other organizations;
5. Open securities trading during prohibition for trading or transferring;
6. Member of the Executive Board and Board of Directors of Listed Companies and the Securities Intermediary;
7. Other actions in violation of the laws.

**Article 181 (New) Prohibition for Securities Depository, Manager, Deputy Head of Department and Technical Staff**

Securities Depository, Manager, Deputy Head of Department and Technical Staff are prohibited from the following acts:

1. Operating a securities depository business beyond the permitted limit;
2. Invest in activities or other enterprises without permission;

3. Notifying or disseminating false information affecting the securities, investors and securities exchange;
4. Disclose, use or transmit information of its members, listed companies or investors' personal information for their benefit, individual, legal entity or other organizations;
5. Use the securities account of a member for their own benefit, person, entity or other organizations;
6. Provides information on incorrect holdings or securities payments;
7. Member of the Executive Board and the Board of Directors of the Securities Exchange, Listed Companies and Securities Intermediary;
8. Other actions in violation of the laws.

**Article 182 (New) Prohibition for Securities Activity Associations**

Securities Activity Associations are prohibited from the following acts:

1. Operate beyond the limits of the authorized association;
2. Establish and operate which is not in accordance with the principles and objectives of the Association;
3. Support or act to damage the reputation or property of any person, legal entity and organization of securities work;
4. Other actions in violation of the laws.

**Article 183 (New) Prohibition for Agent of holders of Corporate Bonds and Government Bonds and Manager**

Agent of holders of Corporate Bonds and Government Bonds and Manager are prohibited from the following acts:

1. Disclose, use or forward information of holders of corporate bonds and government bonds for their benefit, individual, legal entity or other organizations;
2. Provides false information on acting on behalf of holders of corporate bonds and government bonds;
3. Serve as holder a corporate bond and a government bond where the service provider is involved in terms of benefits;
4. Other actions in violation of the laws.

**Article 184 (Amended) Prohibition for the Securities Commission and Personnel of the Office of the Securities Commission**

The Securities Commission and Personnel of the Office of the Securities Commission are prohibited from the following acts:

1. Disclose, provide, or otherwise use the confidential information of any person, legal entity in their own management and other confidential information from within and outside the country in which they are informed of the performance of their duties prior authorization;
2. Hold the position of legal entity or advisor to a person or entity in their own management;

3. Abusing a position for the benefit of another person or other legal entities;
4. Activities that cause conflicts of interest in their own activities;
5. Ask for, give or receive a bribe or other remuneration;
6. Other actions in violation of the laws.

## **Part XIII**

### **Management and Inspection of Securities Activities**

#### **Chapter1**

#### **Management of Securities Activities**

##### **Article 185 (Amended) Securities Management Organization**

The Government manages the securities activities in a centralized and uniform manner throughout the country, assigning to the Securities Commission to be directly responsible and coordinate with the parties concerned, with the Office of the Securities Commission as administrative system support.

##### **Article 186 (New) Securities Commission**

The Securities Commission is abbreviated as "SC", a non-standing organization that is the highest organ of the securities management organization, having the role to manage a centralized and uniform securities activity across the country, assigning the Securities Commission as the direct supervisory authority to supervise, monitor, inspect securities activities based on coordination and sharing information with other concerned parties.

##### **Article 187 (Amended) The organizational structure of the Securities Commission**

The Securities Commission comprises the President, the Vice President, a number of Committee and the Secretary.

The Deputy Prime Minister is the Chairman of the SC, Governor of the Bank of the Lao PDR is the first vice-chairperson, the Deputy Minister of Finance is the second vice-chairperson as well as vice-minister, or the equivalent to vice-minister from economy sector, justice and other related sectors as committee.

The Organization and operations of the Securities Commission is defined in separate regulation.

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

The Securities Commission has the following rights and duties:

1. Research the policies, strategies, laws and sub-law legislation on securities to propose to the government for consideration;
2. To monitor the implementation of policies, legal strategies, ordinance and decrees related to securities activity;
3. Disseminate policies, strategies, laws and regulations regarding securities activities;

4. Approval of securities regulations as proposed by the Securities Office;
5. Approve the operations of the Securities Commission Office as proposed by the Securities Commission Office;
6. To consider, authorize, suspend and cancel the issuance of securities based on the recommendation of the Securities Commission Office;
7. To consider, authorize, suspend and cancel the establishment of an investment fund based on the proposal of the Securities Commission Office;
8. To consider the permission to establish or endorse securities intermediary, suspend business, withdraw licenses for the establishment or certificates of securities intermediary, as proposed by the Securities Commission Office;
9. To consider issuing or withdrawing securities business professional certificates, commenting on the formation of securities associations to propose to relevant stakeholders for approval to the establishment;
10. To consider the permission to conduct business, suspend and terminate the business operation of the securities exchange as agreed by the Government;
11. Consideration of business operating license, suspension and cancellation of business operation of the securities depository based on the recommendation of the Securities Commission Office;
12. Appoint or remove the Head and Deputy Head of investigation organization relating to the securities activities and Securities Investigation Officer based on the proposal of the SC Office;
13. Cooperate with foreign and international organizations on securities management and development;
14. Consider the administrative measures against individuals, legal entities and organizations that violate this Law as proposed by the Securities Commission Office;
15. Require information, statements, documents for the movement of monetary accounts from commercial banks, securities accounts and other information from relevant parties;
16. Assign authority to the Securities Commission Office to operate any activity;
17. to summarize and report its activities to the Government regularly within the scope of the rights and duties as defined in this law;
18. Exercise other rights and perform such other duties as provided by the laws.

#### **Article 189 Regime and Methods of Working**

The Securities Commission operates on the agenda for the meeting. The SC meeting consists of ordinary and extraordinary meetings. The ordinary meeting is held every three months, and the extraordinary meeting may be held at any time if necessary upon the request of the President of the SC or on the recommendation of the Board of Directors of the Securities Commission more than half.

The SC meeting is open only when more than half of the total members are present.

The SC meeting resolved the matter on the basis of a majority of the members of the Securities Commission attending the meeting. In the event of a unanimous vote, the Chairman of the Securities and Exchange Commission shall decide.

#### **Article 190 (New) The Office of Securities Commission**

The Office of the Securities Commission (“SC Office”) has the role to serve as a secretariat for the Securities Commission to supervise, monitor, inspect the securities activities, and is equivalent to the Department supervised by the Bank of the Lao PDR in terms of the organization and personnel.

The Office of the Securities Commission is also the investigation organization for securities activities.

#### **Article 191 (New) Personnel Structure of the SC Office**

The SC Office consists of the Chief, Deputy Chief, Head of Division, Deputy Head of Division and Technical Staff.

The Organization and operations of the SC Office are set forth in separate regulations.

#### **Article 192 (Amended) Budgets**

The SC and the SC Office uses the budget of the Bank of the Lao PDR. The main revenue is from service charges and other revenue related to securities activities in accordance with the laws, main expenses are the technical and administrative expenses used for securities activity operations.

#### **Article 193 Logo and Seal**

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

## **Chapter 2**

### **Inspection of Securities Activities**

#### **Article 194 (Amended) Securities Inspection Authority**

The securities inspection Authority is comprised of internal and external inspection bodies.

The internal inspection body is the same body as the securities management organization as defined in Article 185 of this law.

The external inspection body is the National Assembly, Provincial People’s Council, State Audit Authority and State Inspection Organization.

#### **Article 195 (Amended) Inspection Targets**

Targets of inspection comprise issuing company of shares, corporate bonds, listed companies, the securities exchange, investment funds, securities intermediaries and other inspection targets relating to the securities activities.

#### **Article 196 (Amended) Contents of Inspection**

The Securities Commission inspects securities activities based on the following contents:

1. Compliance with the relevant laws and regulations;

2. Business operation;
3. Electronic systems.

**Article 197 (Amended) Methods of Inspection**

There are three Methods of Inspection as follows:

1. Regular inspection is an inspection conducted according to plan, regularly and periodically;
2. Inspection by giving a prior notice is an inspection conducted out of plan when necessary, whereby inspection targets shall be notified in advance;
3. Sudden inspection is an urgent inspection without giving any prior notice to inspection targets.

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

**Article 198 (Amended) Inspection Committee**

The Inspection Committee of the SC consists of employees of the Securities Commission or, as necessary, may be represented by other relevant parties.

The details of the inspection committee are set out in a separate regulation.

**Article 199 (Amended) Rights and Duties of Inspection Committee**

The inspection committee of the SC shall have the rights and duties as follows:

1. to inspect targets as specified in the decision to appoint the inspection committee;
2. to inspect books of record, account books, documents, electronic information, and other records relating to securities business operation of targets of inspection;
3. to request for additional information and relevant documents relating to the contents of inspection from targets of inspection and other relevant parties;
4. to call or invite members of boards of directors, executive committees, division directors, 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 other software of targets and other relevant parties;
6. to propose the SC to implement any temporarily measure 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 relevant sectors and parties in inspection to exchange information and documents relevant to the inspection of targets;
8. report results of inspection to the SC and to take responsibility for its inspection results;
9. to exercise other rights and perform other duties as prescribed by the laws and regulations.

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

Inspection targets and relevant parties have the obligation to contribute to the work of inspection by participating, facilitating, reporting, providing complete, accurate and timely information and evidence as required by the inspection committee as well as cooperating in resolving the issues as defined in the inspection report.

**Part XIV**

**Policy on Persons with Achievement and Sanctions against Violators**

**Article 201 (Amended) Policy on Persons with Achievement**

Persons, juristic persons or organizations who are outstanding in implementation of this Law, e.g. the development of capital market, provision of information relating to violation of the laws and regulations relating to securities activities shall receive rewards or other bonuses as prescribed by the regulations.

**Article 202 (Amended) Sanctions**

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

**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 enter into force on the date when the President of the Lao People's Democratic Republic issues a decree for its promulgation and after publication in the Lao Official Gazette fifteen days.

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

Any regulations and provisions that contradict this Law are null and void.

**President of the National Assembly**