

(Unofficial Translation)¹



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

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Lao Securities Commission

Ref. No. 004/LSC

Vientiane capital, dated 18/2/2014

Regulation

On Management of Securities Professionals

- Pursuant to the Law on Securities, Ref. No. 21/NA, dated 10 December 2012;
- Pursuant to the Decree on Organization and Operations of the Lao Securities Commission, Ref. No.188/PM, dated 24 July 2013;
- Pursuant to the Decision on Organization and Operations of the Lao Securities Commission Office, Ref. No.013/LSC, dated 17 December 2013.

The Chairman of the Lao Securities Commission hereby issues the following regulation:

Section 1

General Provisions

¹ Although every effort has been made to convey the meaning and effect of each provision of the original Lao language version as accurately as possible, this English translation does not carry any legal authority. Only the original Lao text has legal force and that this English translation is strictly for reference.

Article 1. Objectives

This regulation prescribes Article 56, Article 135, Article 137 and Article 138 of the Law on Securities in order to set forth the principles, regulation and measures governing management of activities of securities professionals to ensure that securities businesses are operated properly, transparently, fairly and effectively in order to contribute in the stable development of the capital market.

Article 2. Scope of Application

This regulation shall apply to the Lao Securities Commission Office and securities professionals, securities companies, asset management companies and other relevant parties operating in the Lao PDR.

Section 2

Securities Professionals

Article 3. Securities Professionals

Securities professionals are staff of securities companies and asset management companies who have education qualifications, experience and verified by the Lao Securities Commission Office to fully meet criteria of securities professionals.

Article 4. Application for a Securities Professional License

A Securities company and an asset management company, wishing to apply for securities professional licenses for their employees, shall ensure that their employees meet the requirements as stipulated in Article 5 of this regulation, and shall submit documentation as stipulated in Article 6 of this regulation to the Lao Securities Commission Office for consideration.

Article 5. Requirements for Applying for a Securities Professional License

Staff of a securities company and an asset management company shall meet the following criteria to obtain a securities professional license:

1. Have a certificate verifying that they have passed securities professional exams issued by relevant parties as determined by the Lao Securities Commission Office;
2. In instances where a securities professional already holds a certificate of securities professional from abroad, such a securities professional shall pass applicable laws and regulations exams of the Lao PDR;
3. Shall not have pending litigation or be sentenced by the court of offences relating to fraud, deception, falsification of documents, taking or giving bribe, corruption, money laundering or offences involving securities businesses.

Article 6. Supporting Document to Apply for a Securities Professional License

Supporting documents to apply for a securities professional license include the following:

1. An application form as specified by the Lao Securities Commission Office;
2. A current resident certificate;
3. A copy of identity card or passport;
4. A verification of criminal record for the period of not exceeding three months;
5. Three passport photos for the period of not exceeding three months, size 3x4;
6. A copy of a certificate verifying the pass of securities professional exams and transcripts;
7. A working contract between a securities company and an employee wishing to apply for a securities professional license;
8. A certificate proving the pass of related Lao laws and regulations exams for the case of foreigners having a certificate of securities professional from abroad.

Article 7. Consideration on an Application for Licensing Securities Professionals

The Lao Securities Commission Office shall consider supporting documents for a securities professional license within 30 working days from the date of receiving complete and accurate application documents. In instances where the application is rejected, the Lao Securities Commission Office shall notify the applicant in writing outlining the reasons.

Article 8. Types of Securities Professionals

There are 4 types of securities professionals as follows:

1. Securities broker;
2. Financial advisor;
3. Securities analyst;
4. Fund manager.

Article 9. Securities Brokers

Securities brokers may perform the following functions:

1. To act as an intermediary or agent in conducting securities trading based on clients' orders to buy-sell or cancel securities transaction;
2. To trade securities on behalf of securities companies using cash or securities account of securities companies.

Securities brokers performing the functions as specified in Paragraph 1 of this Article shall not at the same time perform the functions as specified in Paragraph 2 of this Article. In instances where a securities company wishing to change the functions of any concerned brokers, such a securities company shall report in writing to the Lao Securities Commission

Office at least 30 days prior to allowing such concerned brokers to commence the new functions.

Article 10. Financial Advisors

Financial advisors may perform the following functions:

1. To provide advices on the preparation for securities issuance and listing on the Securities Exchange, such as improvement of enterprises' organizational structure, governance, finance, business operations and others concerned matters;
2. To provide direct advices to investors on securities investment or portfolio investment including development of securities investment strategies, provision of information on securities analyses and securities businesses.

Financial advisors performing the functions as specified in Paragraph 1 of this Article shall not at the same time perform the functions as stated in Paragraph 2 of this Article. In instances where a securities company wishing to change the functions of any concerned financial advisors, such a securities company shall report in writing to the Lao Securities Commission Office at least 30 days prior to allowing such concerned financial advisors to commence the new functions.

Article 11. Securities Analysts

Securities analysts may study and assess the overall economic situations of the country, sectors and analyze securities of issuing companies and listed companies.

Article 12. Fund Managers

Fund managers may consider investing in securities or assets as stipulated in Article 29 of the Law on Securities and in accordance with investment objectives and policies prescribed in regulations or contracts governing asset management.

Article 13. Duration of Securities Professional Licenses

Duration of a securities professional license is two years from the date of obtaining the license. A securities company or an asset management company wishing their securities professionals to continue their profession shall submit the application for extending the duration of the license to the Lao Securities Commission Office at least 30 days prior to its expiry date.

Employees of a securities company or an asset management company, who wish to continue their profession as securities professionals, shall participate in training as determined by the Lao Securities Commission Office and shall provide documentation as specified in Article 6 of this regulation.

Article 14. Revocation of Securities Professional Licenses

A securities professional's license shall be revoked in any of the following instances:

1. Is removed or relocated from one securities company to another securities company or asset management company or other business entities;
2. Quit from securities company or asset management company;
3. Is assigned with new duties that are not related to securities profession;
4. Violate this regulation and other security related laws and regulations.

Securities companies or asset management companies shall return the securities professional licenses to the Lao Securities Commission Office within 5 working days after the securities professionals have been removed, relocated or violate other securities related laws and regulations.

Section 3

Prohibitions, Obligations and Fees

Article 15. Prohibitions

Prohibitions for securities professionals shall comply with Articles 135, 137 and 138 of the Law on Securities and there are additional prohibitions as follows:

1. Take orders to buy-sell securities from clients outside the defined premises;
2. Take authorization or make decision to buy-sell or transfer securities on behalf of clients;
3. Abuse rights, duties and position to gain personal benefits or benefits for others from clients;
4. Conduct fraud or deception of clients' money or securities;
5. Collude with clients in securities buying-selling that violates laws and regulations;
6. Act as a securities professional for other securities companies or asset management companies while being employed by one securities company or asset management company;
7. Act as a securities professional without obtaining a license from the Lao Securities Commission Office;
8. Act as a securities professional that is not in conformity with a securities professional license issued by Lao Securities Commission Office;
9. Allow other persons to use its securities professional license or brokerage identity without obtaining permission from the Lao Securities Commission Office.

Article 16. Obligations

A securities company or an asset management company shall perform the following obligations:

1. Develop rules on operations of each type of securities professionals;

2. Issue staff ID cards to all those with securities professional licenses stating name, and family name, position and type of securities professionals authorized by the Lao Securities Commission Office;
3. Establish a board, comprising names and family names of securities professionals, photos, reference number and type of securities professionals, land-line phone numbers of securities brokers;
4. Segregate work and responsibilities of securities professionals in compliance with the license issued by the Lao Securities Commission Office;
5. Monitor securities professionals' performance of duties regularly;
6. Report to the Lao Securities Commission Office in writing within 24 hours after recognizing or detecting any wrongdoings or violation of related laws and regulations by securities professionals;
7. Report to the Lao Securities Commission Office in writing within 2 working days in instances where there are changes in relation to securities professionals, such as signing of or cancelling work contract, resignation, relocation of work place and others. In case of resignation or relocation of work place, a securities company or an asset management company shall return securities professional licenses to the Lao Securities Commission Office within 5 days after the resignation or relocation of work place.

Article 17. Fees

A securities company or an asset management company applying for securities professional licenses for its employees shall pay fees to the Lao Securities Commission Office as follows:

1. Securities professional license fee amounting 5 million LAK;
2. Extension of securities professional license fee amounting 5 million LAK.

The payment of fees shall be made by transferring the amounts to an account as specified by the Lao Securities Commission Office and such payment shall be settled before obtaining a securities professional license.

Section 4

Awards for Good Performers and Measures against Violators

Article 18. Awards for Good Performers

Persons and legal persons who are outstanding in implementing this regulation shall be rewarded or receive other policies following specific regulations.

Article 19. Measures against Violators

Securities professionals, securities companies and asset management companies who violate this regulation and other related laws and regulations, resulting in damages to the

government, society, persons or legal persons shall be subject to the measures as prescribed in Articles 165, 166, 167 and Paragraphs 5 and 6 of Article 168 of the Law on Securities.

In addition to administrative fines as prescribed in Paragraphs 5 and 6 of Article 168 of the Law on Securities, securities professionals, securities companies or asset management companies shall be imposed additional administrative fines as follows:

1. In instances where taking orders to buy-sell securities from clients outside permitted premises, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined 10% of the total buying or selling value;
2. In instances where taking authorization or making decision to buy-sell or transfer securities on behalf of clients, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined 10% of total value of securities;
3. In instances where abuse rights, duties and position to gain personal benefits or benefits for others from clients, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined three times of the value of damages caused to the clients. In the case of gaining no profit, a fine of 15 million LAK to 25 million LAK shall be applied;
4. In instances where conducting fraud or deception of clients' money or securities, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined three times of the value of fraud or deception;
5. In instances where colluding with clients in securities buying-selling that violates laws and regulations, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined three times of the profits made from selling or buying securities. In the case of gaining no profit, a fine of 15 million LAK to 25 million LAK shall be applied;
6. In instances where acting as a securities professional for other securities companies or asset-management companies while being employed by one securities company or asset-management company, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined 15 million LAK to 25 million LAK;
7. In instances where acting as a securities professional without obtaining a license from the Lao Securities Commission Office, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined 30 million LAK to 50 million LAK;
8. In instances where acting as a securities professional that is not in conformity with a securities professional license issued by the Lao Securities Commission Office, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined 15 million LAK to 25 million LAK;
9. In instances where allowing other persons to use its securities professional license or brokerage identity without obtaining permission from the Lao Securities Commission Office, a securities company, an asset management company and other persons involved either directly or indirectly shall be fined 15 million LAK to 25 million LAK.

Section 5

Final Provisions

Article 20. Implementation

The Lao Securities Commission Office, securities professionals, securities companies, asset management companies and other related parties shall acknowledge and strictly implement this regulation in accordance with its own rights and duties.

Article 21. Effectiveness

This regulation shall replace the Decision on the Promulgation of Regulation on Management of Securities Professionals, Ref. No. 013/SEC, dated 19 May 2011.

This regulation shall enter into force from the date of signing.

Chairman of the Lao Securities Commission

(Signed and sealed)

Somsavat Lengsavat