

(Unofficial Translation)

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.



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY
-----===== 000 =====-----

Lao Securities Commission

Ref. No. 001/LSC

Vientiane capital, dated 07 April 2015

Regulation
On Accounting and Auditing Securities Activities

- Pursuant to Law on Securities Ref. No. 21/NA, dated 20/12/2012;
- Pursuant to Law on Accounting Ref. No. 47/NA, dated 26/12/2013;
- Pursuant to Law on Independent Audit Ref. No. 51/NA, dated 22/07/2014;
- Pursuant to Decree on Organization and Operation of the Lao Securities Commission Ref. No. 188/PM, dated 24/07/2013;
- Pursuant to the proposal of the Lao Securities Commission Office Ref. No. 008/LSCO, dated 20/03/2015.

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

Section 1

General provisions

Article 1. Objectives

This regulation sets forth the principles, methods and measures governing accounting and auditing services in securities-related activities to ensure that securities issuance companies, registered companies, securities companies, the Lao securities exchange market, accounting firms, professional accountants, auditing firms, independent auditors and other relevant parties as determined by the Securities Commission Office adequately implement and comply with international standards governing accounting and auditing in order to ensure transparent financial reporting to build investor confidence.

Article 2. Explanation of terms

Terms used in this regulation have the following meaning:

1. “Accounting firm” means a professional accounting firm approved by the Lao Securities Commission Office to provide accounting services to the targeted group securities-related businesses;
2. “Auditing firm” means a professional audit firm approved by the Lao Securities Commission Office to provide auditing services to the targeted group in securities-related businesses;
3. “Accounting” means recognition, computation, recording, classification and financial reporting of an enterprise’s business operation;
4. “Auditing” means the revision and verification of financial statements of businesses to assess whether or not accounting activities are in compliance with international accounting standards applied in each period. An audit shall include an examination of financial statements, the efficiency of the performance and the adherence to the relevant laws and regulations;
5. “Audit team” means persons who are appointed or assigned by an audit firm to engage in the provision of accounting and auditing services to the targeted group each time;
6. “Professional Accountant” means a person who has a certificate of professional accountant from the Ministry of Finance to provide accounting and auditing services in the securities sector, that was approved by the Lao Securities Commission Office;
7. “Auditor” means a person who has a certificate of statutory auditor from the Ministry of Finance to provide accounting and auditing services in securities-related businesses that was authorized by the Lao Securities Commission Office;

(Unofficial Translation)

8. “Accounting staff” means an assistant to an accounting manager to undertake accounting activities and prepare financial reports for accounting entities;
9. “Financial reports” means documents that consist of financial statements, income statements, consolidated statements of cash flows, statements of changes in owner’s equity and relevant attachments;
10. “Certification” means a document issued by the Lao Securities Commission Office to certify an approval of an accounting firm, accounting professional, audit firm and auditor to provide accounting and auditing services in securities-related activities.
11. “Managing Partner” means a professional accountant who holds a company’s shares and has the right to make decisions on a firm’s commitment to provide professional services;
12. “Engagement partner” means a managing partner in the audit firm who is responsible for the firm’s commitment, audit results and report;
13. “Targeted group” means securities issuance companies, registered companies, securities companies, securities exchange market and others parties as specified by the Lao Securities Commission office.

Article 3. Principles of accounting and auditing practices

An accounting and auditing firm which provides accounting and auditing services in securities related activities shall comply with the following principles:

1. Adherence to laws, regulations and professional standards governing auditing and accounting;
2. Autonomy and independence;
3. Prudence, efficiency, completeness, clarity and timeliness;
4. Fairness, transparency and accountability ; and
5. Professional ethics and integrity behavior

Article 4. Audit content

An auditing firm may [shall] audit the targeted group in keeping with the following:

1. Examine the accuracy of the targeted group’s financial reports;
2. Examine the production of goods or provision of services of the targeted group;
3. Examine the extent to which there is adherence to relevant laws and regulations of the targeted groups.

Article 5. Scope of application

This regulation shall apply to the targeted group, accounting firms, professional accountants, auditing firms, auditors and other relevant parties involved in the operation of accounting and auditing activities in securities related activities.

Section 2

Accounting Practice of the targeted group

Article 6. Accounting practice

1. The targeted group shall strictly comply with accounting standards as stipulated in the law on accounting and other relevant laws and regulations issued in each period.
2. The targeted group shall appoint an accounting manager and accounting staff to undertake accounting activities, manage their accounts and generate financial reports as well as report the appointment or change to the Lao Securities Commission Office in writing within two working days from the date of completing the appointment or changing.

Article 7. Internal control and audit

The targeted group shall execute internal control and audit systems on an account as stipulated in the accounting law as well as creating an accounting manual and internal control systems. An audit shall include the following:

1. Classification, identification, recording and reporting of accounting information;
2. Process to control mistake of accounting information and solution process;
3. Internal audit mainly examine and improve accounting information;
4. Bookkeeping procedures and conserving accounting information including procedures to control and prevent the falsification, adjustment, losses and destruction of accounting information;
5. Responsibility of accounting staffs on the preparation and notifies of accounting information to the public to be aware of and comprehended.
6. Other contents necessary for the preparation of reliable accounting information shall be notified to the public for awareness and understanding.

Section 3

A certification of accounting firms and professional accountants

Article 8. Requirements for certifying accounting firms

Accounting firms shall be certified upon the fulfillment of the requirements set forth in Article 41 of the Law on Independent Audit and the following:

1. Being granted a license for operating an accounting firm by the Ministry of Finance;
2. At least more than two members of the executive shall hold a certificate of professional accountant granted by the Ministry of Finance;
3. There are at least five accountants in which at least two accountants shall hold a certificate of professional accountants granted by the Ministry of Finance and all of them shall be certified by the Lao Securities Commission Office;
4. Conform with international accounting standards and international financial reporting standards issued in each period;
5. Be a member of the Association of Auditors and Accountants (AIAA);
6. Having sound financial status or gaining profits from business operation in one year back preceding the year of submitting supporting documents to an application for the certification to the Lao Securities Commission Office except for a newly established company;
7. Having a detailed business operation plan for the next three years from the date of submission of the application.

Article 9. Supporting documents to apply for a certification of accounting firms

The following supporting documents shall be submitted to obtain certification as an accounting firm:

1. An application form as specified by the Lao Securities Commission Office;
2. A copy of a license for operating an accounting firm obtained from the Ministry of Finance;
3. A copy of the certificates of professional accountant of the executive board granted from the Ministry of Finance;
4. Names of accountants who hold a certificate of professional accountant granted by the Ministry of Finance and enclosed with their curriculum vitae and work experiences in accounting;
5. Verification from the court not exceeding three months to certify that there is no litigation involving the accounting firm in the court;

(Unofficial Translation)

6. A copy of business registration, taxed registration and company's rule;
7. A copy of membership certificate of the Lao Certified Public Accountant (LCPA);
8. Business operation and financial report for the year immediately preceding the date of submission of an application for the certificate to the Lao Securities Commission Office. This shall not be applicable to a newly established accounting firm. The financial report shall be complete and accurate as stipulated in the accounting law;
9. Its own business plan in details for the next three years from that date of filing an application.

Article 10. Consideration of an application for certifying an accounting firm

When receiving complete and accurate supporting documents for the application of a certificate of an accounting firm, the Lao Securities Commission Office shall consider whether to issue the certificate or to deny the application for the accounting firms within forty-five days starting from the date of receiving the supporting documents. In instances where the application is rejected, written notification shall be sent to the applicant outlining the reasons.

Article 11. Requirements for certifying the professional accountants

Professional Accountants that will be certified shall fulfill the following requirements:

1. They shall not be government officers, soldiers, policemen, state own enterprise officers, officers under contract with the government conducting accounting business in the securities sector;
2. They shall be full-time staff, performing actual accounting work and have experience in providing accounting services for at least three years, and have knowledge of other relevant services such as management, finance, customs and tax;
3. They shall have specific technical knowledge in finance, accounting, banking, business administration, economic, marketing, statistics, business operation communication, IT system, code of conduct, law, and other relevant sectors to help managers in operating the business;
4. They shall have knowledge in applying the international accounting standards and international financial reporting standards;
5. They shall have working knowledge business operations, sound leadership skills, competency in conducting an analysis, evaluating and resolving problems.

Article 12. Documents to support an application for certifying professional accountants

The following documents shall be submitted to support the application for certifying professional accountants:

(Unofficial Translation)

1. An application form as required by the Lao Securities Commission Office;
2. A copy of a certificate of professional accountants granted by the Ministry of Finance;
3. A copy of a diploma in accounting and other relevant sectors mainly finance, banking, business administration, economic, marketing, statistics, business operation communication, IT system, code of conduct and law (if any);
4. Verification of criminal record not exceeding three months;
5. Current resident certificate;
6. Short biography.

Article 13. Consideration of an application for certifying professional accountants

When receiving complete and accurate supporting documents to the application for certifying the professional accountants, the Lao Securities Commission Office shall consider whether to approve or deny the application within forty-five days starting from the date of receiving the supporting documents. In instances where the application is rejected, written notification shall be sent to the applicant outlining the reasons.

Article 14. Fees

The accounting firms and professional accountants providing accounting services in the securities sector shall pay fees to the Lao Securities Commission Office in accordance with the following:

1. An application fee for certifying accounting firms and professional accountants amounting to fifteen thousand millions kips and ten thousand millions kips respectively and these fees shall be payable on the date of submitting the application;
2. An application fee for renewing the certificate of accounting firms and professional accountants amounting to ten thousand millions kips and five thousand millions kips respectively and these fees shall be payable on the date of submission of the application.
3. An annual supervision fees for accounting firms and professional accountants amounting to fifteen thousand millions kips and five thousand millions kips respectively and these fees shall be made within January of the subsequent year.

4. In a case that the accounting firms do not provide accounting services in the securities sectors to the targeted group within a year they will be exempted from the annual supervision fee for accounting firms and the professional accountants.

Article 15. Retention of accounting documentations and information

(Unofficial Translation)

The targeted groups shall maintain all their documentation and accounting information for at least 10 years.

Article 16. Duration of the certificate of accounting firms and professional accountants

1. Duration of the certificate of accounting firms and professional accountants, who will provide accounting services in the securities sector, is three years from the date of certifying. The accounting firms and professional accountants, which are desirous of continuing to provide accounting services in the securities sectors, shall submit the application for extending the duration of the certificate to the Lao Securities Commission Office for at least forty five days before its expiry date.

2. In instances where accounting firms and professional accountants do not submit the application for renewing their certificates within the prescribed period, their certificates will be withdrawn.

3. In instances where accounting firms and professional accountants have not withdrawn their certificates and are desirous of providing accounting services in the securities sectors they shall be re-considered the certificate, upon submission of all required documentation and payment of prescribed fees.

Section 4

The accreditation of an auditing firm and auditor

Article 17. Requirements for accrediting auditing firms

1. Auditing firms desirous of becoming accredited shall meet requirements as stipulated in Article 43 of the Law on Independent Auditor and Article 87 of the Law on Securities and shall fulfill the following requirements:

- a. Being granted a business license to provide auditing services granted by the Ministry of Finance;
- b. At least two members of the management board shall have a certificate of professional accountants or a license for being an auditor in accordance with the Law, granted by the Ministry of Finance;
- c. Having at least five experienced accounting and auditing officers in which at least two officers shall possess a certificate of professional accountants or a license for operating as an auditor in accordance with relevant laws and shall be accredited by the Lao Securities Commission Office;
- d. Possess knowledge and ability to apply international accounting and auditing standards and international financial reporting standards issued in each period;

(Unofficial Translation)

- e. Possess sound financial status or be profitable in operating a business in one year proceeding the year of submitting an application for obtaining accreditation to the Lao Securities Commission Office. This shall not be applicable to newly established auditing firms;
- f. Possess good reputation and be publicly acknowledged for good business operation, sound accounting and auditing services;
- g. Have an insurance contract with the policy on professional insurance; and
- h. Possess a detailed business operation plan for the next three years, from the year of submitting the application.

Article 18. Supporting documents to an application for accrediting auditing firms

1. Supporting documents to an application for accrediting auditing firms shall satisfy the requirements as stipulated in Article 89 of the Law on Securities and shall include:

- 1. An application form as required by the Lao Securities Commission Office;
- 2. A copy of a business license to operate an auditing firm obtained from the Ministry of Finance;
- 3. A copy of a certificate for professional accountants or a license for being an auditor based on auditing law of members of the management board from the Ministry of Finance;
- 4. List of professional accountants and auditors who have a certificate of professional accountants or a license for being an auditor following the law from the Ministry of Finance;
- 5. Verification from the court certifying that there is no litigation concerning the auditing firm remaining at the court. This verification must not be dated in excess of three months from the date of submission;
- 6. Business operation and financial report dated no more than one year before the year of submitting the application for accreditation to the Lao Securities Commission Office. This shall not be applicable to a newly established auditing firm. The financial report shall be complete and accurate as stipulated in the accounting law;
- 7. A copy of an insurance contract together with the policy on professional insurance;
- 8. A plan on its own business operation in detail for the next three years after obtaining the accreditation.

Article 19. Requirements for accrediting auditors

The auditor that will be accredited shall fulfill requirements as stipulated in Article 80 of the Law on Securities and it shall fulfill the following requirements:

(Unofficial Translation)

1. They shall not be government officers, soldiers, policemen, state own enterprise's officers, officers under contract with the government that operate accounting business and auditing in the securities sector;
2. They shall be full-time officers, work on accounting and auditing in reality and have working experience on accounting and auditing for at least three years;
3. They shall have specific technical knowledge in the areas of finance, banking, business administration, economic, marketing, statistics, communication on business operation, IT system, code of conduct and other related law to help manager in business operation;
4. They shall have knowledge to apply the international accounting and auditing standard with an understanding on international financial reporting standards;
5. They shall have a working knowledge of business operation, sound leadership skills, competency in analysis, evaluation and problem solving.

Article 20. Supporting documents to an application for accrediting an auditor

The following supporting documents shall be submitted with an application for accrediting an auditor:

1. An application form as required by the Lao Securities Commission Office;
2. A copy of a certificate of professional accountants and a license for being an auditor in accordance with relevant laws, obtained by the Ministry of Finance;
3. A copy of a diploma in accounting and other related areas such as finance, banking, business administration, economic, marketing, statistics, business communication, IT system, code of conduct and law (if any);
4. Verification of the court not over three months;
5. The current residential certificate;
6. Brief biography;
7. A copy of a collaboration contract with managing partner;
8. Biography of the managing partner.

Article 21. Application for accreditation of accounting firms, professional accountants, auditing firms and auditors

Notwithstanding the provisions set forth in this section, the consideration of an application for the accreditation of auditing firms and auditors' accreditation, fees, retention of auditing documentations and information and duration for accreditation of auditing firms and auditors, shall comply with the provisions on the consideration of an application for accounting firms' accreditation, the consideration of an application for accountants' accreditation, fees, retention of accounting documentations and information and duration for accreditation of accounting firms and accountants as stipulated in section 3 "certification of accounting firms and professional accountants" of this regulation.

Section 5
The operation of accounting and auditing work

Article 22. The operation of accounting and auditing work

Accounting and auditing firms shall operate in compliance with the following principles:

1. Professional ethics;
2. International standards in profession conduct;
3. Firms' internal quality assurance;
4. Insurance for damage on the profession conduct;
5. Pursuit of continuing professional development.

Article 23. Rights and duties of the accounting firms

Accounting firms have rights and duties as stipulated in Article 50 of the Law on Independent Auditing and additional rights and duties as follows:

Rights of the accounting firms:

1. To provide accounting services including the preparation of financial reports;
2. To design and create financial information systems;
3. To provide actuarial services;
4. Being an internal auditor;
5. To provide advice on management, operation and human resources.

Duties of the accounting firms:

1. To develop human resources, particularly auditors who hold Lao nationality, in regard to methods or approaches of providing accounting consultation to comply with the international standard and developmental circumstances in each period;
2. To report to the Lao Securities Commission Office in writing mainly in regard to:
 - a. The change in name, location of the firm, organization structure, numbers of management partner, employees, numbers of manager, shareholders, business operation, registered capital, marketing plan and internal rules of the firm within five working days from the date of changing;
 - b. any contract signed with the targeted group including detailed plan about service provided to the targeted group within five working days before starting the service providing;

(Unofficial Translation)

- c. its own business operation report for the first six months within sixty days from the end of second quarter and the annual report within one hundred and twenty days from the end of the fiscal year;
3. Technical training conducted to upgrade the professional accountants for at least one hundred and twenty hours per three years in the training it includes code of conduct for not less than four hours;
4. Those who will provide accounting services each time shall not comprise less than three experienced officers, who have sound knowledge of the targeted group's business operation and be accredited by the Lao Securities Commission Office and all of them shall wholly accomplish their duties before proceeding to the next service providing to other targeted groups. In a case that more than one targeted group will be provided accounting service at the same time, the firm shall ensure that those who will provide such accounting services shall not comprise less than three experienced officers per one targeted group and shall be accredited by the Lao Securities Commission Office except for necessary cases according to the consideration of the Lao Securities Commission Office;
5. The code of ethics related to accounting that is accredited by related jurisdictions and others related law and regulation shall be complied with.

Article 24. Rights and duties of accountants

Professional accountants shall execute rights and duties in accordance with Article 38 and 39 of the Law on Independent Auditor and additional rights and duties as follows:

Rights of professional accountants:

1. Providing accounting services to the targeted group in compliance with contents relating to its own service and complete in timely basis;
2. Developing knowledge on accounting according to the growing circumstance in each period;
3. Accessing information sources relating to accounting service of the targeted group;

Duties of professional accountants:

1. Facilitate authorities from the Lao Securities Commission Office for the inspection as stipulated in related laws and regulations;
2. Report to the Lao Securities Commission Office about duration and details of its own service providing;
3. Maintain confidentiality of the information and any document of the targeted groups that were disclosed during services providing unless there is an order from related jurisdiction;

(Unofficial Translation)

4. Attend technical training to upgrade an accounting knowledge for at least one hundred and twenty hours per three years in which it includes code of ethics for at least four hours;
5. Submit a copy of certificate of attendance of the training to the Lao Securities Commission Office;
6. Strictly implement the code of conduct on accounting that are accredited by related jurisdiction and other related law and regulations;
7. Implement other obligations as stipulated by the Lao Securities Commission Office and related rules on the inclusive, accurate and timely basis.

Article 25. Rights and duties of auditing firms

The auditing firms shall execute rights and duties as stipulated in Article 51 of the Independent Auditor Law and Article 91 on Securities Law and additional rights and duties, including:

Rights of auditing firms:

1. Cooperate with any business partner consecutively for not more than five years and can re-cooperate after three years from the completion date of the cooperation. In a case that there have been the cooperation with any business partner, the cooperation can be continued for a remaining period to exhaust five years;
2. Request for payment for the damage in a case that the targeted group do not cooperate in the auditing that causes damages to the auditing firm.

Duties of auditing firms:

3. Report to the Lao Securities Commission Office in writing mainly about:
 - a. The targeted group not cooperating as it relates to the provision of information for auditing regarding issues associated with the contents of the audit and not cooperating in other areas of the audit;
 - b. The change in name, address, organization structure, numbers of management partner, employees, numbers of manager, shareholders, business operation, registered capital, marketing plan and the internal rules of the firms within five working days from the date of changing;
 - c. Annual business operation and financial reports and other auditing documents as requested by the Lao Securities Commission Office;
 - d. The cancellation, suspension or completion of accounting or auditing service providing to the targeted group within seven working day from the date of the cancellation, suspension or completion of accounting and auditing service providing;

(Unofficial Translation)

- e. Significant changes mainly on the management board, internal rules, organization structures of the auditing firm and numbers of auditors who are accredited within five working days from the date of changing;
 - f. A report about the status and outcome of the audit of the targeted group each time as requested by the Lao Securities Commission Office.
4. Report to the Lao Securities Commission Office on the audit outcome based on fact, and the following reasons:
- a. Discover any fraudulence that affects or might affect a decision of securities investors and other related parties;
 - b. Discover losses that occur or might occur with an amount of at least 10 percent of the asset value of the targeted group;
 - c. Discover unusual change of the asset from the audit;
 - d. Discover weakness of the targeted group that are audited in every respect ;
 - e. Discover significant risk relating to audit procedures and the targeted group;
 - f. Discover asset values of the securities issuance company that are not sufficient to cover debts that will be litigated by the creditor;
5. Submit a contract between the auditing firm and the targeted group to the Lao Securities Commission Office at the same time the contract shall set out rights and duties of the auditing firm or auditor on the disclosures of information and documents related to the content of the audit;
6. Repeat the review and audit, as necessary and as requested by the Lao Securities Commission Office;
7. Be responsible for damages caused to the targeted group and users of the auditing results as stipulated in relevant regulations and laws in a case that the auditing firm creates incomplete, unclear and erroneous auditing report;
8. Submit business operation report composing of an annual financial report within a three month period after the accounting year to the Lao Securities Commission Office in particular in the income report it shall clearly separate type of income, such income from accounting service, auditing service, customs-taxes consultation, a review and other services that are not the audit;
9. Ensure that the auditors who are accredited within the company can strictly fulfill standards of the audit that are changed in each period and there is the development in auditing competency in compliance to the growth circumstances in each period;
10. Develop human resources particularly auditors who hold Lao citizenship with respect to forms or methods of the audit to be compliant with international standards and growing circumstance in each period;
11. Conduct training to upgrade technical skills for accountants and auditors for at least one hundred and twenty hours every three years including, code of ethics for at least four hours;

12. Those who provide accounting services or auditing services each time shall not have less than three officers that are experienced and competent in the targeted group's business operation, and accredited by the Lao Securities Commission Office. All of them shall entirely accomplish their duties before being able to provide accounting or auditing services to other targeted group. In instances where that the accounting or auditing services will be provided to more than one targeted group at the same time, the firms shall ensure that those firms who provide accounting or auditing services shall not have less than three officers per one targeted group and they shall be accredited by the Lao Securities Commission Office as well, except for a necessary case based on the consideration of the Lao Securities Commission Office in a case by case basis;
13. Strictly implement code of ethics of the accounting and audit that are accredited by relevant jurisdictions and others related laws and regulations.

Article 26. Rights and duties of auditors

Auditors shall possess and undertake the rights and duties as stipulated in Article 57 of Law on independent auditor, and shall further adhere to the following:

Rights of the auditors:

1. Provide accounting or auditing service to the targeted group in compliance with content related to its own service provision and complete on set time;
2. Develop an accounting and auditing knowledge in accordance to changing circumstances in each period;
3. An auditor or a representative of the firm could attend shareholders' meeting and provide comments obtained from the audit or respond to questions about the audit in the shareholders' meeting;
4. Access to source of information related to contents of the audit of the targeted group;

Duties of the auditors:

1. Cooperate with authorities from the Lao Securities Commission Office in audit procedures as stipulated in related law and regulation;
2. Report to the Lao Securities Commission Office about its own timing and details in the service provision;
3. Maintain confidentiality of any information and documents of the targeted group that are made known to them during providing accounting or audit services, except for being notified by the related jurisdiction;
4. Attend professional training in accounting and auditing for at least one hundred and twenty days hours every three years including training in code of ethics for at least four hours;
5. Submit a copy of certificate of attendance of the workshop to the Lao Securities Commission Office acknowledged by the workshop's organizer;

(Unofficial Translation)

6. Meet other obligations that are required by the Lao Securities Commission Office and related regulations completely, accurately and timely;
7. Notify the internal audit units, internal audit committee, and report to an ordinary shareholders' meeting whether there are violation of related law and regulations or the targeted group's regulation relating to their business operation. At the same time a report shall be submitted to the Lao Securities Commission Office in writing within seven working days from the date of discovering the violation;
8. Strictly implement the code of ethics on the accounting and audit that is accredited by related jurisdiction and relevant law and regulations.

Article 27. Rights and Duties of the targeted group

The targeted group shall have rights and duties as stipulated in Articles 61 and 62 of the Law on independent auditor and shall further adhere to the following:

Rights of the targeted group:

1. Select the accounting and auditing firm that are accredited by the Lao Securities Commission Office;
2. Develop human resources within its own organization to upgrade knowledge and competency mainly on accounting and audit;
3. Develop modern accounting systems and reporting, and comply with international standards.

Duties of the targeted group:

4. Report to the Lao Securities Commission Office about an execution of the accounting and audit firms' duties when it finds out that those firms are not executing their rights and duties in compliance with law and regulations and accounting and audit principles;
5. Prepare financial reports in compliance with regulation on reporting and information disclosure to the targeted group;
6. Prepare financial reports in compliance with accounting standards as stipulated by the Lao Securities Commission Office;
7. Cooperate with professional accountants, and auditors to facilitate them with location, information and related documents which are complete, accurate, relevant, timely , and in compliance with content of the accounting and audit service provisions for the professional accountants, auditors during the actual operation;
8. Provide information and related documents which are complete, accurate and compliant with the content of accounting and auditing service provisions as requested by the Lao Securities Commission Office;
9. Sign a memorandum of the accounting and auditing service provided every time.

Article 28. Audit report

(Unofficial Translation)

An audit team and the targeted group shall prepare an audit report as stipulated in Article 16 of the Law on independent auditors and shall additionally prepare and report the following:

1. An audit report that reviews and contains comments on the financial report that has been audited;
2. The audit report's content shall comply with a scope of the audit. It shall conform with auditors' comments, and important and useful information for decision making of those who use the report such as accurate accounting records based on set standards in each period, an estimation of possibility or a tendency of misconduct, internal control system, and accuracy and transparency. It shall illustrate a characteristic of implementing related law and regulations and the utilization of capital and other assets;
3. The auditors shall exclusively and clearly identify a risk in proceeding the audit on the targeted group;
4. The auditors shall submit the audit report to the targeted group within forty-five days before launching the shareholders' meeting;
5. Report the auditors' working operation in each period;
6. If the audit report is in foreign language it shall be translated in Lao.

Article 29. Confidentiality

Professional accountants, auditors and other related persons in the field of accounting and auditing shall maintain confidentiality about related information and documents of the targeted group and associated information on the accounting and audit service provision that were disclosed to them.

Section 6

Suspension and cancellation of accounting firms, auditing firms, professional accountants, and auditors' certificate

Article 30. Suspension of accounting and auditing firms' certificate

The accounting and auditing firms' certificate will be suspended as stipulated in Article 46 of the Law on independent auditor and Article 92 of the law on securities and will also be suspended in any case of the followings:

1. It was certified on the basis of incorrect provided information;
2. The professional accountants and auditors in such firm do not have an independence in providing the accounting and auditing services;

(Unofficial Translation)

3. Professional accountants and auditors, who are not accredited by the Lao Securities Commission Office, are allowed to provide accounting and auditing service to the targeted group;
4. Annual fees for renewal the certificate or administration as stipulated in Article 14 of this regulation are not paid;
5. Article 23 and 25 of this regulation cannot be implemented;
6. They are prosecuted;
7. Additional information in the financial report of the targeted group that was audited in the previous year is deceitfully adjusted and amended ;
8. Policy of the targeted group are not complied with related law and regulations;
9. Number of professional accountants and auditors that were accredited by the Lao Securities Commission Office decrease to lower than five people;
10. Business operation makes losses for three accumulated years;
11. The prohibition as stipulated in this regulation is violated ;

After being suspended. The accounting and auditing firms shall modify the fault to be completed in the set timeframe as stipulated in the Lao Securities Commission Office's notification.

Article 31. Suspension of professional accountants and auditors' certificate

The professional accountants' certificate will be suspended as stipulated in the Regulations of the Lao Certified Public Accountant (LCPA).

The auditors' certificate will be suspended as stipulated in Article 55 of the Law on independent auditors.

The professional accountants and auditors' certificate will be also suspended in any of the following instances:

1. Been certified based on false provided information;
2. Do not pay renewal and annual administrative fees in the set timeframe as stipulated in Article 14 of this regulation;
3. Do not attend technical trainings at least for one hundred and twenty hours per year in which it includes the code of ethics at least for four hours;
4. Unable to implement Article 24 and 26 of this regulation;
5. Breach prohibitions as stipulated in this regulation;

After being suspended, the professional accountants and auditors shall modify the fault to be completed in the set timeframe as stipulated in the Lao Securities Commission Office's notification.

Article 32. Cancellation of professional accountants and auditors' certificate

(Unofficial Translation)

The accounting and auditing firms' certificate will be cancelled as stipulated in Article 47 of the law on an independent auditor and Article 93 of the law on securities and will also be cancelled in any of the following instances:

1. Having court's judgment about the bankruptcy of the firm that can be definitely employed;
2. Accounting and auditing services are still provided to the targeted group, during a suspended period ;
3. Business registrations for operating the accounting and auditing firm are withdrawn from the Ministry of Finance;
4. Having a resolution from shareholders' or authorized officers' meeting agreed to dissolve the business;
5. Requesting to withdraw the certificate from the Lao Securities Commission Office voluntarily;
6. Do not renew the certificate as stipulated in Article 16 of this regulation;
7. Unable to resolve the suspension's causes as stipulated in Article 30 of this regulation.

Article 33. Cancellation of professional accountants and auditors' certificate

Professional accountants' certificate will be cancelled as stipulated in the regulations of the Lao Certified Public Accountant (LCPA).

Auditors' certificate will be cancelled as stipulated in Article 56 of the Law on independent auditors.

Professional accountants and auditors will also be cancelled in any of the following instances:

1. Lack of ability to act in accordance with good morals, death, being litigated, being charged, being transferred from one firm to work in another firm or other business entities, being disciplined rigorously or violate other related regulations and laws;
2. Professional accountants' certificate or auditors' license are withdrawn from the Ministry of Finance;
3. Requesting to withdraw the certificate from the Lao Securities Commission Office voluntarily;
4. Renewal that is not in accordance with Article 16 of this regulation;
5. Unable to resolve the suspension's causes as stipulated in Article 31 of this regulation.

Section 7
Prohibitions

Article 34. Prohibitions for accounting firm and professional accountants

(Unofficial Translation)

Prohibitions for accounting firms shall comply with Article 67 of the Law on independent auditors and there are additional prohibitions as follows:

1. An accounting firm hires staff that are not included in the name list being accredited by the Lao Securities Commission Office of its own firm to provide accounting service in securities sector;
2. Receiving benefits associated with the targeted group either directly or indirectly mainly receiving and giving bribe to the targeted group or requesting other benefits from the targeted group or parties who associate with the targeted group on their own behalf or other persons for its own benefits or other persons apart from service fees associated with the accounting service that have been agreed with its own customers;
3. Providing auditing service to the targeted group who received the accounting services from its self;
4. Improving, changing related information and documents to the accounting service, and reporting the targeted group's financial situation improperly;
5. Violating accounting and auditing ethics being accredited by related authorities and other relevant laws and regulations;
6. Executing rights and duties out of scope being stipulated in article 23 of this regulation;
7. Creating difficulties to the targeted group or disclosing confidentiality of the targeted group without obtaining permissions from the targeted group unless there is an order from related jurisdiction;
8. Allowing an accounting firm who is not accredited by Lao securities commission office to provide accounting service on its own behalf.

Prohibitions for the professional accountants shall be in accordance with Article 69 of the independent auditor law. Professional accountants shall further undertake not to:

1. Receive benefits associated with the targeted group either directly or indirectly mainly receiving or giving bribe, abusing position, abusing duties, abusing power toward the targeted group or requesting other benefits from the targeted group or associated parties to the targeted group on its own behalf or other people who associate with its own service providing for its own benefits or other persons' apart from service fees that have been agreed with its own customers;
2. Provide auditing service to the targeted group who receives its own accounting service;
3. Working for two or more accounting firms at the same time;
4. Improve and change information and documents relating to accounting and financial report of the targeted group in an incorrect manner
5. Lend or borrow a certificate of accounting profession from other people to operate the accounting service;

(Unofficial Translation)

6. Falsify certificate of professional accounting and an accreditation of an accounting expert in the areas of securities from the Lao Securities Commission Office;
7. Violate accounting ethics being accredited by relating authorities and relevant laws and regulations;
8. Executing rights and duties more than the scope as stipulated in Article 24 of this regulation and other related laws and regulations;
9. Creating difficulties to the targeted group or disclosing confidentiality of the targeted group without the targeted group's permission unless there is an order from related jurisdiction;
10. Allowing those who are not accredited by the Lao securities commission office to provide service on its own behalf.

Article 35. Prohibitions for auditing firm and auditor

Prohibitions for auditing firms shall be in accordance with Article 67 of the independent auditor law and Article 140 of Law on securities. Auditing firms shall further undertake not to:

1. Allow employees who are not included in the approved list of its own firm by the Lao Securities Commission to provide auditing services in the securities sector;
2. Receive benefits associated with the targeted group who is provided services by its own firm either directly or indirectly mainly receiving and giving bribe to the targeted group or requesting for other benefits from the targeted group or parties associated with the targeted group on their own behalf or other persons for its own benefits or other persons apart from service fees being agreed with its own customers;
3. Provide accounting and auditing service to the same targeted group;
4. Adjust, edit data and documents relating to accounting and financial report of the targeted group in an incorrect manner;
5. Send unqualified auditors to provide accounting and auditing services to the targeted group;
6. Violate the accounting and auditing ethics as being certified by related authorities and other relevant laws and regulations;
7. Execute rights and duties over the scope being stipulated in article 25 of this regulation;
8. Create difficulties to the targeted group or disclosing confidentiality of the targeted group unless there is an order by related jurisdiction;
9. Assign an auditing firm who are not accredited by the Lao Securities Commission Office to provide auditing service on its own behalf.

Prohibitions for auditors in addition to those stipulated in Article 68 of the independent auditor law and Article 140 of the law on securities shall include the following:

(Unofficial Translation)

1. Having benefits associated with the targeted group that is provided services by the auditor either directly or indirectly mainly receiving or giving bribe, exploiting position, duty, and power or requesting other benefits from the targeted group or associated parties to the targeted group on their own behalf or other persons for its own benefits or other persons apart from the service fees being agreed with its customers;
2. Working at two or more accounting or auditing firms at the same time;
3. Improving, changing information and documents related to accounting and auditing, reporting financial statement of the targeted group in an incorrect manner;
4. Lending or borrowing the professional accounting certificate for conducting the accounting and auditing services;
5. Falsifying a certificate of professional accountant and an accreditation of an auditor in the securities sector from the Lao Securities Commission Office;
6. Violating the accounting and auditing ethics that are accredited by relating authorities and other relevant laws and regulations;
7. Executing rights and duties in the auditing over the scope stated in Article 26 of this regulation;
8. Creating difficulties for the targeted group or disclosing confidentiality of the targeted group to whom it provides services without obtaining permission from the targeted group except for the order from related jurisdiction;
9. Assigned those who are not accredited by the Lao Securities Commission Office to provide accounting and auditing service on its own behalf.

Article 36. Prohibitions for targeted group

Prohibitions for targeted group shall comply with Article 70 of the independent auditor law and there are additional prohibitions as follows:

1. Refusing to provide information and documents relating to the contents of the accounting and auditing services;
2. Reporting, providing information and documents associated with content of the accounting and auditing service provision in a delay, incomplete and incorrect manner.
3. Hiding, destroying data and documents relating to the contents of accounting and auditing services;
4. Interrupting, creating difficulties, threatening the professional accountant or auditor;
5. Giving bribe to accounting firms, professional accountants, auditing firms, auditor and other related persons.

Section 8

Selection, appointment, duration and cancellation of accounting and auditing firms

Article 37. Selection and appointment of accounting and auditing firms

The targeted group may select and appoint the accounting and auditing firm as follows:

1. Selected from the name list of the accounting and auditing firms accredited by the Lao Securities Commission Office to be completed within ninety working days before starting to provide the accounting service, to review or audit;
2. After finishing such selection, the targeted group shall notify the Lao Securities Commission Office in writing within three working days from the date of completing the selection;
3. The targeted group shall notify the Lao Securities Commission Office about the appointment or change of the accounting and auditing firm in writing within five working days from the date of appointing or changing, it shall also notify all shareholders.

Article 38. Duration of providing services of the accounting and auditing firm

The accounting and auditing firm that was accredited by the Lao Securities Commission Office may provide accounting and auditing services to the targeted group not more than five consecutive years and they could provide the service again after three years from the last date of providing the accounting or auditing services;

For counting the services' year for the company registered in 2011 it shall be counted starting from the year of registering;

In case that an accounting and auditing firm provide an accounting or auditing service to any targeted group less than five consecutive years and stops providing the service, it could provide the service again after two years starting from the final date of providing the service;

In case that the accounting and auditing firm provide an accounting and auditing services to any company in order to become securities issuance company or registered company they can continue to provide accounting or auditing service to them for another two years perpetually after that company has already changed its status to the securities issuance company or registered company.

Article 39. Cancellation of accounting or auditing firm

The targeted group may cancel services from the accounting or auditing firm as stipulated in Article 46 and 47 of the independent auditor law and there are additional conditions as follows:

1. The professional accountant or auditor misconduct or lack efficiency in performing their duties;

(Unofficial Translation)

2. The professional accountant or auditor withdraws the certificate by Lao Securities Commission Office without being replaced by a new professional accountant or auditor;

The targeted group shall notify in writing relating to the cancellation of the accounting and auditing firm to Lao Securities Commission Office including shareholders within two working days from the date of cancellation.

Section 9

Supervision and inspection from the Lao Securities Commission Office

Article 40. Supervision and inspection from the Lao Securities Commission Office

Lao Securities Commission Office could follow up and check an audit report to ensure efficiency, accuracy, fairness and transparency of the audit.

The Lao Securities Commission Office is able to request an accounting firm, professional accountant, auditing firm, auditor and the targeted group or related companies to the targeted group to submit document stating comments, a report or to check bookkeeping and other related documents, to inspect the targeted group's business operation and financial position or its related companies'.

Employees of the Lao Securities Commission Office have a duty to check bookkeeping and other documents related to the targeted group or companies associated with the targeted group. They also have a duty to inspect status of business operations and financial position of the targeted group or the companies associated with the targeted group as stipulated in paragraph 2 of this Article to ensure effectiveness of the performance of such duty.

Article 41. Coordination

The Lao Securities Commission Office shall play an active role in coordinating with the accounting chamber, the Lao Institute of certified public accountant and auditor, Accounting department Ministry of Finance and other related parties in supervising the targeted group's operation, when problem occurred they shall together find ways to solve in compliance with laws and regulations.

Section 10

Awards for good performers and measures against violators

Article 42. Awards for good performers

(Unofficial Translation)

The securities issuance company, listed companies, securities company, Lao securities exchange, accounting firm, professional accountant, auditing firm, and auditor being accredited by the Lao Securities Commission Office and others related parties, who are outstanding in implementing this regulation and other laws and regulations relating to accounting and auditing in the securities sector, will be rewarded and receive other policies following specific regulations.

Article 43. Measures against violators

The securities issuance company, registered companies, securities company, Lao securities exchange, professional accounting firm, professional accountant, auditing firm, and auditor being accredited by the Lao Securities Commission Office and other related parties who violate this regulation causing damages to the government, society will be educated, disciplined, penalized and be subjected to administrative fines or responsible for criminal charges following mild or serious case as stated in related laws and regulations and will be imposed additional measures as followings:

1. In case of the first violation that is mild it will be warned in writing from the Lao Securities Commission Office
2. In case of the first violation that is serious it will be warned in writing from the Lao Securities Commission Office and its certificate will be suspended by the Lao Securities Commission Office;
3. In case that after receiving written warning it still continues to violate, the accounting firm and professional accountant, auditing firm and auditor will be withdrawn their certificate obtained from the Lao Securities Commission Office.

Section 11
Final Provisions

Article 44. Implementation

The Lao Securities Commission Office, targeted group, accounting firm, professional accountant, auditing firm, auditor being accredited by the Lao Securities Commission Office and other related agencies shall acknowledge and strictly implement this regulation in accordance with its own rights and duties.

Article 45. Effectiveness

This regulation shall enter into force from the date of signing; any regulation and provision that contradict with this regulation shall be voided.

(Unofficial Translation)

This regulation shall replace Regulation on accounting and auditing in securities sector with ref. no. 013/SEC, dated 10/11/2010.

Chairman of securities management committee

(Signed and sealed)

Dr. Bounphone Boutanavong