



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

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Lao Securities Commission

No. 12/LSC

Vientiane Capital, dated: 10 June 2021

**Decision  
on Approval of Credit Rating Agencies (Amended)**

- Pursuant to the Law on Securities (Amended) No. 34/NA, dated 03 December 2019;
- Pursuant to the Decree on Organisation and Operation of the Lao Securities Commission, No. 291/PM, Dated 5 April 2021;
- Pursuant to the Proposal of the Lao Securities Commission Office, No. 146/LSCO, Dated 27 May 2021.

**The Chairman of the Lao Securities Commission Regulates that:**

**Chapter 1  
General Provisions**

**Article 1 (Amended) Objectives**

This regulation prescribes the rules and measures regarding credit rating agencies to facilitate the provision of credit rating services relating to securities activities to the targeted group in the Lao PDR to ensure the orderly, transparent and fair business operations.

**Article 2 (New) Approval of Provision of Credit Rating Services**

The Approval of credit rating agencies shall be grant by the Lao Securities Commission office in order for domestic or foreign credit rating agency to provide credit rating services related to securities activities in Lao PDR within the scope of the provision of credit rating under Article 9 of this regulation.

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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 and that this English translation is strictly for reference.

**Article 3 (Amended) Definition**

The terms used in this regulation have the meanings as specified below:

1. **Credit rating agency** means an agency that is established and operated in accordance with the relevant laws and regulations of Lao PDR. Foreign credit rating agencies shall get approval by the Lao Securities Commission Office to provide credit rating services to target groups relating securities activities in Lao PDR;
2. **Targeted group relating securities activities** means a targeted issuer of share and corporate bond, share and corporate bond issuer, listed company, securities exchange, fund management company, securities intermediary and other targeted groups as defined by the Lao Securities Commission to have the credit rating services from domestic or foreign credit rating companies in Lao PDR.

**Article 4 (Amended) Scope of Application**

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

**Chapter 2**  
**Approval of Provision of Credit Rating Agencies**

**Article 5 (Amended) Approval of Provision of Credit Rating Agencies**

A credit rating agency wishing to provide any credit rating service to the targeted group related to securities activities shall satisfy the requirements prescribed in Article 6 and shall submit application documents to the Lao Securities Commission Office for consideration in accordance with Article 7 of this regulation.

**Article 6 (Amended) Requirements for an Approval of Provision of Credit Rating Agency**

A credit rating agency proposing to provide any credit rating service to the targeted group related to securities activities shall satisfy the requirements prescribed in Article 99 of Law on Securities (Amended). In addition, the following additional conditions as follows:

1. Being an international credit rating company or in the list of credit rating agencies of the International Organisation of Securities Commissions (IOSCO) member country or in the list of credit rating agencies approved by a foreign securities supervisory authority who has signed the MOU with the Lao securities commission (the case of being a foreign credit rating agency);
2. Having a sound and secure internal control system;
3. At least two responsible persons having credit rating professionals, which have a certificate of Chartered Financial Analyst (CFA) qualification, rating professional certificate and/or certificate of credit rating issued by a foreign securities supervisory authority in securities at least two years;

4. Having sound financial position or business performance with profits in one previous financial year prior to submission of application documents to the Lao Securities Commission Office;
5. Other document as specified by the Lao Securities Commission Office.

**Article 7 (Amended) Application Document for an Approval of Provision of Credit Rating Agency**

Credit rating agency wishing to apply for providing on credit rating services for targeted group in securities activities shall comply the following documents in Article 100 of Law on Securities (Amended) and comply with the additional conditions as follows:

1. An Application Form as specified by the Lao Securities Commission Office;
2. A copy of a business incorporation certificate or a business license of a credit rating agency;
3. The namelist and curriculum vitae of credit rating professionals as specified by the Lao Securities Commission Office;
4. A copy of certificate of CFA qualification, Rating Practitioner Certificate and/or certificate of registration of credit rating professional granted by a foreign securities supervisory authority of credit rating professionals;
5. A copy of charter of a credit rating agency;
6. The latest financial statement report prior to submission of application documents for registration to the Lao Securities Commission Office;
7. Annual business operation plan of the credit rating agency for the first 3 years after approval;
8. Other conditions as determined by the Lao Securities Commission Office.

**Article 8 (Amended) Consideration of Application for an Approval of Provision of Credit Rating Agency**

The Lao Securities Commission Office shall consider the application forms of Credit Rating Agency within 30 days since the date of receiving full and complete application documents. In case of refusal, the Lao Securities Commission Office shall send the official letter responded to the applicant stating the reasons thereof.

In case of considering for approval as a credit rating agency, if deemed necessary, the Lao Securities Commission office has the right to request additional documents and information or to invite relevant persons to clarify or provide information.

After receiving the certificate from the Lao Securities Commission Office, the credit rating agency shall announce to the public through the media within 5 business days from the date of receiving the certificate.

**Chapter 3**  
**Scope of Business Operation, Duration of Certificate and Renewal of Certificate of Credit Rating Agency**

**Article 9 (Amended) Scope of Provision Credit Rating Services**

The credit rating agency can provide credit rating services to the target group related to securities activities as defined in Article 101 of the Law on Securities (Amended).

**Article 10 (Amended) Duration of Certificate of Credit Rating Agency**

The certificate of the credit rating agency is valid for 3 years from the date of certificate approval.

**Article 11 (Amended) Renewal of Credit Rating Agency Certification**

A credit rating agency wishing to renew the certificate approval for the purpose of continuing its provision of credit rating services to a targeted group related to securities activities shall satisfy the requirements as stipulated in Article 6 and shall submit application documents as stipulated in Article 7 of this regulation to the Lao Securities Commission Office in at least forty-five days prior to the registration certificate expire.

**Chapter 4**  
**Right, Duties and Report of Credit Rating Agency**

**Article 12 (Amended) Right and Duties of Credit Rating Agency**

A credit rating agency that are certified to provide the credit rating services have the rights and duties in Article 102 of the Law on Securities (Amended). In addition, the following additional rights and duties are as follows:

1. To provide services within the scope specified in Article 9 of this regulation;
2. To keep confidential information and documents of customers during the period when they provide services after the completion of such services for 10 years from the end of service onwards;
3. To report the results of the credit rating disclosed to the public to the Lao Securities Commission Office within 3 business days from the date of disclosure to the public;
4. To exercise the rights and duties as specified in the contact with the targeted group in securities activities;
5. To make a payment on fee charges as specified in Article 14 of this regulation and make a payment in respect of tax and fees related to its services to the Government of the Lao PDR as prescribed in the applicable laws and regulations;
6. To report and/or disclose information related to credit rating services to target groups in securities activities as required by the Lao Securities Commission Office;
7. To exercise other rights and duties as determined by the Lao Securities Commission Office.

### **Article 13 (Amended) Report on Credit Ratings**

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

1. The results of credit rates to announce to the public;
2. Business operation in the Lao PDR on a quarterly basis within fifteen days as from the end of each quarter;
3. Business operation on an annual basis within ninety days as from the end of each financial year;
4. Changes related to credit rating professionals including name, surname and curriculum vitae within fifteen days as from the date of changes;
5. Changes, amending and adding of symbol or meaning used in the provision of credit ratings within fifteen days as from the date of changes.

The contents of the report shall follow the requirements of the Lao Securities Commission Office in the period of time.

## **Chapter 5 Fees and Prohibitions**

### **Article 14 (Amended) Fees**

A credit rating agency proposing to provide any credit rating service to a targeted group in securities activities shall be responsible for fee charges to the Lao Securities Commission Office as follows:

1. A fee for the application of a approval certificate with the amount of five million kip (15,000,000 kip) and such a fee shall be paid on the date of submission of the application;
2. A fee for issuance of a certificate for the provision of credit rating services amounted fifteen million kip (15,000,000 Kip) and such a fee shall be paid on the date of obtaining the approval certificate;
3. A fee for the renewal of registration certificate amounted ten million Kip (10,000,000 Kip) and such a fee shall be paid on the date of obtaining the renewal of registration certificate;
4. An annual fee amounted ten million Kip (10,000,000 Kip) and such a fee shall be paid within the first quarter of the following year.

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

### **Article 15 (New) Prohibitions**

The prohibitions for credit rating agency are to comply with the provisions of Article 178 of the Law on Securities (Amended) and the following additional prohibitions:

1. Provide credit rating services in the field of securities areas without seeking approval from the Lao Securities Commission office;

2. Failing to keep information and documents of the target group in securities activities after the completion of such services for 10 years;
3. Report the performances of its credit rating services to the Lao Securities Commission Office later than the time specified in Article 13 of this regulation;
4. Failing to report, deliberately report inaccurate or conceal information related to the activities of its credit rating services to the Lao Securities Commission office;
5. Have other behaviors that breach the relevant laws and regulations;
6. Other prohibitions as determined by the Lao Securities Commission office.

For target groups relating to securities activities, it is prohibited to use the services of a credit rating agency that has not been approved by the Lao Securities Commission Office.

## **Chapter 6**

### **Policies for Achievement and Sanction against Violators**

#### **Article 16 (New) Policies for Achievement**

A credit rating agency, targeted group in securities activities and other parties involved in securities services in the Lao PDR who have made outstanding contributions to the implementation of this regulation shall receive rewards or other policies as prescribed in the specific regulations.

#### **Article 17 (Amended) Sanction against Violators**

Credit rating agency, target groups in securities activities and other parties involved in securities services in Lao PDR that violate this regulation will be subject to disciplinarily on educational measures or warnings, fine and additional measures as follows:

Educational or warning measures are in place for any of the following behaviors or violations:

1. It is the first violation of a minor nature, such as filing an application for renewal of the credit rating agency prior the date of the certificate expires less than 45 days, not cooperating with the Lao Securities Commission Office or other relevant parties and other violations that cause damage not exceeding 1,000,000 kip;
2. Violation without complaint or notification of the injured party and the parties can agree or resolve together;
3. Behaving in conflict with this regulation but not violating the prohibitions set forth in Article 15 of this regulation;
4. Other cases as specified by the Lao Securities Commission office.

#### **Fined measures are in the case of the following behaviors or violations:**

1. It is the first violation of a serious nature, the violation of which causes damage in excess of 1,000,000 Kip, or the educational measures have been taken or warned but warned, but the second violation will be fined twice the value of the damage caused by its violation;

2. Providing credit rating services without obtaining an approval certificate from the Lao Securities Commission office, a fine of one hundred million kip (100,000,000 kip) shall be applied;
3. Failure to keep the information and documents of the target group in securities activities after completing the provision of such services for 10 years, as fine of fifty million kip (50,000,000 Kip) shall be applied;
4. Failing to report on its operation to the Lao Securities Commission Office on time as stipulated in Article 13 of this regulation, a fine of ten million Kip (10,000,000 Kip) shall be applied;
5. Failing to report or report incorrect or incomplete information about the operation status of credit rating services to the Lao Securities Commission Office, a fine of ten million Kip (10,000,000 Kip) shall be applied.

**Additional measures taken by credit rating agency are as follows:**

1. To correct its violations in accordance with the provisions of the relevant laws and regulations;
2. Suspend the certification of credit rating services;
3. Withdraw the certificate of credit rating services;
4. Disclose the prohibition in accordance with the provisions of this regulation on the website of the Lao Securities Commission Office and Securities Exchange after the Lao Securities Commission Office has issued the fined agreement.

In case the target group in securities activities used the services provided by credit rating agency that has not been approved by the Lao Securities Commission Office, shall be fined for one hundred million Kip (100,000,000 Kip) shall be applied.

**Chapter 7**  
**Final Provisions**

**Article 18 Implementation**

Credit rating agency, targeted group relating to securities activities and other related parties involved in securities service activities in LAO PDR shall strictly acknowledge and implement this regulation in accordance with its scope of rights and duties.

**Article 19 (Amended) Effectiveness**

This Decision shall be effective as of the date of signing by the Chairman of the Lao Securities Commission.

This regulation replaces the Regulation on Regulation on Registration of Foreign Credit Rating Agencies No. 002 /LSC, dated 8 December 2015.

**Vice Chairman of Lao Securities Commission**  
**(Seal and Signature)**

**Sonexay SITHPHAXAY**