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Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity
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Lao Securities Commission

No:006/LSC
Vientiane, Dated: 28 Jan 2016

Regulation on Provision of Additional Information relating to Sources of Registered Capital, Shareholder Structure and Beneficiaries of Securities Companies

- Pursuant to the Law on Securities, No. 21/NA, Dated 10 December 2012;
- Pursuant to the Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 50/NA, Dated 21 July 2014; Pursuant to the Prime Minister's Decree on the Organization and Operation of the Lao Securities Commission, No. 188/PM, Dated 24 July 2013;
- Pursuant to the Regulation on Organization and Operation of Securities Companies, No. 002/LSC, Dated 24 July 2013.

The Chairman of Lao Securities Commission regulates that:

Chapter 1 General Provisions

Article 1 Purposes

This regulation prescribes the additional reporting of sources of registered capital, shareholder structure and ultimate beneficiaries of securities companies incorporated and operated in the Lao PDR relating to persons, juristic persons in both domestic and overseas, to ensure the accession to the aforesaid information for the purpose of accurate, transparent, and examinable reporting.

Article 2 Explanation of Terms

Terms used in this regulation have the meaning as specified below:

1. "Controlling Shareholder" means a shareholder who has voting rights, whether directly or indirectly, of more than five (5) percent of the company's total voting shares;
2. "Ultimate Beneficiary" means a person who is the end beneficial owner of business operation, activity or transaction including person with controlling power over an entity.

Article 3 Scope of Application

This regulation applies to securities companies including shareholders, controlling shareholders, ultimate beneficiaries, board of directors and executives of securities companies incorporated either in the Lao PDR or overseas which operate securities business in the Lao PDR.

Chapter 2

Additional Documents and Reporting

Article 4 Additional Documents

Besides application documents prescribed in the Law on Securities, Article 52 and Regulation on Organization and Operation of Securities Companies, a person or juristic person wishing to incorporate a securities company shall submit additional documents to the Lao Securities Commission Office, as follows:

1. Documents evidencing sources of registered capital of a securities company such as a certificate of authorization on transfer money out of the country issued by a relevant authority of that country as for the case of foreign shareholders and a certificate confirming the transfer of money into the account opened for registered capital at the Bank of the Lao PDR;
2. Documents relating to shareholders of a securities company such as shareholding proportion, letter of power of attorney, contracts on authorized persons to act on shareholders' behalf.
3. Documents relating to ultimate beneficiaries of a securities company including contracts between shareholders and ultimate beneficiaries of a securities company;
4. Documents relating to controlling shareholders, ultimate beneficiaries, board of directors and executives of a securities company including a document evidencing criminal history, a declaration including details of any adverse findings by either a local or foreign securities supervisory authority;
5. Other documents as stipulated by the Lao Securities Commission Office.

As to a securities company incorporated prior to this regulation comes into force, submission of accurate and complete additional documents as prescribed in Paragraph 1 of this Article are required and shall be completed within ninety (90) days from the effective date of this regulation.

Article 5 Reporting

In case of making any changes to contents prescribed in Paragraph 1, Article 4 of this regulation, a securities company must report to the Lao Securities Commission Office in writing within fifteen (15) working days from the date of changing.

Article 6 Monitoring and Verifying Contents of Additional Documents

The Lao Securities Commission Office shall conduct its own monitoring and verifying information on the sources of funds, shareholders, controlling shareholders, ultimate beneficiaries, board of directors and executives of a securities company.

After the completion of monitoring and verifying contents of additional documents, the Lao Securities Commission may determine that a person is not fit and proper to be a shareholder, beneficial owner, board of directors or executive of a securities company and decide that they should not be permitted to own or manage a securities company. In case a securities company incorporated prior to this regulation comes into force, a shareholder, board of directors or executive who is determined as not fit and proper shall be required to change as prescribed by the Lao Securities Commission Office.

Chapter 3

Policy on Persons with Achievement and Sanctions against Violators

Article 7 Policy on Person with Achievement

A securities company with outstanding performance in implementing this regulation shall receive rewards and other appropriate compensation.

Article 8 Sanctions against Violators

A person, juristic person wishing to incorporate a securities company and a securities company incorporated prior to this regulation comes into force and other relevant parties that violate this regulation shall face the sanctions depending on the case as follows:

1. A person, juristic person wishing to incorporate a securities company that submits incorrect and incomplete additional documents prescribed in Paragraph 1, Article 4 of this regulation shall be rejected by the Lao Securities Commission Office;
2. Shareholders, controlling shareholders, ultimate beneficiaries, board of directors or executives who submit incorrect and incomplete additional documents prescribed in Paragraph 1, Article 4 of this regulation shall be subject to warning, a fine of ten million Kip to twenty million Kip (10,000,000 Kip – 20,000,000 Kip). In case a violation is a breach of other applicable laws, a violator shall also be subject to related legal proceeding;
3. A securities company incorporated prior to this regulation comes into force that fails to submit additional documents prescribed in Paragraph 1, Article 4 or fails to conduct any actions prescribed in Paragraph 2, Article 6 of this regulation shall be subject to a partial or full business suspension together with a fine of three (3) percent of registered capital. In case a violation is a breach of other applicable laws, a violator shall also be subject to related legal proceeding;
4. A securities company that fails to conduct any actions in compliance with Article 5 of this regulation shall be subject to a fine of ten million Kip to twenty million Kip (10,000,000 Kip – 20,000,000 Kip). In case a violation is a breach of other applicable laws, a violator shall also be subject to related legal proceeding.

Chapter 4

Final Provisions

Article 9 Implementation

The Lao Securities Commission Office, securities companies and other related parties shall acknowledge and strictly implement this regulation within their scope of rights and duties.

Article 10 Effectiveness

This regulation shall be effective since the date of signature.

Chairman of Lao Securities Commission

[Seal and signature]
Dr. Bounpone BOUTTANAVONG