



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

Prime Minister

No. 296/PM

Vientiane Capital, dated 29 August 2022

Decree

On the Endorsement and Promulgation of the 10-year Strategic Plan on Capital Market  
Development of the Lao PDR (2021-2030) and Vision Towards 2035  
(Amended)

- Pursuant to the Law on the Government of Lao PDR No. 03/NA, dated 16 November 2021;
- Pursuant to the Resolution of the Government Meeting of February 2022, No. 02/GOV, 28 February 2022;
- Pursuant to the proposal of the Lao Securities Commission, No. 11/LSC, dated 12 August 2022.

**The Prime Minister of the Lao PDR**

**issued the Decree as follows:**

- Article 1** To Endorse and promulgate “The 10-year strategic plan on capital market development of the Lao PDR (2021-2030) and vision towards 2035 (Amended)”
- Article 2** The Lao Securities Commission shall act as a center in cooperation with relevant parties in expanding and implementing the 10-year strategic plan on capital market development of the Lao PDR (2021-2030) and vision towards 2035 (Amended) effectively.
- Article 3** All ministries, ministries-equivalent agencies, provinces, capitals, and relevant parties shall effectively acknowledge, cooperate, and implement this decree.
- Article 4** This Decree shall be effective from the date of signature.

**Prime Minister of the Lao PDR**

Phankham Viphavanh

(Unofficial Translation)



**Lao Securities Commission**

**Strategic Plan on Capital Market Development of  
the Lao PDR for 10 Years Forward (2021-2030)  
and Vision Towards 2035  
(Amended)**

**Vientiane Capital, August 2022**

## Table of Contents

Foreword.....	i
Definitions: .....	iv
Part I Significant Context of Capital Market Development in the Lao PDR over the Last Ten Years (2011-2022).....	1
I. Achievements .....	3
1. Summary of Context of International and Regional Capital Market Development.....	3
2. Achievement of Capital Market Development in the Lao PDR over the Last Ten Years (2011-2020) 4	
2.1 Fundraising through the Capital Market, Strengthening Listed Companies, and Securities Products Development.....	4
2.1.1 Fundraising through the Capital Market .....	4
2.1.2 Strengthening listed companies .....	7
2.1.3 Development of Securities Products.....	9
2.2 Formulation and Amendment of Legislation and Marco Policies on Securities Activities	9
2.3 Strengthening of the Securities Supervisory Authority.....	10
2.3.1 Strengthening of the LSC and LSCO.....	10
2.3.2 Development of Information Technology Systems .....	11
2.3.3 International Cooperation .....	12
2.4. Strengthening the Capital Market Infrastructure .....	13
2.4.2 Creation and Development Securities Intermediaries.....	17
2.5 Expansion, Protection, and Strength of Investors and Capital Market Participants.....	18
2.5.1 Investor Base Expansion.....	18
2.5.2 Protection of Investors .....	20
2.5.3 Strengthening for Investors and Capital Market Participants .....	20

(Unofficial Translation)

II. Pending Issues .....	22
III. Lessons Learnt .....	25
Part II Strategic Plan on Capital Market Development of the Lao PDR for the Next Ten Years (2021-2030) and Vision Towards 2035 .....	27
I. Development of Local, Regional, and International Capital Markets .....	27
1. Opportunities .....	28
2. Challenges .....	28
II. Vision Towards 2035 .....	29
III. Overall Directions, Targets, and Strategic Plan on Capital Market Development of the Lao PDR for the Next Ten Years (2021-2030) .....	29
1. Overall Directions .....	29
2. Overall Targets .....	30
3. Strategy .....	31
Part III Capital Market Development Plan of Lao PDR for Five Years (2021-2015) .....	32
I. Overall Directions .....	32
II. Overall targets .....	33
Strategy I: Strengthening of the Securities Supervisory Authority (2 programs) .....	34
Strategy II: Strengthening the Capital Market Infrastructure (1 program) .....	38
Strategy III: Expansion and Strengthening Listed Companies, and Securities Products Development (1 program) .....	41
Strategy IV: Expansion, Protection, and Strengthening for Investors and Capital Market Participants (1 program) .....	44
Part IV Methods of Implementation .....	46
Appendix .....	47

(Unofficial Translation)

## **Foreword**

Since the nation was liberated and established as the Lao People's Democratic Republic on 02 December 1975, in particular, when the party and the government implemented a comprehensive new approach based on the party's principles since 1986, the Lao PDR's economy has continued to grow, and the people's living conditions have gradually improved, in which the banking sector has contributed significantly to this growth.

Based on the need for socio-economic development in the new period, financing from the commercial banks cannot respond to the demands for fundraising in the new phase, especially the long-term fundraising in large amounts, which limited the contribution to the production base development. Therefore, the party has set a clear direction in the resolution of the 8th National Congress of the Lao People's Revolutionary Party by assigning the Bank of the Lao PDR to study, create, and develop the financial market for long-term fundraising and expand long-term credit in order to build a solid infrastructure. Based on this direction, the government decided to establish a capital market (Lao Securities Exchange) at the end of the sixth 5-year National Socio-Economic Development Plan (2006-2010).

Through the in-depth leadership from the top, combined with the high responsibility of the Lao Securities Committee (LSC), which has the Lao Securities Committee Office (LSCO) serve as its secretariat, the continuous leadership of the government and support from all relevant parties both domestically and internationally, the "Lao Securities Exchange" was established on 10 October 2010 with a joint venture between the Bank of the Lao PDR (representing the government) holding 51% shares and the South Korean Securities Exchange holding 49% shares, which started to operate on 11 January 2011 onwards. The establishment of LSX is the initial state of the creation and development of the capital market with a new mechanism to contribute to the Lao PDR's socio-economic development significantly

In the early period (2010–2015), the movement of the Lao capital market still lacked a systematic capital market development strategy plan, making the operation of capital market participants as well as the securities regulator inefficient and lacking focus on development, resulting in the movement of the Lao capital market system not being able to fully respond to the country's socio-economic development, especially the creation of long-term fundraising channels for enterprises with low costs. Therefore, in order to develop the capital market system as a source

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of long-term fundraising, as a training ground for enterprises to be strong and have the ability to compete internationally as well as to lay the foundation for progressing towards socialism, the first issue of the 10-year strategic plan on capital market development of the Lao PDR was created for 2016-2025, in which the government issued the decree to endorse and promulgate such a plan on 10 March 2015. This strategic plan is an expansion of the resolution of the 9th Congress of the Party, especially the 5th Plenary Meeting of the Central Executive Committee of the Party, the 7th five-year National Social-economic Development Plan, as well as supporting the development strategy of the monetary-financial institution system of the Lao PDR for ten years (2016-2025) and the vision towards 2030.

However, in order to ensure that the development of the capital market system goes along with the stability of the money market, aiming to contribute to the social-economic development appropriate to the capital market development of the Lao PDR in each period and being able to link with the international gradually, it is necessary to evaluate the capital market development of the Lao PDR over the past ten years (2011-2020) and review the capital market development strategy for the next ten years (2021-2030).

This strategic plan is amended based on some main factors as follows:

- 1) <sup>1</sup>The Resolution of the 9<sup>th</sup> Lao People's Revolutionary Party Conference;
- 2) The Resolution of the 4<sup>th</sup> BOL's Party Committee Conference (2021-2025);
- 3) The 9<sup>th</sup> Five-year National Social-economic Development Plan (2021-2025);
- 4) The National Agenda to Address Economic-Financial Difficulties (2021-2023)
- 5) Pending issues of the capital market operation over the last ten years (2011-2020);
- 6) Roadmap for ASEAN Sustainable Capital Markets;
- 7) International trends and domestic financial and monetary difficulties.

The structure of this strategy is divided into four parts as follows:

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<sup>1</sup> 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; this English translation is strictly for reference.

(Unofficial Translation)

Part I: The Significant Context of Capital Market Development of the Lao PDR over the last ten years (2011-2022);

Part II: Strategy for Capital Market Development of the Lao PDR over the Next Ten Years (2021-2030) and Vision Towards 2035;

Part III: Capital Market Development Plan of the Lao PDR for the Next Five Years (2021-2025)

Part IV: Methods of Implementation

I sincerely hope that this strategic plan will serve as a crucial reference document for the relevant parties to perform their roles to ensure the highest efficiency and effectiveness of the work.

On behalf of the Lao Securities Commission, I would like to express my gratitude to all parties for contributing to the creation of this strategic plan which was completed as assigned and with great efficiency.

Vientiane Capital, Dated

Chairman of the Lao Securities Commission

(Unofficial Translation)

### **Definitions:**

Financial Market	means a market that links those who have accumulated capital with those who wish to use capital, divided into two types: the money market and the capital market.
Money Market	means the market that performs financial transactions using financial instruments, including deposits, loans, and other instruments, through financial intermediaries such as banks and non-bank financial institutions.
Capital Market	means a market that performs financial transactions with direct long-term capital allocation between those who wish to use capital and those who have accumulated capital.
The Lao Securities Commission (LSC)	means a non-standing organ and is the supreme organ of the securities supervisory authority, having responsibility for supervising securities activities in a centralized and uniform manner throughout the country by assigning the Lao Securities Commission Office to be directly responsible for the supervision, monitoring, and inspection of securities activities on the basis of coordination and exchange of information with other relevant authorities.
The Lao Securities Commission Office (LSCO)	means an organization that acts as the secretariat for the Lao Securities Commission in the supervision, monitoring, and inspection of securities activities, and is an organization equivalent to department level and is under the supervision of the Bank of the Lao PDR in terms of personnel.
Lao Securities Exchange (LSX)	means a financial institution that operates businesses relating to securities listing, trading, and clearing.
Securities Company	means a financial institution that operates a securities business.



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Fund Management Company	means a financial institution that operates businesses relating to the establishment and management of collective investment funds.
Asset Valuation Company	means a domestic or foreign juristic person providing asset valuation services in the securities sector.
Custodian Bank	means a commercial bank established under the law or a foreign commercial bank authorized to provide custody and asset management services and be a representative in protecting the rights and benefits of investors.
Audit Company	means an enterprise established and authorized to operate a business by providing audit services in accordance with applicable laws and regulations.
Credit Rating Agency	means a juristic person established in accordance with relevant laws or a foreign credit rating agency that provides credit rating of quality and risk for companies and securities in the securities sector.
Corporate and Government Bondholders' Representative	means a commercial bank or securities company established in compliance with relevant laws and regulations, or a foreign commercial bank or foreign securities company providing services as a representative of investors to monitor the exercise of rights and performance of duties of the issuer of corporate bond and government bond as prescribed in the prospectus or other relevant documents.
Securities activities	means the issuance of shares and corporate bonds, the operation of shares and corporate bonds issuing companies, listed companies, collective investment funds, securities intermediaries, securities business professionals, securities associations, securities exchange, securities depository center, and unfair trading.
Securities	means financial instruments which comprise shares, corporate bonds, government bonds, fund units, derivatives, and other types of securities as defined by the Lao Securities Commission. The holder of

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the securities shall have the rights and benefits according to the characteristics of each type of securities.

**Share** means an equity type of securities used by a public company to mobilize funds divided into units of equal value. The shareholder holds the status as the company's owner and is entitled to rights and benefits pursuant to their shareholding ratio.

**Corporate bond** means a debt type of securities used by a company to mobilize funds divided into units of equal value and pre-determined return of equal rate, in which the holder has a status as a company's lender.

**Government bond** means a debt type of securities used by the government to mobilize funds divided into units of equal value and pre-determined return of equal rate and the holder has a status as a lender.

**Investor** means individual investors and institutional investors, both domestic and foreign, who invest in securities.

**Securities Business professionals** means a staff of securities companies or fund management companies who possess educational qualifications, experience and obtain a securities business professional certificate from the Lao Securities Commission, including securities brokers, securities dealers, financial advisors, investment advisors, securities analysts, fund managers, and other securities business professionals as defined by the Lao Securities Commission.

**Institutional investor** means a commercial bank, securities company, collective investment fund, insurance company, social security fund, and other institutions or other entities as defined by the Lao Securities Commission.

**Securities business** means being a securities brokerage, securities underwriting, financial advisory, and fund management company.

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Listed company means a company authorized to list its shares on the securities exchange.

Corporate Governance (CG) means the effective management process of the company aimed at ensuring accuracy, transparency, and fairness to the company's stakeholders.

## **Part I**

### **Significant Context of Capital Market Development in the Lao PDR over the Last Ten Years (2011-2022)**

The establishment and operation of the Lao Securities Exchange over the last ten years is a very significant circumstance as a sign of the growth and expansion of the capital market sector, which has contributed to the implementation of the party's new directions and the nation's socio-economic development plan aimed at developing the country graduate from the status of a least-developed country by 2020 by promoting continuous, balanced, and sustainable growth, and will absolutely strive to overcome this status by 2025, as well as to create a new turning point for the country's development to become a developing country with medium-high income, according to the socio-economic theory of wisdom, green and sustainable.

Although there was no strategic plan for capital market development in the initial state of operation of the Lao Securities Exchange (2010-2015), we were able to build a system, mechanism, regulation, and organizational structure to support the work of the securities regulator and have sufficient capital market participants to exercise in the system; It has created an opportunity for a number of public and private enterprises to raise capital at a low cost in order to continue their business and has gradually strengthened these enterprises in terms of organization structure, finance, and management. In addition, the Lao Securities Exchange also created a concrete balance in the financial market in the Lao PDR.

Since the government adopted the 10-year strategic plan for capital market development of the Lao PDR (2016-2025), The Lao capital market development has a strong foundation and has become more structured by expanding into programs and projects, which include 12 programs and 38 projects. With the attention of the LSC in leading closely and the highly responsible contribution of the capital market sector's staff, the programs and projects prescribed in the strategy for the period of 2016-2020 can be implemented by more than 90%.

Throughout the past ten years, the capital market system has achieved outstanding results as follows:

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There is a new channel for fundraising and investment in the public and private sectors where access to those funds is effectively supervised. By the end of 2020, both public and private enterprises can raise funds from domestic and overseas sources by issuing shares, bonds, and government bonds through the capital market for a total of 23.016 billion LAK, accounting for 14.03% of GDP;

- 1) There are 11 listed companies that have good financial discipline, accounting in compliance with applicable laws, regular audits from external auditors, and corporate management that has turned more professional, all of which have helped to reduce the state budget leakage. Additionally, it also increases the possibility of accessing funding sources from both domestic and international sources, as well as the ability to build more business networks.
- 2) The government's revenue from tax collection increases every year; from 2011 to 2020, the government can collect 3,239.02 billion LAK in taxes from listed companies. Particularly in 2020, the government collected 719 billion LAK in taxes from listed companies, an increase of 2.12 times compared to the average collection per year before the company was listed, which was only about 230 billion LAK per year;
- 3) The Decree on Securities and Securities Exchange (2010) was upgraded into the Law on Securities in 2012 and was revised in 2019, with approximately 73 regulations issued under the Law on Securities.
- 4) The organizational structure of the securities supervisory authority became systematic, and bilateral and multilateral cooperation has been expanded with international organizations for technical assistance.
- 5) There are tax policies to attract fundraisers and investors in the capital market, such as reducing profit tax to listed companies from 5% to 19% (from the original rate of 24%) for four consecutive years (in 2010) and further reducing it from 7% to 13% (from the original rate of 20%) for four consecutive years (in 2020). In addition, in 2011, the investor was exempt from capital gains tax for shares trading and dividend tax from 10% to 0%.
- 6) The LSX was improved to become gradually stronger, particularly in terms of personnel, IT systems, business operation mechanisms, and related regulations that serve as references to supervise members, securities trading, and securities depository services;
- 7) Securities intermediaries have been developed to be complete in order to facilitate the securities business, which currently has a total of 24.

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- 8) Employees in the capital market sector have knowledge and professional skills in the capital market, which can produce 72 securities business professionals, and they receive ongoing professional training and ethically provide services. In addition, there are various channels to disseminate securities activities in order to increase public knowledge and comprehension of the capital market and encourage them to participate in securities trading according to their financial capabilities.
- 9) Furthermore, the capital market sector has contributed to anti-money laundering and counter-terrorism financing in Lao PDR by strictly monitoring both domestic and foreign investors investing in the Lao capital market through customer identification mechanisms (KYC and CDD).

## **Details of Achievement, Pending Issues, and Lessons Learnt**

### **I. Achievements**

#### **1. Summary of Context of International and Regional Capital Market Development**

During the period of 2011-2020, an international capital market has continuously developed by using more modern technology in service provision; issuing securities products has many forms and complications, such as Initial Coin Offering or ICO, and investing in digital assets. In addition, many securities intermediaries and securities exchanges are interested in bringing Blockchain technology to support their service quality development. As a result, in order to protect investors' rights and benefits, the Securities Supervisory Authority has made significant changes in improving the internal organizational structure, as well as creating and revising legislation and information technology systems to be more modern in order to support the new trends.

The frontier markets have turned to developing and upgrading service quality to increase competitiveness. At the same time, the emerging markets have made quick improvements to the international trend, based on the circumstances of each country, by focusing on service quality development to attract domestic and foreign investment and also supporting innovative and startup businesses as the main ones.

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The ASEAN capital market defined a development plan focusing on improving the infrastructure and market integration in the region, encouraging the improvement of regulations and principles in the member countries to be consistent, promoting the ASEAN securities product types to attract investment, promoting the cross-border services of securities business professionals, attracting the participation of investors, as well as encouraging more coordination and cooperation among capital market participants. Simultaneously, the facilities for securities trading are being developed, as is encouraging more issuance and investment in government bonds and corporate bonds, particularly investments in green and sustainable financial products, in order to restore and protect the environment.

## **2. Achievement of Capital Market Development in the Lao PDR over the Last Ten Years (2011-2020)**

### **2.1 Fundraising through the Capital Market, Strengthening Listed Companies, and Securities Products Development**

#### **2.1.1 Fundraising through the Capital Market**

Until 2020, the government, state-owned enterprises, and private enterprises could raise funds from domestic and overseas sources through the capital market mechanism up to 23.016 billion LAK, covering 14.03% of GDP, by issuing government bonds, common shares, and corporate bonds abroad.

The source of capital obtained from issuing shares and corporate bonds has significantly contributed to the business expansion and services of the enterprise. This capital is used for various purposes, including the construction of electric dams, gas stations, shopping centers, the production of cement and palm oil, the expansion of the leasing industry, and the use of working capital in business operations, etc. Currently, there are 11 listed companies in the LSX, which come from various sectors such as financial institutions, energy, agriculture-forestry, industry, and trade services.

(Unofficial Translation)

Table 1: Statistics on Securities Issuance From 2010-2020

Unit: billions of LAK

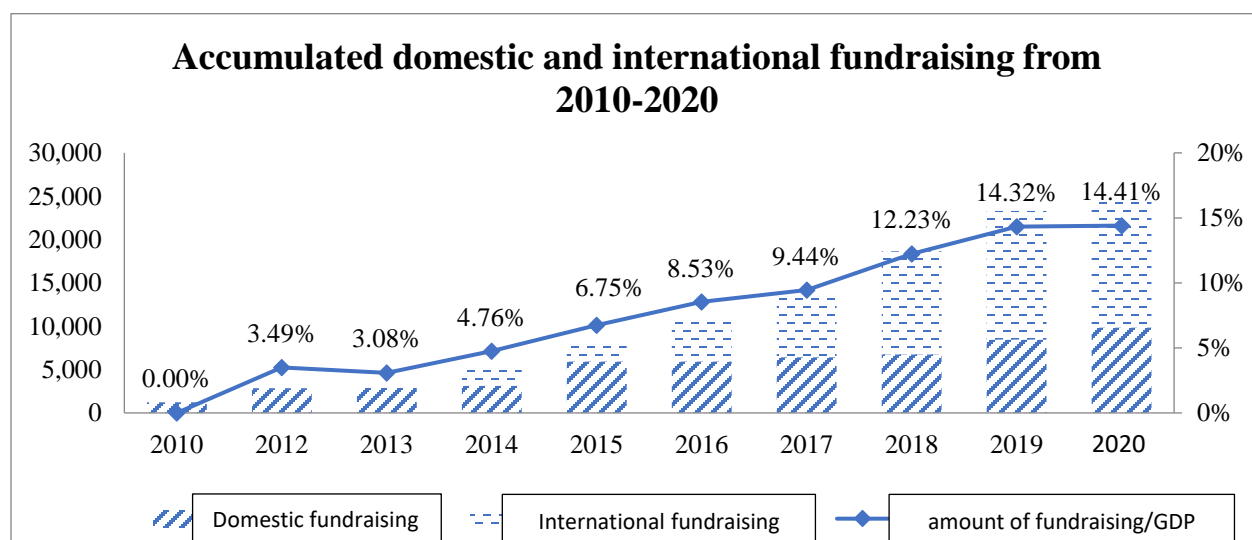
NO.	Issuers	2010-2016	2017	2018	2019	2020	Total
Issuance of Government Bonds							
1	Ministry of Finance			285,13	1372,83	1.392,89	3.050,85
Total:							3.050,85
Issuance of Shares Domestically							
1	BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC	305,39	360,06		115,11		780,56
2	EDL Generation Public Company	5.297,14					5.297,14
3	Phousy Construction and Development Public Company		98,20				98,20
4	Lao World Public Company	40,35					40,35
5	Petroleum Trading Lao Public Company	240,00					240,00
6	Souvanny Home Center Public Company	77,50					77,50
7	Lao Cement Public Company			28,80			28,80
8	Mahathuen Leasing Public Company			25,61			25,61
9	Lao Agrotech Public Company			14,00			14,00



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10	Vientiane Center Lao Public Company				53,76		53,76
11	Lao ASEAN Leasing Public Company				162,81		162,81
Total							6.818,73
<b>Issuance of Corporate Bonds Abroad</b>							
1	EDL Generation Public Company	5.070		4.098,12			9.168,12
2	<b>Nam Ngum 2 Power Company</b>		1.800,00	900,00	2.951,88	180,00	5.831,88
Total							15.000,00
Grand Total		11.030,38	2.258,26	5.351,66	4.656,39	1.572,89	24.869,58
<b>(Percent of GDP)</b>		9,14%	1,61%	3,5%	2,86%	0,91%	14,41%

Figure 1: Accumulated domestic and international fundraising from 2010-2020 compared to GDP.



In addition to those mentioned above, eight companies have prepared to raise funds by issuing shares to the public and listing on the LSX but have been unsuccessful (five state-owned enterprises and three private companies) due to internal problems such as accounting systems not being audited by audit companies that meet international standards, weak administrative

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management, and the boards of directors preferring to use the money market rather than the capital market. Moreover, the public is less interested in purchasing shares issued by private enterprises, which is not in accordance with the criteria set in the regulations, causing the issuance of shares to the public to be unsuccessful. Besides, in the past, three enterprises prepared to raise funds by issuing corporate bonds in both LAK and foreign currencies in the Lao PDR. However, they were unsuccessful due to an unfavorable environment and other difficulties, such as a low company rating and the foreign currency supply in domestic is insufficient compared to demand. The high costs involved in issuing corporate bonds compared to borrowing from banks.

Therefore, in order to encourage the potential companies to issue securities and be listed on LSX, the LSCO has collaborated with the Ministry of Finance and related parties in selecting some state-owned enterprises to assess and prepare for the issuance of securities, in which the government has approved the use of the expansion fund and regulatory reserve fund of the enterprise to improve the business strength in terms of organizational structure, business operation, and management to ensure that the readiness of state-owned enterprises to raise funds through the capital market.

### **2.1.2 Strengthening listed companies**

Continue to strengthen listed companies through supervision mechanisms, the use of international accounting systems that meet international standards, and more professional management (CG), as detailed below:

#### **1) Listed Companies Supervision**

In order to strengthen the listed companies, LSCO has paid close attention to supervising and monitoring the activities of listed companies, especially the reporting and disclosure of business operation reports and financial statements, the organizing of shareholders' meetings, dividend payments, the usage of raised funds, and others. Moreover, LSCO has also researched the dividend payment policies of listed companies.

#### **2) Adoption of International Financial Reporting Standards (IFRS)**

To ensure that listed companies are able to create financial statements consistent with international standards, the LSCO has reviewed the transition to the effective adoption of IFRS in coordination with relevant parties and issued a Notice on the Adoption of International Financial

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Reporting Standards (IFRS). Additionally, LSCO has collaborated with relevant parties to create action plans, transition plans, and recommendations for applying IFRS for the securities sector.

### **3) Improvement of Corporate Governance (CG)**

Additionally, the corporate governance framework for listed companies has been developed after the CG Guideline was issued to be more consistent with the standards of regional and international countries, in which the necessary corporate governance principles were defined. The LSCO has disseminated the guideline to listed companies for their information and understanding, as well as held seminars for the boards of directors, chief and deputy chief executive directors, and employees of listed companies on the roles and responsibilities of the board of directors, the specialized committees of the board of directors, the rights of shareholders, etc. After that, a survey was conducted on the implementation results of the listed companies.

Following dissemination and surveying, it was discovered that the executives and related employees of the listed companies are more aware, understanding, and appreciative of CG work. At the same time, the initial draft of the Lao CG Scorecard for the implementation of CG Guidelines for listed companies has been completed as a tool to monitor the implementation of corporate governance in listed companies.

Based on strengthening the listed companies, the standards of corporate governance and accounting for listed companies in the Lao PDR capital market have been upgraded to be consistent with the standards of regional and international countries. Besides, the implementation guidelines have been defined for the shareholders, the board of directors, the chief and deputy chief executive directors, and the heads of various units of the listed companies to function efficiently, orderly, transparently, and fairly as well as to enhance the performance of their roles, rights, and duties with high responsibility and honesty for the benefit of the company, specifically to maintain the interests of all shareholders and build confidence for investors.

Through monitoring, it is seen that the listed companies operate in accordance with the regulations and contribute to the development of the capital market. However, some listed companies can still not comply with the relevant regulations, especially the ones regarding delayed reporting and disclosure. In the past, some of the listed companies that violated the said regulations have been fined according to administrative measures.

### **2.1.3 Development of Securities Products**

In order to develop diversified securities products in response to the needs of fundraising and increase the investment options of the public, the LSCO has collaborated with relevant parties to establish mechanisms, legislation, methods, procedures, and IT systems to support the issuance of government bonds through the LSX, so that by 2018, the government can issue its bonds through the LSX. Furthermore, this mechanism endorsed the sale of government bonds, allowing them to enter the capital market system gradually. At the same time, new products have been developed, such as corporate bonds, collective investment funds (CIS), and depositary receipts (DR). However, despite the publication of regulations for supervising such products, until now, no new products have been issued due to a lack of demand from business entities, the securities intermediaries have yet to be ready, and the cost of securities issuance remains relatively high.

Simultaneously, other types of securities products have also been developed, such as preferred stocks, convertible bonds, and warrants, to create options for business entities to utilize financial instruments to raise funds and develop various securities products for the Lao capital market. However, it found that during this period, capital market conditions were not favorable for the issuance of these products.

## **2.2 Formulation and Amendment of Legislation and Marco Policies on Securities Activities**

In order to facilitate the Securities Supervisory Authority having legislation to supervise, monitor, and inspect securities activities more firmly, as well as to ensure that capital market participants' operations are efficient, transparent, and fair with the aim of making capital market activities grow continuously and sustainably, contributing to the socio-economic development with firm steps, the LSCO has amended the Law on Securities to be more consistent with the current conditions, in which the National Assembly's resolution on the approval of the Law on Securities was issued on 14 January 2020. At the same time, in order to improve the roles and functions of the Securities Supervisory Authority to be concise and consistent with the Law on Securities (amended version), the LSCO has updated the Decree on the Organization and Operation of the LSC, and the Decision on the Organization and Operation of the LSCO. Moreover, during the period of 2011–2020, the LSCO also cooperated with relevant parties to formulate and amend 73 issues of legislation under the Law on Securities (10 issues are used

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internally) as an important reference for the operations of securities activities. (Legislative details are in Appendix 1)

In terms of macro-policies on securities activities, over the past ten years, the Securities Supervisory Authority together with related sectors have studied and proposed that the government improve tax policies to attract and encourage participation and contribute to the development of the capital market. As a result, the government has reduced the profit tax for listed companies from the original rate of 20% to 13% for four consecutive years and allowed state-owned enterprises to utilize its expansion fund and a regulatory reserve fund for improving their business strength. In addition, the government has waived trading fees for those who invest in shares and reduced the trading fee for LSCO, LSX, and securities companies from 1% in 2017 to 0.7% in 2020. Also, the government has exempted the capital gains tax and dividend tax from 10% to 0% (in 2013) to attract investors in the capital market.

Furthermore, some content related to public companies has been reviewed to be included in the Law on Enterprise (amended version), such as transfer of shares, corporate governance, disclosure, related transactions, merger and acquisition, and other issues.

## **2.3 Strengthening of the Securities Supervisory Authority**

### **2.3.1 Strengthening of the LSC and LSCO**

To ensure that the working regime of LSC and LSCO are effective. Therefore, the roles of the LSC and LSCO are separate by formulating the Decree on the LSC and the Decision on the LSCO, consequently facilitating a more efficient operation. According to such legislation, the LSC and the LSCO have concentrated on their duties of supervising and developing the Lao PDR capital market to be efficient, transparent, and fair, as well as to reduce risks to the financial system by closely coordinating and cooperating with capital market participants and all relevant parties to gradually develop the capital market as well as the Lao PDR's economic development. The LSC's organizational structure currently consists of a chairman, two vice-chairmen, nine commissioners, and secretaries, a total of thirteen committees. In addition, the LSCO serves as the secretary for the LSC in policy research, regulation, and supervision of securities activities and securities exchange. It has six divisions, including the Personal and Administration Division, Legal Division, Securities Issuance Supervision Division, Securities Intermediary Supervision Division, Securities

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Exchange Supervision Division, and Training and Education Division; There are a total of 42 employees (21 women), including 4 LSCO executives (2 women), 12 heads of divisions and deputy heads of divisions (4 women), and 26 technical officers (15 women). Regarding education, there are 26 employees with master's degrees (14 women), 15 with bachelor's degrees (7 women), and 1 with a middle-class degree.

In addition, to create a foundation for the financial independence of the LSCO, the LSCO was approved to be a self-budget management organization in 2017 and use its new office building from May 2019 onwards.

### **2.3.2 Development of Information Technology Systems**

To develop the role of the LSCO and enable capital market activities to be carried out in a smooth, modern, safe, and effective manner, aiming to facilitate and respond to the demands of securities activities supervision, the LSCO has prioritized the creation and development of information technology, with the following outstanding outcomes: the LSCO, in cooperation with related departments of the Bank of the Lao PDR, has completed the creation and development of information technology systems for securities activities supervision of 6 systems and facilitated administrative activities within the LSCO 7 systems. Utilizing such systems can assist in the supervision of securities activities, facilitate the operational activities within the LSCO, and manage data, such as reporting in a more systematic, clear, flexible, and quick manner. Details of the system for securities activities supervision are as follows:

<b>No.</b>	<b>System name</b>	<b>Complete Year</b>
1	Online reporting system from listed companies	2016
2	The acceptance system for investors' complaint system through online channels	2017
3	The reporting system of share trading for investors through securities companies	2018
4	The system for submitting applications and approving the issuance of securities	2019

(Unofficial Translation)

5	Securities trading reporting system	2020
6	The system for submitting applications for the establishment or business license of securities intermediary	2020

At the same time, a technology system has been developed to support securities education activities, especially the fundamental techniques for facilitating the creation of television programs, such as television program compression rooms and supporting equipment. Furthermore, the LSCO has also regularly updated and modernised its website to become a hub of information for securities activities that serves society in its role.

### **2.3.3 International Cooperation**

According to party and government policies, the LSCO has continued to pay attention to international cooperation activities in the form of bilateral, multilateral, and international organizations to obtain technical assistance, draw lessons learned, develop human resources, and exchange information regularly.

In bilateral cooperation, the LSCO has signed a bilateral memorandum of understanding with the securities commissions of Vietnam, Thailand, and China and has signed an agreement on bilateral cooperation with the CPA Australia Institute. In addition, the LSCO has also cooperated bilaterally with the securities commissions of Korea, Japan, the Thai IOD, the Luxembourg Embassy to Lao PDR, Australia, the Nomura Research Institute, the Securities Exchange of Thailand, and others.

In multilateral cooperation, the LSCO has participated in various multilateral meetings within the ASEAN framework and ASEAN+3, including those of the ACMF Chair and ACMF Deputies, the WC-CMD, the CSIF, the WC-FSL, the WC-CAL, and the ABMF. At the same time, the LSCO has signed a memorandum of understanding on multilateral cooperation with five countries in the Mekong Basin.

In the form of cooperation with international organizations, in September 2018, the LSC was approved as an associate member of the International Organization of Securities Commission (IOSCO), which increased the role of Lao PDR securities activities in the international arena. In addition, in the framework of this cooperation, the LSC and the LSCO have participated in the

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annual meeting of the IOSCO and participated in various committees of the IOSCO, such as the Growth and Emerging Markets Committee (GEMC) and the Asia-Pacific Regional Committee (APRC), and technical seminars on various topics regularly. In addition, another cooperation has been made with the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank.

Under this international cooperation, the LSCO can seek various types of technical assistance, such as sending off employees to upgrade their long-term specializations abroad 4 times, participating in short-term internships at international securities commissions more than 15 times, organizing seminars in Vientiane more than 80 times, and also sending off employees for training and seminars overseas more than 150 times in both the online channel and in-person. Furthermore, receiving funding from a three-way cooperation project between the LSCO, SSC Vietnam, and the Luxembourg Embassy in Lao PDR totalling 500,000 euros, as well as financing for hiring experts to provide technical advice and other technical assistance projects for the Lao PDR's capital market development.

Implementation of this cooperation can enhance the technical strength of LSCO's employees and be able to bring the overseas securities commission's lessons and standards, in the region and internationally, to be used as a reference for formulating and amending legislation and working mechanisms of the Lao Capital Market, such as improving the corporate governance activities (CG) for potential listed companies and listed companies on the securities exchange, the development of accounting systems (IFRS), the development of securities products (shares, loan shares, bonds, and investment funds), as well as conducting a preliminary study on sustainable finance, creating conditions for SMEs to raise capital through the capital market, providing knowledge to the public, and preparing to become a member of the IOSCO.

## **2.4. Strengthening the Capital Market Infrastructure**

The capital market infrastructure consists of the securities exchange and securities intermediary.

### **2.4.1. Development of the Securities Exchange**

#### **1) Strengthening of the Securities Exchange**

##### **❖ The Supervision of Securities Exchange Operations**



(Unofficial Translation)

The LSX was established under a joint venture between the Bank of the Lao PDR (representing the government) and the Korea Exchange. The LSX has concentrated on performing its role in providing securities trading services, clearing and settlement services, as well as strictly supervising the trading activities of investors and closely monitoring the activities under its responsibility. In addition, to determine the direction of business activities and to consider significant issues, the LSX has periodically scheduled the board of directors meeting and the shareholders meeting.

The LSCO has concentrated on supervising and monitoring the activities of the LSX through on-site inspection and document inspection in order to ensure that the market is fair and transparent, as well as the system's continuity. The actual monitoring shows that the LSX operates according to the regulations and actively contributes to capital market development.

#### **❖ Improvement of the Securities Trading Mechanism**

The LSX has improved and upgraded the share trading mechanism to facilitate and increase opportunities for investors to be able to buy and sell securities more smoothly, such as the Home Trading System, which has been used since 2013, in which investors can send trading orders, monitor the money and securities balance by themselves in the securities account through the computer system; In 2014, the trading mechanism was improved from the Call Auction to the Continuous Auction, and the daily price change range was increased from  $\pm 5\%$  to  $\pm 10\%$ ; In 2014, a linking system with the custodian banks was created, while the trading systems for government bonds and corporate bonds through the LSX were created in 2018 to provide custody services to facilitate institutional investors; In 2016, the minimum share trading unit was increased from 1 share to 100 shares; In 2018, new types of market orders, such as Market Orders, Conditional Orders, and Preliminary Reserve Orders, were added; In 2019, trading hours were extended from 09:00-11:30 to 09:00-15:00; The share trading pattern "Block Trade" was used in 2019; The price unit was adjusted (Tick Size) in 2019; Institutional investors were allowed to buy shares without depositing in advance in 2017 to facilitate the clients of the custodian bank's ability to trade more smoothly, in which the investor can access information on daily share trading so that investors have complete information before deciding to invest in the Lao capital market.

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At the same time, the correspondent bank has developed a payment system to facilitate investors' transfers of money between securities accounts and bank accounts through mobile applications such as BCEL-One.

LSX has also paid attention to monitoring unfair trading activities with a semi-automated system due to the limited number of securities products and low trading volume in the LSX. Besides, the LSX also has efficient systems and mechanisms that are efficient and comprehensive to support the LSX's operation.

#### ❖ **Legislation**

The LSX has formulated and amended legislation to provide a foundation supporting its business activities, such as membership regulation, securities registrar regulation, government bond and corporate bond listing regulation, clearing and settlement regulation, market operation regulation, etc. In addition, the LSX has also formulated internal legislation, such as the regulation on employee management, the regulation on the organization and administration of the LSX, the regulation on securities trading by the LSX's employees, etc. By the end of 2020, the LSX had 48 regulations (38 internal regulations). The legislation becomes an important tool and the basis for LSX's business operation to continue to grow, which creates favorable conditions for business entities, both public and private, to raise capital through the capital market as well as encourage, promote, and facilitate individuals, legal entities, and organizations to participate in investment in the capital market. (See Appendix 3 for more information).

In addition, to encourage small and medium enterprises to raise funds through the capital market, the conditions, mechanisms, and regulations have been created and improved in order to support the fundraising of enterprises that do not meet the criteria of the Main Board.

#### ❖ **Improvement and Development of Information Technology (ICT) Systems**

Over the past ten years, the LSX has been developed and continuously strengthened regarding legislation, mechanisms, and technology systems that support securities activities. The LSX paid attention to the information technology system as a key tool to drive its efficient, modern, and safe services by continuously developing and maintaining systems, including the order-receiving system, the matching system, the clearing and settlement system, the securities deposit system, the information technology system, and others. Especially in 2017, the LSX developed trading systems for government bonds through the LSX, which started operation at the end of

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2018. Moreover, the LSX has also regularly updated and modernized its website to become a hub of information for securities activities that serves society in its role.

### ❖ **International Cooperation**

To raise LSX's role in the international arena. The LSX has paid attention to international cooperation, both bilateral and multilateral, and has signed MOUs with the Hanoi Stock Exchange, Ho Chi Minh Stock Exchange, Stock Exchange of Thailand, Cambodian Securities Exchange, and Shenzhen Stock Exchange for information exchange and technical assistance on capital market activities.

In addition, in 2013, the LSX hosted the GMS: Capital Market Education Forum 2016 and participated in the framework of the stock exchange linkage with the CLMV countries (Cambodia, Lao PDR, Myanmar, and Vietnam) and countries in the Mekong Basin countries.

Moreover, LSX conducted a study of the criteria to be members of the Association of National Numbering Agencies (ANNA), the World Exchange Foundation (WEF), the ASEAN Exchange Linkage (AEL), and the developing market (Frontier Market: FM). However, in practice, the current context of the Lao capital market has yet to be ready to become a member of these organizations.

Over the past ten years, the LSX has gradually improved its strength, especially regarding personnel, IT systems, business operation mechanisms, and related regulations as a basis for supervising members, securities trading, and securities deposit services. As for the current situation, the market capitalization increased from 5,175.03 billion LAK in 2010 or 53% to 7908.93 billion LAK in 2020; the trading volume of the LSX in 2010 increased from 2.13 billion LAK to 230.89 billion LAK in 2020; Over the past ten years (2011-2020), the LSX index fluctuated on average at 1.058.61 points, with a maximum of 1.864.98 points and a minimum of 547.01 points; market capitalization per GDP and return earning in listed shares appear to be low when compared to Asian countries. (See Appendix 4 for more details).

## **2) Securities Depository Center**

The study on separating the Securities Depository Center from the LSX to be an independent entity was conducted based on the lessons learned from the securities commissions of neighboring countries such as the Republic of Vietnam, China, Korea, Thailand, and IOSCO principles. Based on the study results, the separation of the securities deposit center from the securities exchange is

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necessary to create confidence for investors and securities depositors regarding the clearing and settlement. If the securities exchange is suspended or bankrupt, this may cause data on clearing and settlement and securities deposits to be lost. However, after consulting with the relevant sectors, it is seen that, given the current conditions of our market, there are still many aspects that are not yet ready. This is because only a few products are traded in LSX, and these are only shares and government bonds deposited in the securities depository center. Additionally, investing in the new securities depository system will be costly and is not worth it. Therefore, keeping the securities deposit center in the LSX seems appropriate at present.

#### **2.4.2 Creation and Development Securities Intermediaries**

According to the Law on Securities (amended version), a securities intermediary consists of securities companies, fund management companies, asset valuation companies, custodian banks, audit companies, credit rating agencies, bondholders' representatives, securities business professionals, and securities associations. At the end of 2020, securities intermediaries under the supervision of the LSCO consist of 4 securities companies, 9 asset valuation companies, 3 custodian banks, 4 audit companies, 1 foreign credit rating agency, 2 correspondent banks, and 1 securities association (See Appendix 2 for more details).

At the end of 2020, the LSCO has certified 32 securities business professionals, consisting of 11 financial advisors, 2 investment advisors, 7 securities brokers, 3 securities dealers, 1 securities analyst, 2 fund managers, and 6 securities broker assistants. In addition, the LSCO has also certified 17 auditors of the 4 audit companies and 23 asset valuers of the 9 asset valuation companies. Consequently, the total number of professionals sounds sufficient when compared to the development level of the Lao capital market.

Securities intermediaries, especially foreign securities companies and fund management companies are allowed to hold one hundred percent (100%) shares, according to the Law on Securities (Amended Version) No. 79/NA, dated December 3, 2019. In addition, the law has expanded the scope of operation of securities companies to include providing services related to mergers and acquisitions (M&A).

For securities companies, the LSCO has concentrated on regular monitoring of such units according to the Decision on Securities Business Operation Authorization of Securities Company through annual inspections with the securities company (1 time/year/company), 1 emergency

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inspection (in 2013), and inspections in accordance with documents. In addition, the electronic data transmission system has been used to report information in installments to the LSCO; this system has helped the reporting process be clearer, more flexible, and quicker. At the same time, the LSCO has also used a capital adequacy monitoring system for fully active securities companies, requiring a capital adequacy ratio not to be reduced by 12%. Furthermore, in 2019, the LSCO used the securities supervision principle according to the risk-based supervision model to make supervision more focused and flexible. In addition, securities companies also regularly update and modernize their website to become a hub of information for securities activities that serves society in its role.

For other securities intermediaries (asset valuation companies, custodian banks, audit companies, credit rating agencies, and correspondent banks) that have been certified by the LSCO to provide services in the field of securities, the LSCO has concentrated on monitoring these institutions through documents on a regular basis and has coordinated with their main supervisory authority to solve problems each period.

Overall, the securities intermediaries and securities business professionals perform their roles in accordance with the regulations and participate in driving capital market development. However, it seems that some securities companies violated regulations by manipulating the share price in the LSX in 2 cases and buying shares before the investors in 1 case; which has been fined in 3 cases, warned in 6 cases, and put on the blacklist in 1 case.

## **2.5 Expansion, Protection, and Strength of Investors and Capital Market Participants**

### **2.5.1 Investor Base Expansion**

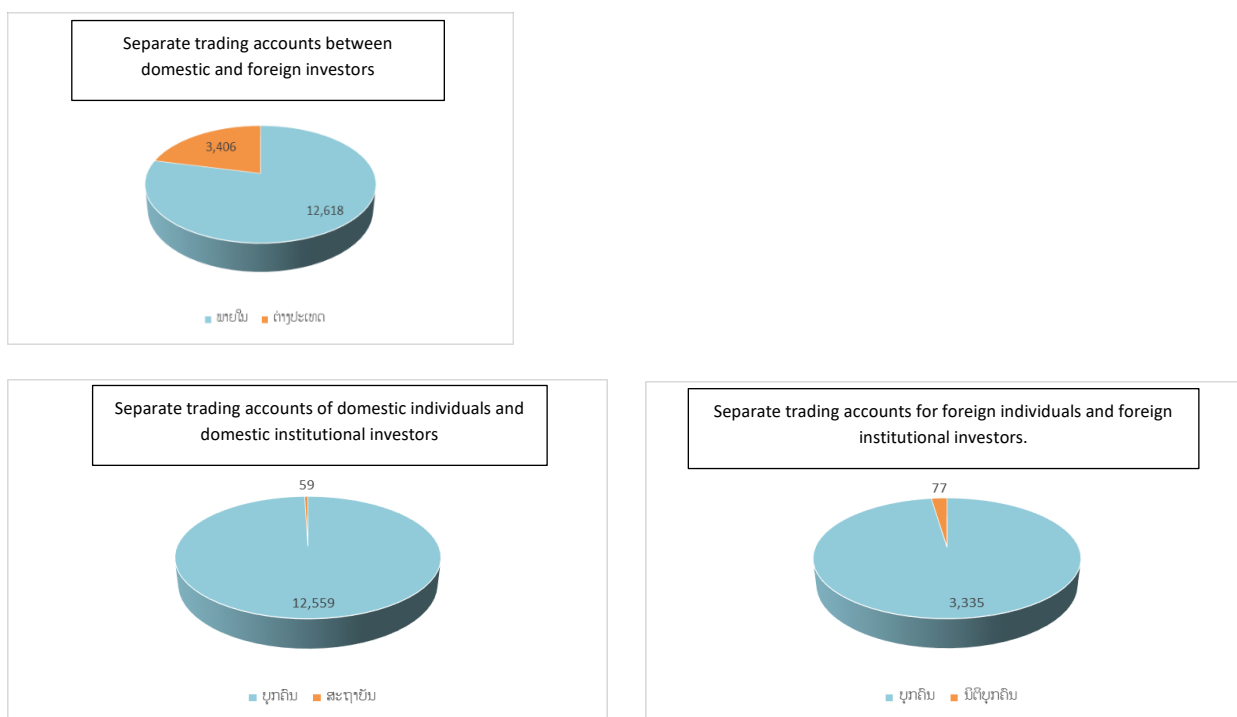
Over the last ten years, the LSCO has focused on expanding the domestic and foreign investor base in order to create conditions and attract more individuals and institutions to invest in securities in the LSX. Besides, LSCO has conducted a study about allowing civil servants to buy and sell securities (shares) in the LSX and reviewed the relevant regulations of commercial banks, insurance companies, social welfare funds, pension funds, and various enterprises to participate in investing in securities. In this, the Bank of the Lao PDR has issued A Decision on Investment in Securities of Commercial Banks, No. 251/BOL, dated April 8, 2020, in order to allow commercial banks to invest in securities within the country and overseas to the extent not exceeding 15 percent of the Tier 1 capital, except for investment in Lao PDR government bonds.

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Simultaneously, it has formulated regulations to supervise domestic investors who intend to invest in securities abroad in order to comply with regulations and as a tool to assist macro-supervisory authority and related sectors. On the other side, it has limited the shareholding of foreign investors in the Lao PDR capital market by determining the shareholding ceiling of foreign investors in each period in order to control the ratio of foreign shareholding intended to protect some local business sectors in the Lao PDR.

Currently, there are a total of 16,081 trading accounts in the LSX by the end of December 2020, which increased to 3,663 accounts, or 29.50%, compared to the end of December 2016. There are 3,407 accounts of foreign investors (21.19%) from 48 countries and 12,674 accounts from domestic investors (78.81%). In addition, there are 136 accounts of institutional investors (0.85%), including 59 accounts for domestic institutional investors and 77 accounts for foreign institutional investors.

Figure 2: Trading accounts for domestic and foreign investors



### **2.5.2 Protection of Investors**

According to the Prime Minister’s Order No. 02/PM, especially for the protection of retail investors, the LSX has concentrated on formulating and updating legislation in the field of securities related to the improvement of indicators for the protection of retail investors, such as the decision on the board of directors, related party transactions, reporting and disclosure, instructions on organizing shareholder meetings, taking over the business, cross-shareholding, and others. Parallely, the LSCO coordinated with relevant sectors to amend the Law on Enterprise, especially the public company section and some provisions of the limited company related to the protection of retail investors.

Furthermore, the LSCO established a channel for the public to claim or complain in case of suspicion or discovery of a person or juristic person violating securities legislation. A claim or a complaint can be made through the four channels listed below:

- Claim or complain in person at the LSCO’s office building;
- Claim or complain by post;
- Claim or complain by phone (Hotline 1602);
- Claim or complain by email and on the LSC website ([www.lsc.gov.la](http://www.lsc.gov.la)).



In practice, there has been no claim or complaint from the public, until now, in cases of suspected or discovered violations of a person or juristic person regarding alleged criminal offenses in securities activities.

### **2.5.3 Strengthening for Investors and Capital Market Participants**

#### **1) Training on Securities Activities**

The training program has been improved to be more quality and fit each target participant, for instance: the LSX organized a training course for securities business professionals on the securities broker course, including the CMIP courses organized 3 times with 219 participants; the Lao PIB courses (the LSX’s course) organized 6 times with 304 participants; the SAAC I course organized 1 time with 86 participants; the Financial Advisors (La. FA I) course organized 1 time with 49 participants, and other topics organized 200 times with 587 participants organized for technical staff in the field of the capital markets to support human resources participating in securities activities and listed companies. At the same time, the executive of the LSCO also

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participated in the Director Certification Program: DCP, which was organized 7 times with 7 participants.

To gradually strengthen capital market training activities, the LSCO, in collaboration with the Thailand Board of Directors Promotion Association (Institute of Directors: IOD), organized the Board Leadership Program once (with 30 participants) in 2018 with the goal of developing securities trainers and developing the introductory course for Lao PDR.

## **2) Dissemination on Securities Activities**

To raise public awareness and understanding of capital market development, particularly the benefits that persons and juristic persons will receive from participating in such activities, as well as the risks involved, the LSCO, in collaboration with the LSX, securities companies, and listed companies, concentrated on disseminating regulations and knowledge of securities activities to the public through a variety of forms and methods, such as: disseminating on the Law on Securities and related regulations, an overview of the capital market, the benefits and procedures of share trading, and others to government agencies, financial institutions, and educational institutions in Vientiane Capital and other provinces approximately 165 times with a total of 20,780 participants; organizing activities, annual seminars, creating books and videos to promote knowledge; producing advertisement spots, informational graphics, cartoon animations; writing articles, and interviewing experts on various topics of capital market activities to advertise through multiple mass media such as magazines, newspapers, the website of the Bank of Lao PDR and LSCO, Facebook, YouTube, and the radio and TV program "The Way to the Lao Capital Market". In addition, in 2019, in order to create a foundation to keep data sources, lessons, and knowledge about securities activities, the LSCO established a small library, which was launched in 2020 onwards as a basis for establishing a capital market training and education center in the future.

Specifically, 2020 marks the 10th anniversary of the year that established the Lao capital market, known as the Lao Securities Exchange. Therefore, the 10th Anniversary of the Lao Capital Market (2010-2020) was held to summarize outstanding achievements in the past and prescribe a future vision for the capital market development, as well as to recognize the public broadly by exhibiting capital market performance from 27 sectors and conducting a question-and-answer seminar with over 500 participants.



## **II. Pending Issues**

Throughout the past ten years, although the capital market has created a new role in fundraising and financing the public, its performance has not been sufficient compared to what is needed to generate the capital market as an alternative for fundraising and long-term investment.

### **1. Fundraising, Strengthening Listed Companies, and the Development of Securities Products**

- Some listed companies operate inefficiently, which can be seen from the low or no profit returns; the performance of most listed companies has a reduced trend and does not follow the plan prescribed in the prospectus cause the traded shares on the securities exchange do not attract much investment as compared to other investment forms. At the same time, some listed companies cannot disclose their company information as they should, especially information on the results, business operation trends, and investment plans that investors need to make investment decisions.
- The expansion of the number of listed companies is still delayed because the target companies are not qualified; there are no systematic accounts; the purpose of using capital and the business expansion plan is unclear; the business performance is poor; the business management style is not yet professional; awareness and understanding of capital market activities are still limited.
- The reform of state-owned enterprises to strengthen and raise funds through the capital market was stated in the 5th resolution of the 9th party conference, but it has not been concretely implemented, especially to encourage potential companies to raise funds through the capital market, causing a lack of good examples from state-owned enterprises for raising funds through the capital market;
- Coordination between relevant ministries and the preparation of target companies to issue securities and be listed on the securities exchange is delayed, making preparations take a long time to complete;
- The securities products traded on the securities exchange are not yet diversified; there are only shares and government bonds. While the study to create new products such as collective investment funds and Depositary Receipt (DR) has yet to be concretely

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implemented even though it has supporting regulations, resulting in low trading liquidity in the securities exchange.

## **2. Supervision of Securities Activities**

- The knowledge, ability, lessons, expertise, and experience in the supervision of the securities activities of the LSCO's personnel remain weaknesses;
- The tools to supervise the securities activities, especially the IT system and legislation under the law, are still incomplete and do not cover all the problems, so monitoring the implementation of the relevant regulations by the capital market participants has not been done continuously. Moreover, although the tools for supervising listed companies and securities intermediaries have adequate supporting legislation, such as reporting and disclosure, corporate governance, and risk-based supervision, the listed companies have not been operational, and the authorities have not been strict in enforcing relevant laws and regulations.

## **3. Macro-Policies on Securities Activities:**

- Policies to support the capital market development do not attract enough fundraising; the promotion of listed companies to compete with unlisted companies appears uninteresting, such as the following: income tax policy for listed companies; income tax policy and value-added tax for private equity funds (PE Funds), venture capital funds (VC Funds), and investors; tax policy for issuers and investors in corporate bonds; state-owned enterprise reform policy and policy to attract foreign direct investment projects in fundraising through the securities exchange; balancing the monetary aspect of securities investment and interest rate policy to encourage bond market development.
- The supervision of the government agencies over unlisted companies does not seem very strict in terms of the accounting system, taxes and customs payments, and illegal imports, as well as the sanctions against violators, which have not been taken seriously, causing comparisons and discouragement for companies that follow the legislation.

#### **4. Strengthening Capital Market Infrastructure:**

- The directors and the board of directors of LSX have not yet deeply implemented their roles and responsibilities, particularly in solving the pending issues related to the business operation and capital market development.
- Liquidity in the market is not high due to the limited number of listed companies; the operating results of listed companies are ineffective (poor performance), which causes investors to have limited options for investing in securities, and there is no incentive to invest; the supported mechanism for securities trading is still not satisfactory, such as the fact that there is no mobile app or tablet for securities trading, and there is no multiple bank link. Moreover, opening a deposit account for foreign investors to invest in securities remains challenging, and investors are not able to open securities accounts online; domestic and international investor bases continue to be limited;
- Some securities intermediaries have not yet fully and deeply performed their roles, and the quality of service has not been done as it should be, such as the scope of business operations and some aspects of service, the implementation of relevant regulations of some securities intermediaries has not yet been implemented well, the ethic in operation is still not as high as it should be, the search for customers is not yet extensive, and the channels to facilitate investors remains limited;
- Some types of securities intermediaries have not yet been established and are operating in Lao PDR, and some types that have been authorized or approved are still limited in number;
- There is still a lack of a primary supervisory agency for asset valuation companies.

#### **5. Expansion, Protection, and Strengthening Investors and Capital Market Participants:**

- The investor base in the capital market is limited and less active, in particular, the domestic institutional investors;
- The facilitation of securities trading to attract domestic and foreign investors has not yet been actively implemented;
- The dissemination of knowledge and understanding of securities activities for investors and the public has improved, but public awareness of securities activities is still limited.

### **III. Lessons Learnt**

#### **1. Fundraising and Strengthening Listed Companies and Development of Securities Products**

- LSC, LSCO, LSX, and securities companies need to choose comprehensively strong enterprises to raise funds through the capital market and be listed on the securities exchange to expand new products with quality and an appropriate profit return to attract investors;
- State-owned enterprises must be concretely and continuously reformed as part of a national agenda in order to increase their strength and transparency. At the same time, qualified private enterprises must be highly alert in using the capital market mechanism for fundraising;
- The Securities and Exchange Commission, securities exchanges, and related parties should build comprehensive strength for potential listed companies by training and disseminating directions, policies, regulations, conditions, procedures, and specific technical areas such as accounting, administrative management, etc;
- Listed companies and potential listed companies should concentrate on solving their internal problems in order to become quality entrepreneurs and professionals in management, such as accounting systems, performing tax obligations, checking financial statements, disclosing to investors, and improving administrative management for profitability;
- The conditions for fundraising and listing on the securities exchanges are high, and there is no alternative market or secondary board for supporting small and medium enterprises to be listed on the securities exchanges.

#### **2. Supervision of Securities Activities**

- The Securities Supervisory Authority must have comprehensive legislation appropriate to the actual circumstance and support each other as well as a management mechanism, encourage the implementation and strictly enforce the relevant laws and regulations, competent employees, and a modern technology system to support the management. Moreover, it's necessary to have close coordination between related sectors and seek international cooperation. These are essential conditions for strengthening capital market development.

### **3. Macro-policies on Securities Activities:**

- Determining various policies of the relevant parties should indirectly support the capital market development, such as income tax policy, tax policy for bond issuers and bond investors, state-owned enterprise reform policy, policy to attract direct investment projects from abroad to raise funds through the capital market, interest rate policy to encourage the bond market development, monetary balance, and others, for which these policies should be determined in their strategic plans;
- The supervision of the government agencies over unlisted companies should be taken seriously and firmly in terms of the accounting system, taxes and customs payments, and smuggling of illegal imports, as well as the sanctions against violators.

### **4. Strengthening Capital Market Infrastructure:**

- LSC and the board of directors of LSX must take seriously the problems related to the sector and their responsibilities and solve them more concretely;
- Joint venturers on both sides of the LSX should coordinate harmoniously and closely to achieve the goal of developing the LSX to be comprehensively strong and have complete mechanisms, legislation, and technology systems to perform its role fully;
- Securities intermediaries, especially securities companies, must have deep expertise in the securities business, strong and high professional ethics;
- There should be a primary supervisory agency for the asset valuation companies, and asset valuation activities need to be upgraded from a general business to a business under special control and separated into sub-business activities based on their assets.

### **5. Expansion, Protection, and Strengthening Investors and Capital Market Participants:**

- There should be a domestic investor base with financial strength and investment ready to invest in the capital market, and all conditions must be created to attract foreign investors to invest in the Lao capital market;
- Securities activities must be disseminated continuously and reach the public and all target groups.

## **Part II**

### **Strategic Plan on Capital Market Development of the Lao PDR for the Next Ten Years (2021-2030) and Vision Towards 2035**

#### **I. Development of Local, Regional, and International Capital Markets**

The regional and international economy is estimated to fluctuate in the coming years. There will be factors impacted on National Socio-Economic Development, namely, the fluctuation of interest rate, exchange rate, gold price, fuel price, technology development, natural disaster, disease pandemic, and others, which all considerably affect the development of the global capital market. However, the direction of the worldwide capital market development will continue to focus on developing a quality and modern service system to build trust and attract domestic and international investments. The direction of the capital market development in developing countries is expected to focus on comprehensive capital market infrastructure (trading system, risk management, and after-trading system) and move forward to a fully digital era to facilitate securities trading internationally, the payment between securities companies and cross-bank investors, and creating digital asset platform to make new market opportunities. The ASEAN capital market development will concentrate on the core priority plan: increasing transparency level and disclosing data and information of the securities companies increasingly, carrying on promoting regulations and the principles of the member countries with consistency, building technical capacity for personnel, enhancing communication and information awareness of stakeholders in the capital market, enhancing cooperation and coordination mutually. In addition, it continues to emphasize creating and developing green and sustainable financial products that concern for the environment at the regional and international levels. The COVID-19 effects caused the regional and global securities market beginning to apply technologies, namely the systems of the document and report submissions, shareholder meetings, and services for receiving-sending the securities trading order via various platforms to enable securities activities and securities trading working smoothly and effectively to ensure building the trust for investors, prevent any situations may rise from the COVID-19 effects.

Lao capital development in the coming years is likely to encounter challenges from the development of international, developing countries and the ASEAN capital market, plus uncertain recovery of the domestic economy. However, compared to the 9<sup>th</sup> five-year National Socio-

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Economic Development (2021-2025) indicated that capital needed for development requires a considerable amount. Thus, the Lao capital market shall be improved and developed to strengthen in terms of mechanisms, regulations, infrastructure system of the capital market, and new products in line with the development of enterprise and fundraising channels through the international capital market appropriately.

From what was mentioned above, it is expected to create opportunities and challenges in various aspects for capital market development in the Lao PDR in the coming years as follows:

### **1. Opportunities**

Development of the capital market at ASEAN, domestic, and international levels mentioned earlier will create opportunities for the Lao capital market development in the following:

- 1) Regional and international cooperation and integration shall be a good opportunity to facilitate the capital market system of Lao PDR to enable fundraising and expanding more international investment base from domestic and cross-border transactions to widely open securities business, human resource development, and information exchanges cooperation to formulate and amend legislation and Lao capital market mechanism, participation in developing securities affairs at the international stage;
- 2) To reverse the economic crisis in Lao PDR as an opportunity to develop a capital market due to current capital limitation from the State budget to promote State investment projects. This leads to the private sector's participation in public and private partnerships and moves to raise fund through the capital market increasingly;
- 3) Technology development growth becomes a good chance for developing capital market service systems quickly and modernly, opening opportunities for fundraisers and investors both domestically and internationally to get access to the capital market smoothly;
- 4) The capital market is alternative source of fundraising and a suitable mechanism for enterprises, including improving and strengthening them in finance, business operation, and corporate governance (CG) to create competitiveness at the internal and external levels.

### **2. Challenges**

While there are some opportunities encountered, there are also some challenges that we must pay attention to:

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- 1) An existing small number of enterprises have weaknesses in finance, accounting, and management, and most have loss in business operation. In addition, some state-owned enterprises have not been improved and have not become the comprehensive leading business as the goal of the Lao government. Such issues may impact fundraising by issuing securities domestically and internationally and still face difficulty;
- 2) Lao capital market system is in small size, at the beginning stage of development, and has high service cost compared to other countries' capital markets, which impacts competitiveness, regional-international integration, and connection;
- 3) There is a need for quantitative and qualitative human resources to meet the supervision and development of securities activities;
- 4) If the capability in improving/changing and internal support is unmatchable and inconsistent among the condition of technology growth related to the capital market with rapid development, this will lead to decreasing external competitiveness, also facing the risks from external attack via the electronic system;
- 5) Sound infrastructure need is urgently necessary, but there is a lack of financial resources and quality personnel;
- 6) The domestic economic base, fiscal and monetary circumstances, including exchange rate and interest rates, are not robust and sound; the State budget still faces a continuous deficit and tends to be increasing high foreign debt obligation, which continues to bring challenges to investment and fundraising through the capital market.

## **II. Vision Towards 2035**

"Aim to be the Professional, Transparent, and Sustainable Fundraising Channels and Investments."

## **III. Overall Directions, Targets, and Strategic Plan on Capital Market Development of the Lao PDR for the Next Ten Years (2021-2030)**

### **1. Overall Directions**

- 1) To develop securities supervisory authority with the strength to ensure securities supervision effectively; to widely open for multi-way and multilateral cooperation to expand fundraising and investment domestically and internationally;



(Unofficial Translation)

- 2) To formulate and amend tax and nontax policies for issuers and investors; to enhance responsibility for related public agencies to encourage enterprises to perform regulations equally;
- 3) To develop capital market infrastructure (securities exchange and securities intermediaries) to be strengthened and standardized, to receive trust from domestic and international issuers and investors, and ensure integration and connection with the regional market;
- 4) To make securities products traded in the securities exchange with a variety, quality, and appropriate benefit, to ensure the domestic enterprises can raise fund from the internal and external markets smoothly;
- 5) To be responsible for advertising and disseminating the securities knowledge to the public and investors widely to contribute to investing securities professionally, improve securities professionals' strength with high level of ethics in their profession.

## **2. Overall Targets**

- 1) To build personnel of the securities supervisory authority with technical capability in terms of capital market to ensure securities activities supervision; technology shall be developed and enhanced modernly as tools in supervising securities activities with at least five systems by 2025 and 10 systems by 2030; the securities supervisory authority shall have international partners widely to seize development and securities activities cooperation;
- 2) To develop legislation infrastructure as a comprehensive package, also move closer to international standards progressively and in line with the actual circumstance of the country to facilitate fundraising and investment of both domestic and international capital markets; to study tax and nontax policies for issuers and investors;
- 3) To have strict public supervision in terms of accounting, customs, and tax payment of companies outside the securities exchange, prevent smuggling of illegal imports based on the laws and regulations, including implementing measures against violators strictly;
- 4) Technology system of securities exchange shall be developed modernly and safely, enable providing securities trading services smoothly, having capital partners or new markets to meet fundraising and investment in the country, to proceed with securities activities consistent with capital market growth becoming the Self-Regulatory Organization (SRO) achieving by 2030; to separate the securities depository center into the juristic person by 2030; to study and amend registration conditions in the securities exchange comprehensively

(Unofficial Translation)

and practically and to examine and establish alternative markets or boards to support small and medium enterprises (SMEs) in listing and registration for trading in the securities exchange and delisting the listed company; to attempt increasing the trading value, at least 5 percent per year;

- 5) The technology system of the securities intermediaries shall be developed systematically to provide service to investors based on their business operation frame fully and effectively, down to prepare the foundation for the cross-border service;
- 6) To create the condition for enterprises readily, have good operational performance and advantage from every sector to raise fund through the capital market at least 5 cases by 2025 and 10 cases by 2030 or with accumulative fundraising of 15-18 percent of GDP by 2025 and 18-20 percent by 2030; in addition, to make fundraising conditions abroad of public and private enterprises such as permission to raise fund through issuing securities and being listed in overseas exchange and to have a mechanism for monitoring and build strong capacity for listed companies;
- 7) The public, individual investor, and institution investor shall be provided with knowledge and necessary information on securities activities and be able to invest in the capital market professionally, establish each of securities professionals with quality and sufficient with the actual need of Lao capital market and perform duties based on the mandate effectively and high ethics, to receive training of professional securities course and promoting such the course implementation shall be conducted with at least once a year.

### **3. Strategy**

According to the mentioned overall directions and targets, the strategy for capital market development of Lao PDR for the next ten years (2021-2030) in each aspect shall be formulated consisting of 4 strategies: (1) Strengthening the Securities Supervisory Authority, (2) Strengthening the Capital Market Infrastructure, (3) Expanding and building the strength of listed companies and developing securities products and (4) Expansion, Protection, and Strengthening for Investors and Capital Market Participants.

## **Part III**

### **Capital Market Development Plan of Lao PDR for Five Years (2021-2015)**

Based on the four strategies for capital market development of Lao PDR for the next ten years (2021-2030) and the vision towards 2035, the Lao Securities Commission (LSC) will determine the overall directions and targets for developing the capital market of Lao PDR for five years (2021-2025) as follows:

#### **I. Overall Directions**

1. To develop the securities supervisory authority with a capable human resource and technology system to supervise securities activities in line with its growth in each period; to enhance cooperation with regional and international capital markets in developing human resources, widely open securities business cooperation, expand fundraising and investment base at both domestic and international levels broadly;
2. To formulate and amend legislation as a comprehensive package aligned with the Lao PDR's context and move forward to the international standard progressively; to study tax and nontax policy for fundraisers and investors; to enhance the responsibility of the related public agencies promoting enterprises in performing regulations equally;
3. To develop the capital market infrastructure (securities exchange and securities intermediaries), ensuring the domestic and international issuers and investors in effective, transparent, and fair manners, namely mechanism, regulation, tool, technology, and human resource;
4. To encourage and build capacity to the appropriate amount of issuers raised capital through the capital market by focusing on quality as a priority, study and make a variety of securities products, namely various types of funds to add sources for fundraising and investments, establish channels to domestic enterprises be able to conduct fundraising from international capital market appropriately; listed companies in the Lao Securities Exchange (LSX) shall be improved with consecutive strength via information disclosure, management, and accounting;
5. To enhance advertisement and dissemination of securities knowledge to investors to build acknowledgment and perception towards such affairs and contribute to the capital market; establish securities professionals to provide investors with practical and ethical service.

## **II. Overall targets**

1. Human resources of the securities supervisory authority shall receive the short-long term training at the domestic and international levels to strengthen technical affairs, securities supervision, capability and specialization, and foreign languages by their capital, the fund supported from BOL and grants; to develop and improve technology to supervise securities activities at least five systems by 2025; the securities supervisory authority shall be able to seize development and securities supervision cooperation;
2. To study, formulate, and amend delegated legislation of the Law on Securities (amended) at least twenty regulations by controlling all issues related to securities to facilitate fundraising and investment in the domestic and international market periodically; to study tax and nontax policy for fundraiser and investor, namely income tax policy for listed companies, income tax and value-added tax policy for the listed company, PE fund, VC fund, and investor, tax policy for bond issuers and investors, policy for enterprise reform and to attract foreign direct investment projects to raise capital via the capital market, smooth of foreign currency exchange, and LAK fluctuation in securities investment and interest rate policy to promote bond market development and other policies;
3. To enhance public supervision on the companies outside the securities exchange, namely account system, customs and tax payment, prevent smuggling of illegal imports according to the laws and regulations, including measures against violators strictly;
4. Technology system of securities exchange shall be developed modernly and safely, with comprehensive strength, provide the services of securities trading and securities deposit smoothly; transform the securities exchange into Self-Regulatory Organization (SRO) progressively; to examine and amend listing conditions in the securities exchange comprehensively, practically and to create alternative market or board to support SMEs in listing or registration for securities trading in the securities exchange and delisting the listed companies; to establish mechanism and condition to ensure withdrawal and after withdrawal of share registration out of the LSX; to attempt to have securities trading value in the securities exchange increasingly at least 5 percent a year;
5. Securities intermediaries shall be developed with strength, be able to provide investors with the scope of their business operation effectively, transparently, and safely, have securities

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professionals sufficient with real demand, and have securities accounts increased by at least 660 accounts per year and government bond trading accounts at least 550 accounts;

6. To formulate and amend mechanisms, regulations, and securities products in fundraising aimed at the public and private sectors able to raise fund through the capital market smoothly in at least five cases by 2025 and accumulative fundraising achieved at 15-18% of GDP by 2025, including creating channels to domestic enterprises for fundraising from the foreign capital market appropriately and through such mechanism enable many enterprises improved and strengthened; to enhance monitoring information disclosure of the listed companies, establish implementation mechanism and to evaluate the implementation management based on the Lao CG scorecard, to make the work plan and implementation plan based on the international standard in terms of financial reporting;
7. Investors shall be enhanced with perception and understanding of securities activities and capable of investing in the capital market professionally by disseminating knowledge on securities activities at least three times per year and at least with 200 expected participants per year; to build securities professionals of each type with quality and sufficient amount of real necessity of Lao capital market and to perform their mandate effectively with high ethics, to receive training course of securities professional and encourage such training at least one time a year.

To elaborate the Lao capital market development plan for five years (2021-2025) in successful practice, the LSC expanded such plan into programs and projects, which consist of 4 strategies, 5 programs, 10 projects, and 42 sub-projects as shown below:

### **Strategy I: Strengthening the Securities Supervisory Authority (2 programs)**

This strategy aims to focus on developing the Lao Securities Commission (LSC) and Securities Commission Office (LSCO) as the securities supervisory authority that strengthens personnel structure, human resources, tools, and securities activities mechanism, including technology system and the office building to perform their activities effectively, cooperation with countries at regional and international levels to gain lessons used in elaboration on the capital market affair of Lao PDR and to integrate and connect with the region and the globe progressively.

In addition, the strategic targets to formulate and amend legislation related to securities activities to ensure such activity effectively, transparently, fairly, down to ensure the mandate of

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public supervision, activity principle, and formulate legislation in line with the directions of the Party and State, international securities activities and actual circumstance of Lao PDR.

**Program 1: Strengthening the Securities Supervisory Authority (3 projects)**

• **Directions:**

- To strengthen mechanisms and tools in supervising securities activities in modern, strict, inclusive, prompt manners;
- To build human resources of the LSCO with strength, quality, and continuous development to ensure the implementation of securities activities and development;
- To develop the securities activities, ensuring the supervision effectively by using technology and information and management equipment correctly;
- To enhance bilateral and multilateral cooperation, international organizations to obtain lessons to elaborate on the capital market development of Lao PDR and build a foundation for integrating and connecting at the regional and international levels.

• **Targets**

- To research and improve the monitoring and inspecting system of the LSX and the system for monitoring and analyzing financial reports of the securities companies, including the evaluation system for preventing the anti-money laundering (AML) for the securities companies and the monitoring and analyzing system for financial reports of the listed companies;
- To build human resources by allowing staff to participate in short-term training and seminars and upgrade long-term technical study domestically at least 50 people and 100 people overseas through on-site and online participation to strengthen the technical work, securities activities supervision, upgrade technical knowledge, capability, the expertise of the managing staff to be equal to the international standard gradually, namely accounting, economics, business administration, finance and banking, asset valuation, securities activities investigations, information technology, foreign language and other related to the securities activities;
- To build specialized professionals by sending them to join related technical courses such as securities professional, accounting and independent audit, asset evaluation, information technology (IT) expert, design, and Photoshop at least 22 people;

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- To develop an information communication technology system, at least five systems;
  - To continue enhancing bilateral-multilateral cooperation and international organization to seize technical assistance and information exchanges and create conditions to integrate the capital market of the Lao PDR into the regional and international capital market, namely, preparing requirements to join as a full member of the International Organization of Securities Commissions (IOSCO).
- **Projects:**
    - 1) To intensify mechanisms and tools in securities activities supervision by studying and improving the monitoring and inspecting system of the LSX, the monitoring and analyzing system of financial reports of the securities companies, including monitoring, inspecting, and evaluating system of anti-money laundering (AML) for the securities company and the system for monitoring and analyzing the financial reports of the listed companies; to strengthen the personnel of the LSCO;
    - 2) To develop the information communication technology system by examining and creating the ICT system to facilitate the securities activities of the LSCO;
    - 3) International cooperation by preparing conditions to join as a ordinary member of the IOSCO, to operate cooperation affairs in terms of bilateral, multilateral cooperation, and global organization to seize technical assistance, capital, lessons learned, building personnel, and information exchange.

**Program 2: Formulation and Amendment of Legislation and Macro Policy on Securities Activities (3 projects)**

- **Directions:**
  - To formulate and amend legislation as a full package progressively to ensure the securities activities effectively, transparently, fairly, down to ensure the mandate in public supervision role, activity principle and ensure revision and making legislation consistent with the directions of the Party and State, international securities activities, and actual context of Lao PDR;
  - To introduce tax and non-tax incentives for issuing companies and investors;
  - To strengthen the relevant government organizations' responsibilities in encouraging the entire enterprises to equally comply with regulations; for instance, accounting system,

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customs and tax obligations, illicit import of products and sanctions against violators shall be rigorously implemented;

- To permit the lawful rights to the appointed securities investigators for implementation following their roles.

- **Targets:**

- To complete formulation and amendment of at least 20 legislations under the Law on Securities;
- To propose tax and non-tax incentives to the government in order to attract issuers and investors, such as income tax incentives for listed companies; the incentive in the forms of income tax and value-added tax for PE funds, VC funds and investors; income tax incentive for bond issuers and investors in bond; policy for SOEs privatizations; policy for attracting foreign direct investment projects for fundraising through capital market and for balancing foreign currency in securities investment; interest rate policy for promoting bond market development; and other policies;
- To engage the relevant government organizations in encouraging enterprises to have an accounting system precisely, implement solving measures and close the gaps of tariff and tax declarations and illicit import of products;
- To establish standards and conditions for securities investigators.

- **Project:**

- 1) Formulation and amendment of legislations relating to securities: to formulate and amend legislations under the Law on Securities to progressively meet a comprehensive legislation framework;
- 2) Macro policy relating to securities activities: to introduce macro policy relating to securities activities and to enhance eliminating the current issues at the macro level, which are the obstacles of capital market development;
- 3) Securities Investigations: to establish standards and conditions for securities investigators.



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## **Strategy II: Strengthening the Capital Market Infrastructure (1 program)**

The emphasis is on improving the strengths of LSX by determining a precise aiming, separating the roles of LSX from LSCO clearly in alignment with international practices, as well as establishing and developing securities intermediaries in terms of quantity and quality of operations simultaneously.

### **Program 3: Strengthening the Capital Market Infrastructure (2 projects)**

- **Directions:**

- To revise the roles of LSX to be clearer according to the local legislations and international principles;
- To strengthen capabilities of LSX such as mechanisms, regulations, tools and technologies in order to improve effectiveness, transparentness and fairness of fundraising and investment;
- To encourage the securities intermediaries to improve their services under the permitted business scope by conducting internal management effectively, operating following their roles actively, having sufficient experienced officers with high professional ethics, and having proficient service quality;
- To increase the number of securities intermediaries establishments as well as the business scope and service of some securities intermediaries;
- To widen the current customer base of securities intermediaries and increase additional facilities to investors;
- To establish the missing institution of securities intermediaries, which does not exist yet, to provide such operation in Lao PDR as stipulated in the relevant regulations.

- **Targets:**

- To separate the roles of LSX from LSCO more clearly in alignment with international practices;
- To consider the shareholder restructure of LSX and the establishment of new markets, to improve the working mechanism to be smooth, strength and complete in line with the roles and responsibilities stipulated in the relevant legislation;

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- To improve and develop a comprehensive ICT system of LSX for supporting the new securities products which can be connected fittingly with other relevant parties, and to study the establishment form of a securities depository center (SDC) in Lao PDR;
- To prepare comprehensive conditions for the transition to Self-Regulatory Organization (SRO) as well as to formulate the legislation relating to the transition purpose to be achieved by 2030;
- To formulate a complete set of the listing criteria and study the establishment of an alternative exchange or alternative board to support small and medium enterprises for listing or registering their securities to be traded through the exchange as well as delisting of listed companies;
- To create mechanisms and conditions for supporting the process of delisting securities;
- To actively increase the trading volume of securities exchange by at least 5% each year;
- To formulate and amend legislations as well as to strengthen the ICT system of securities companies and securities intermediaries to support their business operation efficiently;
- To encourage the existing securities intermediaries to implement their stipulated roles thoroughly and improve their service quality, as well as to expand the number of securities intermediaries, their business scope or another additional operation of securities intermediaries;
- To develop the capability of securities intermediaries' staff by periodically attending the local and international specific training programs relating to the capital market and securities professional training programs;
- To develop an effective and robust internal governance system of securities intermediaries, such as rules and guideline formulations for ensuring the stability of their services;
- To widen the customer base of securities intermediaries and increase additional facilities for securities companies' investors, for instance: margin trading service, short sell service, securities borrowing and lending service, multiple bank-linked system, liquidity provider system, market maker system and mobile trading application;
- To promote the establishment of new types of securities intermediaries, which is nonexistent of at least 1-2 units yet;

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- To study the supervision mechanism on asset valuation companies for determining the principal regulator of this activity and proposing the asset valuation industry to be shifted from general industry to controlled industry which is classified into several sub-activities depending on types of assets;
- To encourage the establishment of an asset valuation company association;
- To encourage securities companies to expand their customer base broadly by on-site advertisement at least 30 times per year and to increase the number of securities accounts to at least 660 accounts per year and the number of bond trading accounts to at least 550 accounts per year.

- **Projects:**

- 1) Development of LSX's Systems: to build LSX's strength through separating the roles of LSX from LSCO clearly, improving trading mechanism, developing ICT system and others to ensure the service efficiency relating to securities trading, depository, clearing and settlement;
- 2) Establishment and Development of Securities Intermediaries: to create criteria and regulations to support the additional facilities, for instance: margin trading service, short sell service, securities borrowing and lending service, multiple bank-linked system, liquidity provider system, market maker system and mobile trading application; to encourage the existing securities intermediaries for implementing their stipulated roles thoroughly and improve their service quality, as well as to increase the number of securities intermediaries and expand their business scope or another additional operation of securities intermediaries; to widen customer base of securities intermediaries and increase additional facilities for investors; to promote the establishment of new types of securities intermediaries which is nonexistent such as investment fund management company and bond representative; to determine the principal regulator for asset valuation activity and to promote the establishment of asset valuation association.

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### **Strategy III: Expansion and Strengthening Listed Companies, and Securities Products**

#### **Development (1 program)**

This strategy emphasizes establishing comprehensive conditions regarding information disclosure and corporate governance to be a code of conduct for the listed companies that have publicly offered through the capital market mechanism. Besides, the additional aim is to create and develop diverse types of securities to fulfil the fundraising demand in the society and vary the investment choices.

### **Program 4: Expansion and Strengthening Listed Companies, and Securities Products**

#### **Development (2 projects)**

- **Directions:**

- To promote the potentially profitable enterprises among entire economic sectors, which play a significant role in the economy, to raise funds through the capital market and list on LSX;
- To strengthen the competitive capability of issuers and listed companies at local and international levels by going along with the inevitable responsibility of the capital market, such as information disclosure, international financial reporting standard (IFRS) and corporate governance (CG);
- To improve the governance standard for listed companies towards the same level with regional countries and international level by adopting the ASEAN CG Scorecard in the local governance assessment;
- To develop diverse types of securities for fulfilling the fundraising demand in the society and making a variety of investment choices.

- **Targets:**

- The securities supervisory authority, securities exchange and relevant parties are accountable for creating policies and instructing the readiness preparation of the potential listed companies for fundraising from the capital market through training and educating the relevant knowledge, for instance: guidance, policies, legislations, conditions, processes and specific academic knowledge relating to securities issuance and listing on the stock exchange, accounting, corporate governance and others. Besides, attention must be given

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to preparing a list of potential companies in order of priority to be listed and formulating a readiness preparation plan in each period, as well as encouraging the securities intermediaries and the potential listed companies to jointly implement the mentioned plan by introducing information of fundraising to at least one hundred enterprises by 2025;

- Encouraging the potential listed companies to become profitable and efficiently managing entrepreneurs by addressing their internal issues, including accounting system, tax obligation compliance, external audit on the financial report and weak corporate governance;
- Studying processes and conditions for supporting small-medium enterprises (SMEs) to be able to raise funds from the capital market by securities issuance or from securities investment fund;
- Establishing supportive conditions for the potential companies in terms of readiness, profitability, and capability to raise funds from the capital market no less than five companies or the amount of raised fund between 15-18% of GDP;
- Studying processes and criteria to supervise the local companies which will be issuing share and listing on securities exchanges in aboard;
- Strictly implementing Regulation on Reporting and Disclosure of listed companies, the reporting and disclosures of listed companies shall be reassessed every year to improve the concerned activities aiming at providing proper information to investors;
- Formulating IFRS Roadmap for the securities sector and listed companies to enable the IFRS adoption by 2026;
- Formulating IFRS Implementation Plan;
- Encouraging listed companies to implement CG and assess such implementation using the Lao CG Scorecard and ASEAN CG Scorecard. The assessment score of listed companies' CG implementations shall be in "the excellent level", which is over 80% of the total number of listed companies. In addition, the emphasis is to ensure listed companies can report and disclose information promptly;
- Inducing the members of the board of directors (BOD) of listed companies to attend training courses regarding roles, rights and obligations of listed companies' BOD no less than 50 people;

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- Determining processes and regulations on the establishment and supervision of listed company associations in accordance with the relevant legislation;
- Formulating and amending criteria, processes and regulations regarding bond issuance to facilitate and promote local bond issuance;
- Studying and preparing the conditions regarding private fund, infrastructure fund, private equity fund (PE fund), venture capital (VC Fund), bond issuance in China (Panda Bond) and other types of securities, especially sustainable securities;
- Promoting new securities products with relevant regulations, such as Depositary Receipt (DR), and creating conditions for local enterprises to issue securities and be listed abroad, including Dual Listing and Cross Border Issuing, is suitable for the current context of the Lao capital market.

- **Projects:**

- 1) To expand the number of listed companies and build their strength by creating a short list of potential companies and preparing the readiness of the mentioned companies to be listed on LSX. The mentioned short list shall be created by collecting essential information about enterprises, in particular, their financial positions and readiness to prioritize the enterprises in issuing securities and listing in the stock exchange; to enhance IFRS implementation by making a plan and implementing the imposed plan; to encourage implementation of CG principle; to improve the quality of CG for the listed companies in Lao PDR in align to regional and international level by adopting the ASEAN CG SCORECARD into the assessment of CG implementation and business monitoring of listed companies;
- 2) To develop securities products by collaborating with the related parties in establishing and improving processes of government bond trading through the capital market; to study information provision activity related to the government bond; to prepare the supportive conditions for private fund, infrastructure fund, PE fund, VC fund and other types of sustainable securities such as dual listing and cross border listing; to promote new securities products which currently have relevant regulations in available such as mutual fund and depositary receipt (DR).

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**Strategy IV: Expansion, Protection, and Strengthening for Investors and Capital Market Participants (1 program)**

This strategy aims to work on expansion and promotion policies to attract domestic and foreign investment in securities, including conditions and policies related to investment, training and education of securities activities.

**Program 5: Expansion, Protection, and Strength of Investors and Capital Market Participants (2 projects)**

- **Directions:**

- To expand the investor base in a broader range, especially native investors of both individual and institutional investors;
- To disseminate the public and investors to raise awareness and understanding of securities investment for reducing the risk of investment;
- To build up the capacity of securities professionals in terms of quality and ethics.

- **Targets:**

- To collaborate with the relevant parties for attracting commercial banks, insurance companies, social welfare fund, superannuation fund, pension fund and other companies to invest in securities products;
- To determine promoting policies and protection regulations for foreign investors to attract investment in securities;
- To arrange training in various topics relating to the capital market no less than 3 times a year;
- To implement, encourage and contribute to on-site dissemination no less than three times a year with a minimum of 200 attendees each year;
- To disseminate via various channels such as publications, websites, television, Facebook, YouTube and others and create dissemination products with the target of at least 4 podcasts per year, 12 topics of infographic per year, 4 animations per year and 5 tapes of spot advertisement per year and 48 tapes of television program per year;

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- To develop securities professionals by attending the relevant securities professional programs to practice their roles more effectively and ethically, as well as to encourage the relevant parties to organize the mentioned professional program at least once a year.

- **Projects:**

- 1) To expand and protect investors by collaborating with the relevant parties for attracting commercial banks, insurance companies, social welfare fund, superannuation fund, pension fund and other companies to invest in securities products; to determine promoting policies and protection regulations for foreign investors as well as the study on the establishment of investor protection fund;
- 2) To reinforce investors and capital market participants with improving and developing training programs regarding securities activities in terms of quality and suitability for each target; to encourage the relevant parties in developing and organizing professional securities programs and other training programs related to securities activities; to develop a variety of dissemination with high quality and clear attending targets; to study on the establishment of capital market training and education center.

The description of entire programs and projects in capital market development of the Lao PDR for five years (2021-2025) is stipulated in attachment 4.



## **Part IV**

### **Methods of Implementation**

In order to ensure that the implementation of the Strategic Plan on Capital Market Development of the Lao PDR for the next 10 years (2021-2030) and vision towards 2035 yields positive results and succeeds in the set targets, all concerned parties must pay close attention to the following:

1. The regulators and capital market participants must raise awareness and understanding of the Strategic Plan on Capital Market Development of the Lao PDR for the next 10 years (2021-2030). Besides, the mentioned parties must creatively adopt the strategic plan into their annual implementation plans as programs, projects and activities which shall be consistent with the actual circumstance of each period;
2. The regulators and capital market participants must separate roles and responsibilities among the concerned parties clearly and implement the separated obligations effectively.
3. The Bank of the Lao PDR (BOL), Ministry of Finance, Ministry of Industry and Commerce, Ministry of Justice, Ministry of Home Affairs, Ministry of Planning and Investment, Ministry of Public Security and other responsible bodies must determine supporting activities for the capital market development into their strategic plans and implement the mentioned plans successfully;
4. LSC must have a coordinating mechanism for the systematic and smooth coordination between divisions and organization of both government and private sectors in order to implement their roles stipulated in the Capital Market Development Plan with the high level of responsibilities;
5. LSC must be enormously attentive to seeking various forms of assistance and support for the implementation of this strategic plan, especially from the bilateral, multilateral and international organization cooperation;
6. BOL must subsidize budgets to implement this strategic plan sufficiently and promptly;
7. LSC must create the achievement indicators and mechanisms for monitoring, assessing, and evaluating the implementation of this strategic plan in 2025 and 2030, as well as report the results regularly to the higher level of steering authority. Furthermore, LSC must collaborate with the responsible parties to review and amend the issued legislations, which is inconsistent in the actual implementation and the current circumstance.

## Appendix

- ❖ Appendix 1: Lists of legislation formulation and amendment by LSC and LSCO during 2011-2022 (Total 73 legislations, 10 among them are internally used legislations)

No.	Name of legislation	Type	Issued no.	dated
1	Law on Securities	Law	21/NA	10 December 2012
2	Decree on Securities and Securities Exchange	Decree	255/PM	25 May 2010
3	Decree on Organization and Operation of Lao Securities Commission	Decree	188/PM	24 July 2013
	Decree on Organization and Operation of Lao Securities Commission (Amended)	Decree	195/PM	12 June 2017
4	Decree on Endorsement and Promulgation of Strategic Plan on Capital Market Development in the Lao PDR during 2016-2025	Decree	27/GOV	10 March 2015
5	Agreement on Regulation Relating to Incorporation and Operation of Securities companies	Agreement	009/SEC	21 July 2010
	Regulation on Incorporation and Operation of Securities companies (Amended)	Regulation	002/LSC	24 July 2013
6	Decision on Approval of Regulation Relating to Stock Issuance and Initial Public Offering	Agreement	008/SEC	21 July 2010
	Regulation on Stock Issuance (Amended)	Regulation	018/LSC	27 July 2015
	Decision on Stock Issuance (Amended)	Decision	05/LSC	28 January 2019
7	Decision on Approval of Regulation on Supervision of Securities Exchange	Decision	012/SEC	10 November 2010
	Regulation on Supervision of Securities Exchange	Regulation	019/LSC	27 July 2015

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8	Agreement on Accounting and Auditing Securities Activities	Decision	013/SEC	10 November 2010
	Regulation on Accounting and Auditing Securities Activities (Amended)	Regulation	001/LSC	07 April 2015
	Decision on Accounting and Auditing Securities Activities (Amended)	Decision	12/LSC	29 May 2017
9	Decision on Management of Securities Professionals	Decision	013/SEC	19 May 2011
	Regulation on Management of Securities Professionals (Amended)	Regulation	004/LSC	18 February 2014
10	Decision on Approval of Regulation on Supervision of Foreign Investors in Lao Securities Exchange	Decision	012/SEC	19 May 2011
	Regulation on Supervision of Foreign Investors in Lao Securities Exchange (Amended)	Regulation	005/LSC	08 December 2015
11	Decision on Approval of Regulation on Information Disclosure	Decision	014/SEC	19 May 2011
	Decision on Organization and Operation of Lao Securities Commission Office (Amended)	Decision	013/LSC	17 December 2013
12	Decision on fees Relating to The Issuance of Corporate Bonds Abroad	Decision	011/LSC	07 May 2014
13	Decision on Appointing the Lao Securities Exchange as the Issuer of the National Securities Code	Decision	031/LSC	31 August 2015
14	Regulation on Issuance of Corporate Bonds Abroad	Decision	0022/LSC	26 October 2016
	Decision on Issuance of Corporate Bonds (Amended)	Decision	015/LSC	28 June 2019

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15	Decision on Related Parties' Transactions	Decision	0023/LSC	26 October 2016
16	Decision on Board of Directors of Listed Companies	Decision	0024/LSC	26 October 2016
	Decision on Board of Directors (Amended)	Decision	10/LSC	26 April 2019
17	Decision on Non-prefunded Trading in Lao Securities Exchange	Decision	0010/LSC	24 February 2017
18	Decision on Fees Relating to Trading and Transfer of Listed Companies' Securities	Decision	10/LSC	27 April 2017
19	Decision on Pricing Stock of Issuing Companies	Decision	02/LSC	09 February 2018
20	Decision on Securities Coding of the Lao PDR	Decision	16/LSC	03 September 2018
21	Decision on Bondholders' Representative	Decision	17/LSC	03 September 2018
22	Decision on Fees Relating to Trading and Transfer of Government Bond in Securities Exchange	Decision	21/LSC	17 December 2018
23	Decision on Approval of Instruction on Corporate Governance of Listed Companies	Decision	11/LSC	16 April 2019
24	Decision on Supervision of Investment Fund Management Companies	Decision	0053/LSC	17 October 2019
25	Decision on Mutual Funds	Decision	0045/LSC	17 October 2019
26	Decision on Issuance of Depositary Receipt	Decision	006/LSC	06 April 2020
27	Regulation on Inspection of Securities Activities	Regulation	372/SECO	24 February 2012
	Regulation on Inspection of Securities Activities (Amended)	Regulation	002/LSC	18 February 2014
28	Regulation On Reporting	Regulation	373/SECO	24 February 2012
29	Regulation on Supervision of Internet Trading in the Lao PDR	Regulation	001/LSC	24 July 2013
30	Regulation on Transfer of Listed Shares	Regulation	006/LSC	20 September 2013

(Unofficial Translation)

	Decision on Transfer of Listed Shares (Amended)	Decision	0025/LSC	26 October 2016
31	Regulation on Net Capital Ratio of Securities Companies	Regulation	003/LSC	18 February 2014
32	Regulation on Reporting and Disclosure of Listed Companies	Regulation	007/LSC	03 April 2014
	Decision on Reporting and Disclosure (Amended)	Decision	04/LSC	28 January 2019
33	Regulation on Custodian Banks	Regulation	010/LSC	07 May 2014
	Decision on Approval of Custodian Banks	Decision	016/LSC	28 June 2019
34	Regulation on Issuance of Corporate Bonds	Regulation	019/LSC	22 December 2014
	Regulation on Issuance of Corporate Bonds (Amended)	Regulation	017/LSC	22 October 2014
35	Regulation on Registration of Foreign Credit Rating Agencies	Regulation	002/LSC	08 December 2015
36	Regulation on Approval of Asset Valuation Companies	Regulation	003/LSC	08 December 2015
37	Regulation on Omnibus Account in Lao Securities Exchange	Regulation	004/LSC	08 December 2015
38	Regulation on Provision of Additional Information relating to Market Entry for Securities Companies	Regulation	006/LSC	28 January 2016
39	Regulation on Reporting and Information Disclosure of Securities Exchange	Regulation	0007/LSC	01 April 2016
40	Instruction on Securities Coding	Instruction	112/SECO	07 February 2011
	Instruction on Securities Coding (Amended)	Instruction	347/LSX	03 October 2018
41	Instruction on Implementation of Regulation on Net Capital Ratio of Securities Companies	Instruction	281/LSCO	06 March 2014

(Unofficial Translation)

	Regulation on Net Capital Ratio of Securities Companies (Amended)	Regulation	0008/LSC	01 April 2016
42	Instruction on Conducting Listed Company' Shareholders' Meeting	Instruction	257/LSCO	03 March 2014
	Instruction on Conducting Listed Company' Shareholders' Meeting (Amended)	Instruction	0001/LSCO	10 February 2016
	Instruction on Conducting Shareholders' Meeting (Amended)	Instruction	0001/LSCO	30 April 2019
43	Instruction on Indicators of Suspicious Transactions of Securities Companies relating to Money Laundering or Financing of Terrorism	Instruction	0001/LSCO	02 March 2018
44	Instruction on Process of Sanction Implementation in Securities Activities	Instruction	02/LSCO	24 April 2020
45	Instruction on Investigation in Securities Activities	Instruction	03/LSCO	24 April 2020
46	Notification on Inheritance of Securities in Stock Exchange	Notification	507/SECO	23 December 2011
47	Notification on Establishment, Development and Application of Securities Companies' Information and Communication Technology System	Notification	371/SECO	24 February 2012
	Regulation on Establishment, Development and Application of Securities Companies' Information and Communication Technology System (Amended)	Decision	13/LSC	29 May 2017
48	Notification on Adoption of International Financial Reporting Standards (IFRS)	Notification	014/LSC	25 December 2013
49	Notification on Adoption of International Financial Reporting Standards (IFRS)	Notification	0009/LSC	25 May 2020

(Unofficial Translation)

50	Notification on Fund Mobilization by Issuance of Securities and Listing Abroad	Notification	001/LSC	14 February 2014
51	Notification on Lists of Approved Companies in Publicly Issuing and Listing Stock on Securities Exchange	Notification	0023/LSCO	19 August 2016
	Notification on Lists of Approved Companies in Publicly Issuing and Listing Stock on Securities Exchange (Amended)	Notification	0076/LSCO	27 November 2019
52	Notification on Lists of Licensed Companies from Lao Securities Commission to Operate Securities Businesses	Notification	0031/LSCO	20 September 2016
53	Notification on Operation of Securities Companies	Notification	0003/LSC	02 February 2017
54	Notification on Monitoring, Inspecting and Investigating Source of Fund for Investment in Lao Securities Exchange	Notification	0036/LSCO	07 August 2017
55	Instruction on Channels for Public Inquiries and Complaint in Securities Activities	Instruction	0002/LSCO	07 March 2018
56	Notification on Reporting and Disclosing Financial Statement of Listed Companies	Notification	0047/LSCO	30 August 2018
57	Notification on Ineffectiveness of Instruction on Securities Coding	Notification	006/LSCO	17 October 2018
58	Notification on Approval of Valuation Companies in Securities Activities	Notification	0041/LSCO	19 July 2019
	Notification on Approval of Valuation Companies in Securities Activities (Amended)	Notification	0064/LSCO	18 October 2019
59	Notification on Provision of Securities Exchange's Financial Statement in the form of Excel File	Notification	0063/LSCO	17 October 2019

(Unofficial Translation)

60	Notification on Appointing Securities Companies for Providing Advise to Listed Companies	Notification	0066/LSCO	23 October 2019
61	Notification on Arrangement of Annual Fee Payment relating to Supervision of Auditors in Securities Activities	Notification	20/LSC	15 November 2019
62	Notification on Agreement and Direction from High-level Authority on Stock Trading of Government Officials	Notification	034/LSCO	22 April 2020
63	Manual on the Request for the Grant to Establish Securities Companies	Manual	482/SECO	27 February 2012



(Unofficial Translation)

❖ Appendix 2: Securities Intermediaries in the Lao PDR

<b>Types of Securities Intermediaries</b>	<b>No.</b>	<b>Name of Company</b>	<b>Established Date</b>	<b>Contact</b>
<b>Securities Companies</b>	1	BCEL-KT Securities Co., Ltd	20/12/2010	021 265 477
	2	Lanexang Securities Public Company	1/12/2010	021 265 468
	3	Lao-China Securities Co., Ltd	16/11/2013	021 419 222
	4	APMLAO Securities Co., Ltd	16/11/2014	021 253 418
<b>Audit Companies</b>	1	PricewaterhouseCoopers (Lao) Sole Company Limited	5/4/2011	021 222 717
	2	KPMG (Lao) Co., Ltd	8/9/2011	021 454 240
	3	Ernst and Young (Lao) Co., Ltd	22/3/2011	021455 077
	4	Deloitte (Lao) Co., Ltd	16/9/2015	021 419 300
<b>Asset Valuation Companies</b>	1	Sims Property Consultant Co., Ltd	8/2/2016	+662 5304333
	2	Lao Assets Appraisal Co., Ltd	18/12/2017	030 5080163
	3	Grant Sherman Appraisal (Lao) Co., Ltd	15/12/2017	020 97799508
	4	Lao International Asset Appraisal Co., Ltd	18/4/2019	020 55716119
	5	Asia Lotus Valuation Co., Ltd	17/5/2019	020 55569999
	6	Zheng Xin Asset Appraisal Co., Ltd	21/5/2019	020 54542169
	7	Lao Value Property Valuation Sole Co., Ltd	15/8/2019	020 22229744
	8	Rich Appraisal Co., Ltd	3/4/2019	+6662 5156090
	9	KK Lao Appraisal Co., Ltd	16/9/2019	020 55655753

(Unofficial Translation)

<b>Credit Rating Agency</b>	1	TRIS Rating Co., Ltd	30/9/2016	+66 2098 3035
<b>Custodian Banks</b>	1	Bangkok Bank Public Co, Ltd, Vientiane Branch	6/8/2014	021 213 560
	2	Industrial and Commercial Bank of China, Vientiane Branch	22/8/2018	021 258 888
	3	Bank of China Limited, Vientiane Branch	15/10/2018	021 218 888
<b>Correspondent Banks</b>	1	Banque Pour Le Commerce Exterieur Lao Public		021 213 200
	2	Lao Development Bank Co., Ltd		021 213 300
<b>Securities Business Club</b>	1	Securities Business Club consists of 4 companies as follows:  - BCEL-KT Securities Co., Ltd - Lanexang Securities Public Company - Lao-China Securities Co., Ltd - APMLAO Securities Co., Ltd		

(Unofficial Translation)

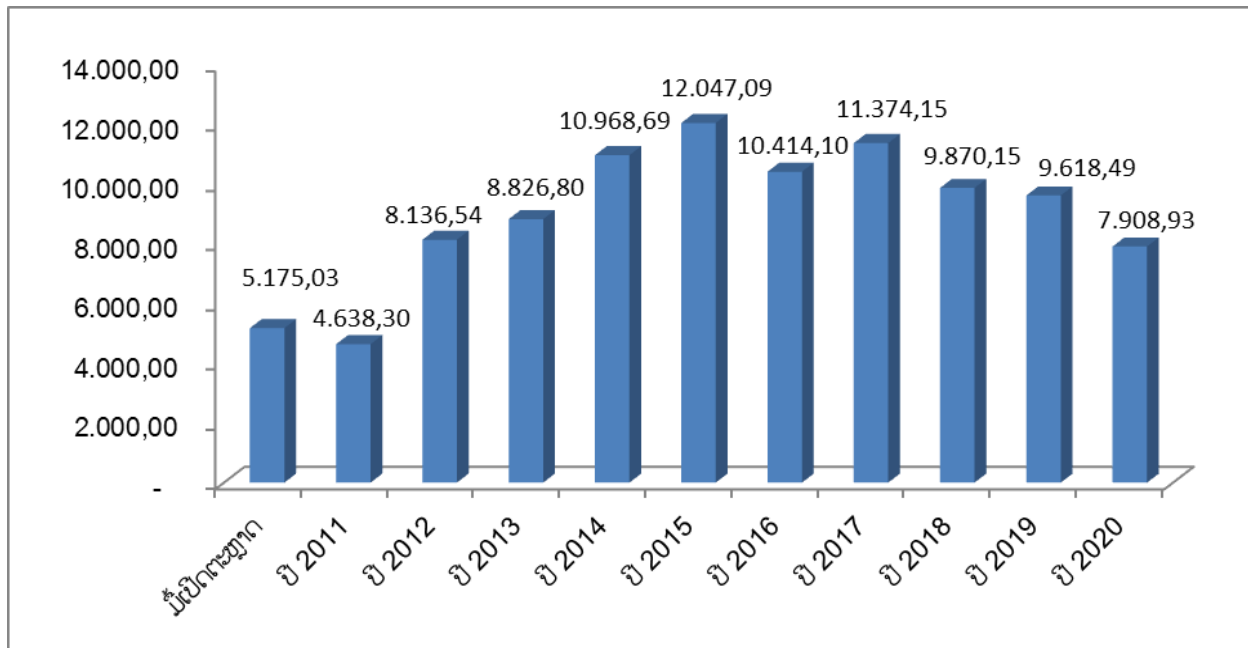
- ❖ Appendix 3: Lists of legislation formulation and amendment by LSX during 2011-2022 (Total 48 legislations, 38 of them are internal used legislations)

<b>No.</b>	<b>Name of legislation</b>	<b>Type</b>	<b>Issued no.</b>	<b>dated</b>
1	Market Surveillance Regulation	Regulation	20/LSX	07 January 2011
2	Securities Deposit Regulation	Regulation	26/LSX	07 January 2011
3	Securities Transfer Agent Regulation	Regulation	27/LSX	07 January 2011
4	Joint Compensation Fund Regulation	Regulation	01/LSX	17 July 2013
5	Membership Regulation	Regulation	02/LSX	03 December 2014
6	Clearing and Settlement Regulation	Regulation	04/LSX	03 December 2014
7	Stock Listing Regulation	Regulation	005/LSX	26 November 2015
8	Disclosure Regulation	Regulation	008/LSX	27 September 2018
9	Government Bond and Corporate Bond Listing Regulation	Regulation	009/LSX	19 December 2018
10	Market Operation Regulation (Amended)	Regulation	010/LSX	19 December 2018

(Unofficial Translation)

❖ Appendix 4

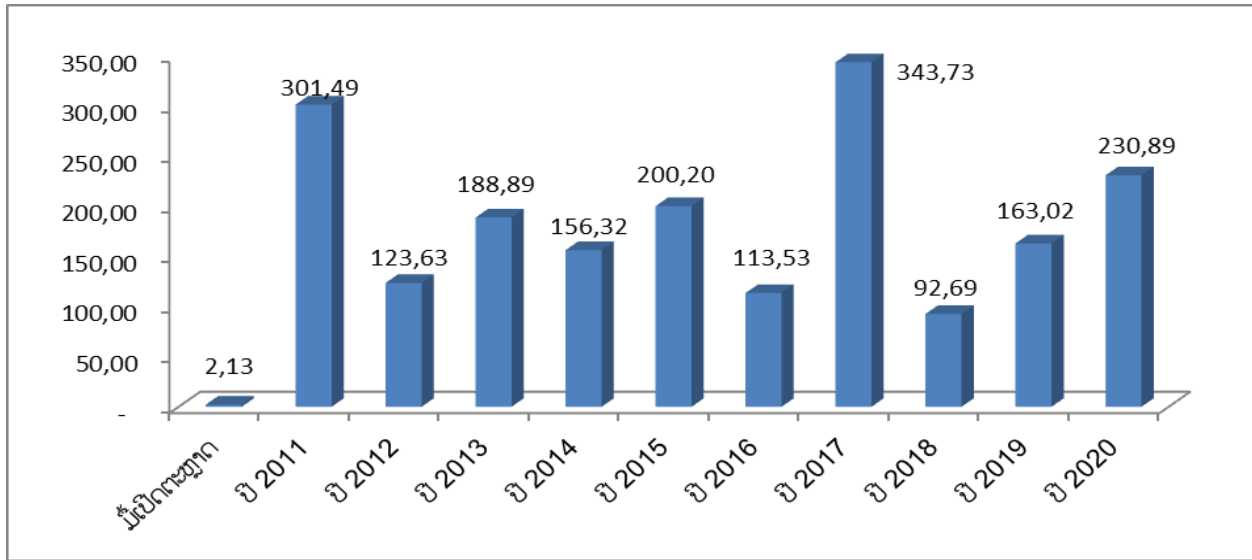
Figure 1: Market Capitalization (billion LAK)



Source: Data from LSX's website

(Unofficial Translation)

Figure 2: Trading Value (billion LAK)



Source: Data from LSX's website

Figure 3: LSX's index



Source: Data from LSX's website

(Unofficial Translation)

Table: Market capitalization of some countries and comparison to GDP of each Country

No.	Country and Region	Market Cap. (Million USD)	Market Cap / GDP(%)
1	China	8.515.504,38	59,37
2	Japan	6.191.073,29	128,80
3	Hong Kong	4.899.234,58	1.339,60
4	Republic of Korea	1.413.716,51	81,96
5	Singapore	697.271,33	187,40
6	Thailand	569.228,32	104,72
7	Indonesia	523.321,86	46,80
8	Malaysia	403.957,38	110,80
9	Philippines	275.302,19	73,10
10	Vietnam	149.817,28	57,20
11	Laos	1.083,72	5,86 <sup>2</sup>
12	Cambodia	689,52	2,54
13	Myanmar	381,17	0,48

Source: Data from World Bank's website retrieved by 2019

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<sup>2</sup> The mentioned number was counted only from the listed share in LSX

**Special Committees Engaged in Drafting Strategic Plan on Capital Market  
Development of the Lao PDR for the Next Ten Years (2021-2030)  
and Vision Towards 2035 (Amended)**

**I. Steering Committees:**

Mrs. Vatthana DALALOY, Deputy Governor of the Bank of the Lao PDR	Chair;
Mrs. Fongchinda SENGSOULYVONG, Director General of LSCO	Vice Chair;
Mrs. Saysamone CHANTHACHACK, Chief Executive Officer of LSX	Member;
Mr. Siosavath THIRAKUL, Deputy Director General of LSCO	Member;
Mrs. Viengdaly SOUPHANOUVONG, Deputy Director General of LSCO	Member;
Mr. Nouxay PHOUMSOUVAN, Deputy Director General of Monetary Policy Department	Member;
Mr. Thepsavanh GITTIYAVONG, Managing Director of BCEL-KT	Member;
Mr. Anoukone SUTHAMMAVONF, Managing Director of LXS	Member;
Mr. Lin Li, Managing Director of LCS	Member;
Mr. Somphob SAKPUNPANOM, Managing Director of APMLAO	Member.

**II. Sub-Committees:**

Mrs. Fongchinda SENGSOULYVONG, Director General of LSCO	Chair;
Mr. Siosavath THIRAKUL, Deputy Director General of LSCO	Vice Chair;
Mrs. Viengdaly SOUPHANOUVONG, Deputy Director General of LSCO	Vice Chair;
Mr. Bouchong KONGKHAM, Director of Division, LSCO	Member;
Mr. Ekkalart SISANE, Director of Division, LSCO	Member;
Mr. Boualamphou KHAMMANYVONG, Director of Division, LSCO	Member;
Mrs. Alounna SIVONGTHONG, Director of Division, LSCO	Member;

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Mr. Viladeth THONGVANKHAM, Director of Division, LSCO	Member;
Mr. Vannasak KONGVONGSA, Director of Division, LSX	Member;
Mr. Thanousit SENGMANYPHONE, Deputy Director of Division, LSCO	Member;
Mrs. Phitsakone SORSAVANH, Deputy Director of Division, LSCO	Member;
Ms. Souphaphone SENGLATH, Deputy Director of Division, BOL	Member;
Mr. Suphol KHAPOIDEE, Deputy Managing Director of APMLAO	Member;
Ms. Senglavy VONGSAVANTHONG Deputy Director of Division, BCEL-KT	Member;
Mr. Viengkeo PHONGSA, Deputy Director of Division, LXS	Member;
Mr. Phongsavat LEUNAM, Director of Division, LCS	Member;
Ms. Pakaikeo VIENGVILAY, Officer, LSCO	Member.

### **III. Assistant Officers:**

Mr. Phouhay LUANGMOUNNINTHONG, Deputy Director of Division, LSCO;

Ms. Chindavanh PHOMMABOUT, Deputy Director of Division, LSCO;

Ms. Soutsada THINTHONGSAI, Deputy Director of Division, LSCO;

Mr. Phaivanh SENGPHACHAN, Deputy Director of Division, LSCO;

Mr. Soulivanh CHANTHAVONG, Deputy Director of Division, LSCO;

Ms. Bouaphim INGHAKNOUT, Deputy Director of Division, LSCO;

Mr. Sonexay VONGPHIDETH, Deputy Director of Division, LSCO;

Mr. Souliya MEUNVISETH, Deputy Director of Division, LSCO;

Ms. Phetvilay VANNABOUATHONG, Officer, LSCO;

Ms. Phonsavanh PHONPASEUTH, Officer, LSCO.



No.	Programs, Projects and Sub-Projects	Implementation plan					Responsible parties	Note
		2021	2022	2023	2024	2025		
I	<b>Program: Strengthening of the Securities Supervisory Authority</b>							
1.1	<b>Project: To strengthen mechanisms and tools in supervising securities activities supervision</b>							
1.1.1	<b>Sub-project: To study the mechanisms for supervising, monitoring and inspecting LSX in a comprehensive, concise and prompt.</b>							
	Activity 1: To improve the analyzing and reporting system for securities trading of LSX.						LSCO and relevant parties	
	Activity 2: To create the system for monitoring and analyzing financial reports of LSX (balance sheet, statement of changes in equity, income statement, cash flow statement).							
1.1.2	<b>Sub-project: To improve the system for monitoring and analyzing financial reports of securities companies</b>							
	Activity 1: To improve the system for monitoring and analyzing financial reports of securities companies (balance sheet, statement of changes in equity, income statement, cash flow statement), NCR, risk-based supervision and monitoring, inspecting and assessing for AML for securities companies with full license.						LSCO and relevant parties	
1.1.3	<b>Sub-project: To improve the system for monitoring and analyzing financial reports of listed companies</b>							
	Activity 1: To improve delivery systems for the listed company's reports.						LSCO and relevant parties	
1.1.4	<b>Sub-project: To build human resources for the securities activities supervision</b>							
	Activity 1: To promote and create capacity building for the securities activities supervision's staffs for specialized professionals in academic, securities supervision, and expertise in accounting, economics, business administration, finance-banking, asset valuation, professionals in finance and investment, securities, fund management accounting; securities investigating, IT affairs, foreign languages, and other relevant fields by training its staffs domestically or overseas. <b>Capacity building for short-term and long-term specializations:</b> - short-term training domestically for at least 10 people per year; - short-term training overseas for at least 20 people per year; - upgrade long-term academic study domestically for at least 2 people per 5 years; - upgrade long-term academic study overseas for at least 1 person per year; <b>Building specialized professionals:</b> - Securities professionals (securities brokers, financial advisors, investment advisors, securities analysts) for at least 20 people per year - Fund managers for at least 1 person per 5 years; - Accountants and auditors for at least 5 people per 5 years; - Asset valuers for at least 1 person per 5 years; - IT professionals (program developer, data-based, network and security, and IT support) for at least 3 people per 5 years; - Advanced graphic design for at least 2 people per 5 years; (could be an online or in-person program)						LSCO and relevant parties	

(Unofficial Translation)

<b>1.2</b>	<b>Project: Development of Information Technology Systems</b>								BOL Sub-project 9.4.1
<b>1.2.1</b>	Sub-project: Project: Development of Information Technology Systems for LSCO								
	Activity 1: To create and improve the information technology systems to facilitate securities activities supervision for at least 1 system per year.								BOL, LSCO and relevant parties
	Activity 1.1: To develop accounting system of LSCO.								LSCO and relevant parties
	Activity 1.2: To improve the LSC's website.								LSCO and relevant parties
	Activity 1.3: To improve the system of monitoring and analyzing financial reports of securities companies (balance sheet, statement of changes in equity, income statement, cash flow statement), NCR, risk-based supervision.								LSCO and relevant parties
	Activity 1.4: To improve the analyzing and reporting system for securities trading of LSX								LSCO and relevant parties
	Activity 1.5: To create the system for monitoring and analyzing financial reports of LSX (balance sheet, statement of financial position, statement of changes in equity, income statement, cash flow statement)								LSCO and relevant parties
	Activity 1.6: To improve delivery systems for the listed company's reports								LSCO and relevant parties
<b>1.3</b>	<b>Project: International Cooperation</b>								Program X of BOL
<b>1.3.1</b>	<b>Sub-project: Preparing to become a member of IOSCO</b>								
	Activity 1: Preparing conditions for signing on IOSCO MMOU (A signatory)								LSCO, BOL, MOIC, MOFA, MOPS and Court
<b>1.3.2</b>	<b>Sub-project: Cooperation with international organizations</b>								
	Activity 1: To cooperate with international organizations such as the World Bank (WB), International Monetary Fund (IMF), and Asian Development Bank (ADB) under the scope of cooperation as agreed in each period for seeking technical assistance, human resources development, securities product development, CG, and implementation of IFRS.								LSCO

(Unofficial Translation)

1.3.3	<b>Sub-project: Multilateral cooperation (capital market integration with the ASEAN region and five countries in the Mekong Basin)</b>						
	Activity 1: To study the possibility of participating in the projects under ASEAN Initiatives, which start with the most feasible project.						
	Activity 1.1: To study disclosure standards, acceptance of prospectuses, and cross-border listing among ASEAN capital markets for equity and debt under Working Group A: ASEAN Disclosure Framework of the ACMF.					LSCO	
	Activity 1.2: To study the issuance of collective investment funds for investing overseas under Working Group B: ASEAN Collective Investment Scheme Framework of the ACMF.						
	Activity 1.3: To study corporate governance under the ASEAN framework and the Corporate Governance Task Force of the ACMF.						
	Activity 1.4: To study the acceptance of cross-border services by securities professionals under the Professional Mobility Framework of the ACMF.						
	Activity 1.5: To study the working frameworks of the Sustainable Finance Working Group and the Joint Sustainable Working Group.						
	Activity 1.6: To study the working framework of the WC-FSL relevant to capital market activities.						
	Activity 1.7: To study the working framework of the WC-CAL relevant to capital market activities.						
	Activity 1.8: To study the working framework of the WC-CMD.						
	Activity 1.9: To study bond issuance in multiple currencies under the ASEAN+3 and ABMIF frameworks.						
	Activity 1.10: To study the establishment of the ACMEC Fund and Infrastructure Fund (ACMEC).						
	Activity 2: To conduct multilateral cooperation with the ASEAN region and the five countries in the Mekong Basin according to the agreement in order to facilitate the supervision and development of the capital market in each period.						

(Unofficial Translation)

	<b>1.3.4 Sub-project: Bilateral cooperation and other</b>								
	Activity 1: To implement bilateral cooperation with strategic partner countries and expand bilateral cooperation with others, such as the securities commissions of Vietnam, China, Thailand, Japan, and Korea; and the Embassies of Luxembourg, CPA Australia, IOD, the Nomura Research Institute, and others, for seeking technical assistance, lessons learned, and human resources development.							LSCO	
	Activity 2: To seek technical assistance and funding support by cooperating with the Embassies of Luxembourg under the "Triangle Cooperation on Financial Sector Project" between the Lao PDR, Vietnam, and the Embassies of Luxembourg (LAO/032), which aims to facilitate the listing of target companies on the securities exchange, expand the public's knowledge of capital market activities and investment, as well as build securities professionals.							LSCO and relevant parties	
	Activity 2.1: To facilitate the listing of target companies on the securities exchange as well as create the listing standard and the implementation plan for securities issuance, prepare the state-owned enterprises for securities issuing and listing on the securities exchange.							LSCO, LSX, MOF and relevant parties	Detail activities defined in 4.1.1 and 4.1.2
	Activity 2.2: To expand the public's knowledge of capital market activities and investment, as well as to develop content and channels for investor education, such as cartoon animations, short videos, and advertisement spots through Facebook, television, and radio, as well as organize investor education events.							LSCO and relevant parties	Detail activities defined in 5.2.2
	Activity 2.3: Securities Professional Creation: Establishing securities professional courses and trainers, as well as supporting essential equipment for the training room.							LSCO and relevant parties	Detail activities defined in 5.2.1 and 5.2.3
<b>II</b>	<b>Program: Formulation and Amendment of Legislation and Macro Policy on Securities Activities</b>								BOL Sub-project 4.1.3
	<b>2.1 Project: Formulation and Amendment of Legislation on Securities Activities</b>								
	<b>2.1.1 Sub-project: Formulation and amendment of legislation under the Law on Securities</b>							LSCO, BOL, MOJ, Priminister Office ຫສນຍ	including regulation on Securities buy back
	Activity 1: To study, formulate, and amend legislation under the Securities Law for at least 20 issues.								

(Unofficial Translation)

<b>2.2</b>	<b>Project: Macro Policy on Securities Activities</b>						
	<b>2.2.1</b>	<b>Sub-project: To review macro policies on the securities activities and solve pending issues obstructing the capital market development.</b>					
		Activity 1: To review tax and non-tax policies for issuers and investors in order to propose them to the government for consideration.					LSCO, MOF, MPI, BOL, MOIC and relevant parties
		Activity 1.1 Policy on income tax for the listed companies.					LSCO, MOF, and and relevant parties
		Activity 1.2: Policy on income tax and VAT for the collective investment funds, PE Fund, VC Fund, and investors.					LSCO, MOF, and relevant parties
		Activity 1.3: Tax policies for corporate bond issuers and corporate bond investors.					LSCO, LSX, MOF and relevant parties
		Activity 1.4 Policy on privatization of state-owned enterprises for securities issuance.					LSCO, MOF, and and relevant parties
		Activity 1.5: Policy to attract foreign direct investment projects for fundraising through the capital market.					LSCO, MOF, MPI and relevant parties
		Activity 1.6: Policy on the interest rate to encourage the bond market development.					LSCO, BOL, MOF and relevant parties
		Activity 1.7: Monetary balance for securities investment.					LSCO, BOL and relevant parties
		Activity 2: Encourage the public sector to take seriously the following issues: the accounting system; measures for solving and filling the gap in taxes and customs payments; smuggling of illegal imports; and strict sanctions against violators.					LSCO, MOF, MOIC, MOJ, MOPS and relevant parties
<b>2.3</b>	<b>Project: Investigation</b>						
	<b>2.3.1</b>	<b>Sub-project: To determine standards and conditions for securities investigators.</b>					
		Activity 1: To determine standards and conditions for securities investigators.					LSCO, MOJ, MOPS, public prosecutor, people's supreme court and relevant parties.
		Activity 2: To appoint the securities investigators.					

(Unofficial Translation)

III	<b>Program 3: Strengthening the capital market infrastructure</b>							BOL Project 9.3
	3.1	<b>Project: LSX Development</b>						
	3.1.1	<b>Sub-project: Establishing LSX's strength</b>						
		Activity 1: To clearly separates the roles and responsibilities of LSX from LSCO.					LSCO, LSX and relevant parties	MOU between LSCO and LSX was signed at 2021
		Activity 2: To re-organize LSX's shareholder structure.						
		Activity 3.1: To prepare comprehensive conditions for the transition of LSX to a Self-Regulatory Organization (SRO)						completed the study in 2021
		Activity 3.2: To encourage LSX to gradually transition to becoming the SRO by 2030.						
		Activity 3.3: To study the assessment criteria for serving as the SRO of LSX						
		Activity 3.4: To prepare for the assessment of LSX's criteria for serving as the SRO.						
		Activity 4: To create and improve the mechanism and conditions to facilitate the fundraising of the enterprise that lacks the conditions to list on the main board to be able to list on the People's Alternative Market (PAM) instead.						There is a trading board to support it.
		Activity 5: To study the experience of foreign markets on delisting and define the delisting concept of the LSX.						
		Activity 6: To create mechanisms and conditions to support delisting and after delisting from LSX.						LSCO's registration
		Activity 7: To stimulate LSX to create mechanisms and conditions to support securities delisting from LSX.						LSX's registration
		Activity 8.1: To improve and develop the IT system for supporting the new products, including the Mobile App, Multiple Banklink, online account opening, and others.						
		Activity 8.2: To improve the government bond unit from 1.000.000 LAK/unit to 100.000 LAK/unit.						
		Activity 9: To study and create the market surveillance system.						
		Activity 10: To create a data backup system of LSX.						
		Activity 11: To create securities professional programs in each period.						
		Activity 12: To encourage employees to be strong in terms of securities activities, with knowledge and expertise in specific areas.						
		Activity 13: To promote bilateral and multilateral cooperation domestically and overseas.					LSCO, LSX, Securities company and correspondent bank	
		Activity 14: To formulate and amend legislation to be complete and comprehensive.						
		Activity 15: To improve the internal administration mechanism effectively.						

	Activity 16: To encourage LSX to increase more various products in LSX and improve its services such as opening bank accounts and securities accounts; money transfer, mechanisms supporting new products, online accounts opening, and multiple banklink.							
	Activity 17: To solve the liquidity issue of LSX.							
	Activity 18: To set a target of at least a 5% increase per year in trading value on the securities exchange.							
	Activity 19: To promote public/investor education.							
	<b>3.1.2 Sub-project: Securities Depository Center establishment</b>							
	Activity 1: To learn about foreign securities depository centers.							
	Activity 2: To determine the concept of a securities depository center established in the Lao PDR.						LSCO, LSX and relevant parties	
<b>3.2</b>	<b>Project: Establishment and development of securities Intermediaries</b>							
	<b>3.2.1 Sub-project: Securities Intermediaries</b>							
	Activity 1: To expand the business operation scope and services of some types of securities intermediaries.							
	Activity 2: To upgrade the capacity building of the securities intermediary's human resources by sending off staff for training on securities activities domestically and overseas, as well as participating in securities professional training in each period.						LSCO, LSX and securities intermediaries	
	Activity 3: To stimulate securities intermediaries to improve their internal administration effectively and firmly by maintaining the stability of their service system and creating complete internal regulations and guidelines.							
	<b>3.2.2 Sub-project: Securities companies</b>							
	Activity 1: To study the mechanisms and conditions supporting margin trading, short selling, and securities borrowing and lending.						LSCO	
	Activity 2: To stimulate LSX, securities companies, and relevant parties to study the mechanisms and conditions of system services supporting margin trading, short selling, and securities borrowing and lending.						LSCO, LSX and relevant parties	
	Activity 3: To study and develop the multiple banklink system.						LSCO, securities companies, and relevant parties	
	Activity 4: To study and develop the mobile trading app.							
	Activity 5: To study and develop the ledger system.							
	Activity 6: To study mechanisms and conditions as a market liquidity provider.						LSCO, LSX, securities companies, and relevant parties	
	Activity 7: To act as a market liquidity provider.							
	Activity 8: To encourage securities companies in creating mechanisms supporting the market maker.							

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<p>Activity 9: To encourage securities companies to expand their customer base broadly by on-site advertisement at least 30 times per year and to increase the number of securities accounts to at least 660 accounts per year and the number of government bond trading accounts to at least 550 accounts per year; Increase investor facilitation, such as online account opening, mobile app trading, and multiple banklink.</p>			
<p><b>3.2.3 Sub-project: Custodian Banks</b></p>			
<p>Activity 1: Encourage custodian banks to create mechanisms supporting the collective investment funds' services.</p>		<p>LSCO and relevant parties</p>	
<p><b>3.2.4 Sub-project: Audit companies</b></p>			
<p>Activity 1: To stimulate local audit companies to participate in securities activities for at least 1 company.</p>		<p>LSCO and relevant parties</p>	
<p><b>3.2.5 Sub-project: Fund Management Companies</b></p>			
<p>Activity 1: To promote local and foreign companies to establish the fund management company for at least 1 company.</p>		<p>LSCO and relevant parties</p>	
<p>Activity 2: To study the conditions for participating in the ASEAN CIS Operator Project.</p>		<p>LSCO, LSX and relevant parties</p>	
<p><b>3.2.6 Sub-project: Securities Business Association and Securities Professionals</b></p>			
<p>Activity 1: To promote securities business club and securities professionals to establish a securities business association and securities professionals.</p>		<p>LSCO and relevant parties</p>	
<p>Activity 2: To study the regulation on securities professional program supervision.</p>			
<p>Activity 3: To approve at least 2-4 securities professional courses.</p>		<p>LSCO and relevant parties</p>	
<p><b>3.2.7 Sub-project: Credit Rating Agencies</b></p>			
<p>Activity 1: To study the conditions, mechanisms, and regulations supporting the operation of credit rating agencies in each period.</p>		<p>LSCO and relevant parties</p>	
<p><b>3.2.8 Sub-project: Bond Representatives</b></p>			
<p>Activity 1: To promote commercial banks or securities companies to register for a bond representative license of at least 1 entity</p>		<p>LSCO and relevant parties</p>	
<p><b>3.2.9 Sub-project: Asset Valuation Companies</b></p>			
<p>Activity 1: Promoting the relevant ministries to study the supervision mechanism and regulations on asset valuation companies</p>			
<p>Activity 2: Determining the principal regulator of the asset valuation activity and proposing the asset valuation industry to be shifted from general industry to controlled industry depending on types of assets</p>		<p>LSCO and relevant parties</p>	
<p>Activity 3: Encouraging the establishment of an asset valuation company and professional association</p>			



(Unofficial Translation)

	<b>3.2.10 Sub-project: Correspondent Banks</b>								
	Activity 1: Studying the condition for the establishment of correspondent banks								LSCO and relevant parties
	Activity 2: Encouraging the relevant parties to adopt the Multiple Bank Link System								
	<b>3.2.11 Sub-project: Information Provision Companies</b>								
	Activity 1: Establishing the mechanism and conditions relating to the operating activities of the Information Provision Company								LSCO and relevant parties
<b>IV</b>	<b>Program: Expansion and Strengthening of Listed Companies, and Securities Products Development</b>								BOL project 9.1
<b>4.1</b>	<b>Project: Expanding and Strengthening Listed Companies</b>								
	<b>4.1.1 Sub-project: Short List Creation of Potential Listed Companies</b>								
	Activity 1: Collaborating with the related organizations to create a short list of potential listed companies in order to prepare their readiness and prioritize the enterprises in issuing securities and listing on the stock exchange.								LSCO, LSX, Securities companies, securities companies association and other relevant parties.
	Activity 2: Meeting with enterprises to introduce the benefits of fundraising through the capital market of at least 20 targets per year								LSCO, LSX, Securities companies
	<b>4.1.2 Sub-project: Readiness Preparation of the Potential Listed Companies</b>								
	Activity 1: Instructing the comprehensive readiness of the potential listed companies for fundraising from the capital market through training and educating the relevant knowledge, for instance: guidance, policies, legislations, conditions, processes, and specific academic knowledge relating to securities issuance and listing on the stock exchange, accounting, corporate governance, and others.								LSCO, LSX and the related parties.
	Activity 2: Studying processes and conditions for supporting small-medium enterprises (SMEs) to be able to raise funds from the capital market by securities issuance or from securities investment fund.								LSCO, LSX, securities companies, and the related parties.
	Activity 3: encouraging the securities intermediaries and the potential listed companies to jointly implement the imposed plan in order to prepare the comprehensive readiness for fundraising through the capital market in a timely manner.								

	<p>Activity 4: Encouraging, monitoring, and reporting the readiness preparation of the potential listed companies on securities issuance:</p> <ol style="list-style-type: none"> <li>1. to arrange training for the potential listed companies on the topics of securities issuance, listing in the stock exchange, corporate governance, and others.</li> <li>2. to make a Gap Analysis by referring to the conditions of securities issuance and listing in the stock exchange.</li> <li>3. to prioritize the potential listed companies in issuing securities and listing in the stock exchange.</li> <li>4. to create a readiness preparation plan relating to securities issuance and listing in the stock exchange, as well as to encourage the relevant securities intermediaries and the potential listed companies to jointly implement the imposed plan.</li> <li>5. to make a periodic report to LCS relating to the readiness preparation on securities issuance and listing in the stock exchange.</li> </ol>						LSCO, Securities Intermediaries and potential listed companies.	
4.1.3	<b>Sub-project: expansion of securities issuance</b>							
	Activity 1: Creating the condition for enterprises readily from every sector to have good operational performance and advantage to raise funds through the capital market in at least 5 cases by 2025 or with accumulative fundraising of 15-18 percent of GDP.						LSCO, LSX and the related parties.	
	Activity 2: encouraging the potential enterprises to issue stocks or bonds and be listed in the overseas stock markets.							The National Agenda
	Activity 3: Establishing mechanisms and conditions for supervision of the companies that issued stocks, bonds, and listed in the overseas stock markets.							The National Agenda
4.1.4	<b>Sub-project: Adoption of International Financial Reporting Standard (IFRS)</b>							
	Activity 1: Formulating IFRS Roadmap for the securities sector.							
	Activity 2: Encouraging and monitoring the establishment of guidance on implementation and common knowledge pool.							
	Activity 3: Cooperating with the relevant parties to organize short-term training such as Financial Accountants' training and certification programs.							
	Activity 4: Encouraging and monitoring the gap analysis on the implementation of listed companies towards the full IFRS adoption.						LSCO, LSX, MOF, BOL, LCPAA, big 4 audit firms, listed companies and other relevant organizations.	
	Activity 5: Encouraging and monitoring the listed companies to establish the IFRS implementation plan and be able to adopt the IFRS by 2026.							
	Activity 6: Encouraging and evaluating the IFRS implementation of the listed companies.							

	Activity 7: Collaborating with the relevant parties to request assistance from WorldBank relating to the implementation of IFRS adoption of the listed companies.								
<b>4.1.5</b>	<b>Sub-project: Improvement of Corporate Governance (CG)</b>								
	Activity 1: Organizing training relating to the benefits of CG and the assessment of CG using Lao CG Scorecards such as mechanism and standards of assessment, scoring, answer channels, and assessment reporting.								
	Activity 2: Encouraging and monitoring the listed companies which are agreed to launch the CG assessment pilot by using the Lao CG Scorecard.								
	Activity 3: Formulating guideline or instruction on Lao CG Scorecard.								
	Activity 4: Encouraging listed companies to implement CG and assess such implementation using the Lao CG Scorecard and ASEAN CG Scorecard. Afterward, LSCO and LSX arrange the reassessment process (peer review).							LSCO, LSX, listed companies and the relevant parties.	
	Activity 5: The assessment score of listed companies' CG implementations shall be in "the excellent level", which is over 80% of the total number of listed companies. In addition, the emphasis is to ensure listed companies can report and disclose information promptly.								
	Activity 6: Instruct LSX to create a new platform for collecting data related to the Lao CG Scorecard.								
	Activity 7: Establishing the mechanism to support the external evaluators in the process of assessing the CG implementation by using the Lao CG Scorecard.								
	Activity 8: Inducing the members of the board of directors (BOD) of listed companies to attend training courses regarding roles, rights and obligations of listed companies' BOD no less than 50 people.							LSCO, LSX and the relevant parties.	
<b>4.1.6</b>	<b>Sub-project: Listed Company Association</b>								
	Activity 1: Determining processes and regulations on the establishment and supervision of listed company associations in accordance with the relevant legislation.							LSCO, LSX, listed companies and the relevant parties.	
<b>4.2</b>	<b>Project: Development of Securities Products</b>								
<b>4.2.1</b>	<b>Sub-project: development of government bonds</b>								
	Activity 1: Encouraging the Ministry of Finance to set up the condition for listing the directly issued government bonds in LSX.							LSCO, MOF, LSX and securities companies.	
	Activity 2: Cooperating with the responsible parties to establish and improve method and process for supporting the government bond trading through capital market.							LSCO, LSX, securities companies and the related parties.	

<b>4.2.2</b>	<b>Sub-project: Government Bond (Domestically and Internationally Issue the Government Bonds)</b>								
	Activity 1: Establishing and improving condition, mechanism and legislation to facilitate the domestic bond issuance.							LSCO, LSX and the related parties.	
	Activity 2: Promoting the domestic bond issuance.							LSCO, LSX, securities companies and the related parties.	
	Activity 3: Studying the conditions for foreign currency bond issuance within ASEAN + 3 framework and others.							LSCO, LSX and the related parties.	
	Activity 4: Studying and preparing the conditions regarding bond issuance in China (Panda Bond).							LSCO and the related parties.	The National Agenda
<b>4.2.3</b>	<b>Sub-project: Studying the Establishment of a Bond Information Center</b>								
	Activity 1: to study and create mechanism, legislation and method of bond information collection.							LSCO, LSX and MOF	
	Activity 2: Encouraging LSX to make an implementation plan on bond information collection, which will be used as a reference to determine the yield curve of bonds.								
<b>4.2.4</b>	<b>Sub-project: Investment Fund (Mutual Fund)</b>								
	Activity 1: Establishing and improving condition, mechanisms and legislation to support the mutual fund activities.							LSCO and the related parties.	Completed in 2021
	Activity 2: Encouraging LSX to formulate regulations and systems for supporting the fund unit trading.							LSCO, LSX	
	Activity 3: to promote services relating to fund products.								The National Agenda
<b>4.2.5</b>	<b>Sub-project: Private Fund</b>								
	Activity 1: Study the international practices on the supervision of private fund activities.							LSCO, LSX and the related parties.	
	Activity 2: Determine the structure of private fund activities in Lao PDR								
	Activity 3: Encouraging LSX to formulate regulations and systems for supporting the private fund trading.							LSCO, LSX	The National Agenda
	Activity 4: To promote services relating to fund products.							LSCO and the related parties.	The National Agenda
<b>4.2.6</b>	<b>Sub-project: Infrastructure Fund</b>								
	Activity 1: Studying and establishing condition and mechanisms for infrastructure fund in Lao PDR.							LSCO, LSX and the related parties.	
	Activity 2: Promoting infrastructure fund in Lao PDR.								
<b>4.2.7</b>	<b>Sub-project: Supervision of Private Equity Fund (PE Fund) and Venture Capital (VC)</b>							LSCO, MPI, MOIC	
	Activity 1: Study the international practices on the supervision of PE fund and VC activities.								
	Activity 2: Promoting the establishment and activities of PE Fund and VC in Lao PDR.							LSCO and the related parties.	The National Agenda

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	<b>4.2.6 Sub-project: other types of securities</b>									
	Activity 1: Study and create new securities products such as preferred stock and convertible securities.								LSCO, LSX, BOL, international specialists and the relevant parties.	
	Activity 2: Promote new securities products which currently have relevant regulations in available such as depositary receipt (DR).								LSCO and the related parties.	
	Activity 3: Study the mechanisms and legislation relating to sustainable finance in securities activities from the experiences of ASEAN countries, including Social Bond, Sustainable Bond and Green Bond, in order to consider the possibility of issuing the mentioned bonds in Lao PDR.								LSCO, LSX and the related parties.	
	Activity 4: Study, research and form the mechanisms of securities issuance in forms of Dual Listing and Cross Border Issuing.							The National Agenda		
	Activity 5: Promoting securities issuance in the forms of Dual Listing and Cross Border Issuing.							The National Agenda		
<b>V</b>	<b>Program: Expansion, Protection, and Strengthening for Investors and Capital Market Participants</b>									BOL Project 9.2
	<b>5.1 Project: Expansion and Protection of Investors</b>									
	<b>5.1.1 Sub-project: Promoting the participation of domestic investors</b>									
	Activity 1: To collaborate with the relevant parties for attracting commercial banks, insurance companies, social welfare fund, superannuation fund, pension fund and other companies to invest in securities products.								LSCO, MOF, MOLSW, Social Welfare Fund, LSX, Securities Association and the relevant parties.	
	Activity 2: To expand the number of the bond selling agents in the primary market such as securities companies, investment fund management companies, commercial banks, financial institutions and insurance companies.								LSCO, securities companies and the related parties.	
	<b>5.1.2 Sub-project: Expansion and Protection of Foreign Investors</b>									
	Activity 1: Study and determine promoting policies to attract more investment of foreign investors into the stock exchange.								LSCO, LSX, securities companies	
	Activity 2: Study and establish mechanisms and conditions to protect foreign investors (both individual and institutional investors).								LSCO, LSX, securities companies	
	<b>5.1.3 Sub-project: Investor Protection Fund</b>									
	Activity 1: Study and determine mechanisms and conditions for the establishment of investor protection fund.								LSCO, LSX, securities companies	
	Activity 2: Encourage the establishment of investor protection fund in Lao PDR.									

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<b>5.2</b>	<b>Project: Improving the Strength of Investors and Market Participants</b>							
<b>5.2.1</b>	<b>Sub-project: Capital Market Training Programs</b>							
	Activity 1: Encourage LSX and/or securities companies to develop and improve the securities professional training programs and other related training programs.						LSCO, LSX, securities companies and the related parties.	
	Activity 2: Encourage LSX to organize the securities professional training program of at least one program per year.						LSCO, LSX, securities companies and the related parties.	
	Activity 3: Study and organize a specific training program to build up the capacity of instructors in the securities area at least once per year (Training to Trainers).						LSCO, LSX, securities companies and the related parties.	
	Activity 4: Organize other training programs related to securities activities at least once per year.						LSCO, LSX, securities companies	
<b>5.2.2</b>	<b>Sub-project: Dissemination</b>							
	Activity 1: To implement, encourage and contribute to on-site dissemination no less than three times a year with a minimum of 200 attendees each year, which include the topics of "Supervision of Capital Market Participants," "Stock-Bond Issuance and Listing in Oversea Securities Exchanges," "Panda Bond Issuance in China" "Dual Listing" and "Cross Border Issuance."						LSCO, LSX, securities companies, listed companies and the related parties.	The National Agenda
	Activity 2: Create and develop the dissemination activities to meet the sound of variety, quality, and precise aiming (for instance: dissemination products with the target of at least 4 podcasts per year, 12 topics of infographic per year, 4 animations per year, 5 tapes of spot advertisement and others).						LSCO, LSX, securities companies and the related parties.	
	Activity 3: Create, improve and develop the dissemination activities to have various channels and broader access (such as YouTube, Facebook, radio, television, and others).						LSCO, LSX, securities companies and the related parties.	
	Activity 4: Develop the television program ("Road to Capital Market") consistent with the actual circumstance in each period with a minimum target of 48 tapes per year.						LSCO	
	Activity 5: Develop the LSCO Library.						LSCO	
	Activity 6: Study the transition of the LSCO Library towards an Electronic-Library (E-Library).						LSCO	
<b>5.2.3</b>	<b>Sub-project: Establishment of a Capital Market Training and Education Center.</b>							
	Activity 1: Study the mechanisms, concepts and condition of the establishment of a capital market training and education center in Lao PDR.						LSCO, LSX, securities companies and the related parties.	
	Activity 2: Determine the concept and install the necessary facilities and equipment in the Securities Training Room.						LSCO, LSX and the related parties.	Completed in 2021