



Lao People's Democratic Republic
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Lao Securities Commission

No.: 002 /LSC

Vientiane Capital, Dated: 08 Dec 2015

Regulation on Registration of Foreign Credit Rating Agencies

- Pursuant to the Law on Securities No. 21/NA, dated 10 December 2012;
- Pursuant to the Decree on Organisation and Operation of the Lao Securities Commission, No. 188/PM, Dated 24 December 2013;
- Pursuant to the Proposal of the Lao Securities Commission Office, No. 034/LSCO, Dated 27 October 2015.

The Chairman of the Lao Securities Commission Regulates that:

Chapter 1 General Provisions

Article 1 Objectives

This regulation specifies the granting requirements, scope of rights, duties and measures regarding foreign credit rating agencies to facilitate the provision of credit rating services relating to securities activities to the targeted group in the Lao PDR in order to ensure the orderly, transparent and fair business operations.

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 2 Scope of Application

This regulation shall be applied to regional and international credit rating agencies, targeted group and other related parties proposing to commence any credit rating service relating to securities activities in the Lao PDR.

Article 3 Explanation of Terms

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

1. **Foreign credit rating agency** means an agency that is established and operated in accordance with related laws and regulations of foreign jurisdiction;
2. **Registration of foreign credit rating agency** means the grant of a certificate of registration by the Lao Securities Commission Office allowing a foreign credit rating agency to provide credit rating services relating to securities activities to the targeted group in the Lao PDR;
3. **Targeted group** means potential issuers, issuers, listed companies, securities intermediaries and other juristic persons relating to securities activities that use credit rating services provided by a foreign credit rating agency in the Lao PDR.

Chapter 2

Registration of Foreign Credit Rating Agencies

Article 4 The Grant of Registration Certificate

A foreign credit rating agency proposing to provide any credit rating service to the targeted group shall satisfy the requirements prescribed in Article 5 and shall submit application documents in accordance with Article 6 of this regulation to the Lao Securities Commission Office for consideration.

Article 5 Requirments for the Grant of Registration Certificate

The grant of certificate of registration of a foreign credit rating agency shall satisfy the following requirements:

1. Being an international credit rating agency (such as Standard & Poor's, Fitch Ratings, Moody's Investor Service, Rating and Investment Information) or being in the list of credit rating agencies approved by a

foreign securities supervisory authority which is a member of the International Organisation of Securities Commissions (IOSCO) or being in the list of credit rating agencies approved by a foreign securities supervisory authority which has signed the MOU with the securities supervisory authority of the Lao PDR;

2. Having a good reputation and experience in conducting credit rating services;
3. Having a sound and secure internal control system;
4. Having credit rating professionals which have a certificate of Chartered Financial Analyst (CFA) qualification, Rating Practitioner Certificate and certificate of registration of credit rating professional issued by a foreign securities supervisory authority of at least two persons with credit rating experience in securities activities of at least two years;
5. Having sound financial position or operating results with a profit in the lastest financial year prior to submission of application documents for registration to the Lao Securities Commission Office.

Article 6 Application for Grant of Registration Certificate

The application documents for the grant of a certificate of registration of a foreign credit rating agency comprise:

1. An Application Form as specified by the Lao Securities Commission Office;
2. A copy of a business incorporation certificate or a business license of a foreign credit rating agency;
3. A brief curriculum vitae of credit rating professionals as specified by the Lao Securities Commission Office;
4. A copy of certificate of CFA qualification, Rating Practitioner Certificate or certificate of registration of credit rating professional granted by a foreign securities supervisory authority of credit rating professionals;
5. A copy of a foreign credit rating agency's charter;
6. Business operation report and the lastest financial statement prior to submission of application documents for registration to the Lao Securities Commission Office;

7. Annual business operating plan in the Lao PDR after obtaining the registration certificate.

Article 7 Decision on the Grant of Registration Certificate

The Lao Securities Commission Office shall consider whether to approve or refuse to grant a registration certificate of foreign credit rating agency within 30 days from the date of receiving full and complete application documents. In case of refusal, the Lao Securities Commission Office shall give a written response to the applicant stating the reasons thereof.

Article 8 Duration of Certificate of Registration

The registration certificate of a foreign credit rating agency shall be expired in a three year period as from the date of obtaining the registration certificate.

Article 9 Renewal of Certificate of Registration

A foreign credit rating agency wishing to renew the registration certificate for the purpose of continuing its provision of credit rating services to a targeted group shall satisfy the requirements as stipulated in Article 5 and shall submit application documents as stipulated in Article 6 of this regulation to the Lao Securities Commission Office in at least forty-five days prior to the registration certificate expires.

Chapter 3

Operating scope of Foreign Credit Rating Agencies

Article 10 Scope of Provision of Credit Rating Services

A registered foreign credit rating agency can provide rating services to a targeted group within the following scope:

1. Ratings on quality and risks of securities including bonds or corporate bonds and other securities as stipulated by the Lao Securities Commission Office in each period;
2. Ratings on corporate governance; and
3. Ratings on financial position.

Where a foreign credit rating agency wishing to provide credit rating services to other targeted groups relating to non-securities activities, such agency shall obtain an approval from other relevant authority.

Article 11 Rights and Duties of Foreign Credit Rating Agencies

A foreign credit rating agency shall have the following rights and duties:

1. To provide services as stipulated in Article 10 of this regulation;
2. To keep and maintain confidential information and documents of a targeted group for the period of provision of rating services and the period of 10 years following the completion of such services;
3. To report on the results of its rating services that disclosed to the public to the Lao Securities Commission Office;
4. To perform the rights and duties as stipulated in the agreement with a targeted group;
5. To make a payment of registration fees as specified in Article 13 of this regulation and make a payment in respect of tax and fees relating to its services to the Government of the Lao PDR as prescribed in the applicable laws and regulations; and
6. To perform other rights and duties as stipulated by the Lao Securities Commission Office in each period.

Article 12 Report on Credit Ratings

A foreign credit rating agency shall report its operation to the Lao Securities Commission Office as follows:

1. Business operation in the Lao PDR on a quarterly basis within fifteen days as from the end of each quarter;
2. Business operation in the Lao PDR on an annual basis within ninety days as from the end of each financial year;
3. A draft agreement and a detailed operating plan in providing credit rating services to a targeted group in each period;
4. Changes relating to credit rating professionals including name and surname and and their brief curriculum vitae within fifteen days as from the date of changes;

5. Changes, amending and adding of symbol or meaning used in the provision of credit ratings within fifteen days as from the date of changes.

A foreign credit rating agency shall provide the reports with contents as stipulated by the Lao Securities Commission Office in each period.

Article 13 Registration Fees

A foreign credit rating agency proposing to provide any credit rating service to a targeted group shall be subject to the payment of registration fees to the Lao Securities Commission Office as follows:

1. A fee for the grant of a registration certificate amounted twenty million Kip (20,000,000 Kip) and such a fee shall be paid on the date of obtaining the registration certificate;
2. A fee for the renewal of registration certificate amounted ten million Kip (10,000,000 Kip) and such a fee shall be paid on the date of obtaining the renewal of registration certificate;
3. An annual fee amounted ten million Kip (10,000,000 Kip) and such a fee shall be paid within the first quarter of the following year.

In the event that a foreign credit rating agency does not sign an agreement to provide credit rating services to a targeted group within a particular year, such agency shall not be subject to the payment of an annual fee for that particular year.

Article 14 Measures Against Violators

A foreign credit rating agency which violates this regulation shall be fined depending on the following cases:

1. Providing credit rating services without obtaining a registration certificate from the Lao Securities Commission Office, a fine of one hundred million Kip (100,000,000 Kip) shall be applied ;
2. Providing services other than stipulated in Article 10 of this regulation, a fine of fifty million Kip (50,000,000 Kip) shall be applied;
3. Failing to keep and maintain confidential information and documents of its clients for the period of providing its rating services and a ten year period following the completion of such services, a fine of fifty million Kip (50,000,000 Kip) shall be applied;

4. Failing to report on its operation to the Lao Securities Commission Office on time as stipulated in Article 12 of this regulation, a fine of ten million Kip (10,000,000 Kip) shall be applied;
5. Failing to report or report incorrect or incomplete information on its operation to the Lao Securities Commission Office as stipulated in Article 12 of this regulation, a fine of fifteen million Kip (15,000,000 Kip) shall be applied.

In case a targeted group uses services provided by a foreign credit rating agency that is not registered with the Lao Securities Commission Office, a fine of one hundred million Kip (100,000,000 Kip) shall be applied.

Chapter 4

Final Provisions

Article 15 Implementation

Foreign credit rating agencies, targeted group, persons and other related parties shall strictly acknowledge and implement this regulation in accordance with its scope of rights and duties.

Article 16 Effectiveness

This regulation shall be effective as of the date of signature.

Chairman
The Lao Securities Commission