



Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity  
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Lao Securities Commission

Ref. No. 018/LSC  
Vientiane Capital, date 27 July 2015

## **Regulation On Stock Issuance**

- Pursuant to the Law on Securities, No. 021/NA, dated 10<sup>th</sup> December 2012;
- Pursuant to the Decree on the Establishment and Operation of Lao Securities Commission, No. 188/NA, dated 24<sup>th</sup> July 2013;
- Pursuant to the Proposal of Lao Securities Commission Office, No. 014/LSCO, dated 29<sup>th</sup> June 2015.

**The Chairman of Lao Securities Commission Regulates that<sup>1</sup>:**

### **Section 1 General Provisions**

#### **Article 1. Objectives**

This regulation prescribes the principles, rules and measures regarding the stocks issuance of companies in Lao PDR to increase its capital or mobilize funding, to alter its shareholding structure and to distribute its stock dividends or stock rewards as bonus; in order to ensure the orderly systematization, transparency, fairness and efficiency of the issuance of stocks.

#### **Article 2. Explanation of terms**

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

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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.

1. **“Stock”** means common stock or preferred stock as stipulated in the Law on Enterprises;
2. **“Issuing company”** means a company that is authorized by the Lao Securities Commission Office to offer its own stocks to investors;
3. **“Financial advisor”** means a securities company that is authorized by the Lao Securities Commission Office to provide services as a financial advisor;
4. **“Guarantor of stocks issuance”** means a securities company that is authorized by the Lao Securities Commission Office to provide services as guarantor of stocks issuance;
5. **“Audit company”** means a company that is registered by the Lao Securities Commission Office to be an audit company in the area of securities;
6. **“Overdue debt”** means debt to persons or juristic persons resulting from failure to repay principal or interest partially or entirely as stated in the loan agreement;
7. **“Information disclosure system of Lao Securities Commission Office”** means information disclosure system through the website of the Lao Securities Commission Office;
8. **“Stock Holding Certificate”** means a letter from a guarantor of stocks issuance to inform investors of the result of stocks allocation from its own stocks subscription;
9. **“Share Premium” means an excess amount received by stock issuance over the par value of its share**

**Article 3. Scope of application**

This regulation shall apply to companies wishing to issue stocks, issuing companies, securities companies, audit companies, persons, juristic persons, organizations and other related parties involved in the issuance of stocks in Lao PDR.

**Article 4. Types of Stocks Issuance**

The Stocks Issuance can be divided into three types: public offering, private placement and rights offering.

## **Section 2 Public Offering**

**Article 5. Public Offering**

The Public Offering refers to an initial or an additional issuance that is widely advertised through mass media, without limitation on the type or group of specific investors which there is investors more than one hundred.

**Article 6. Conditions for the Public Offering**

A company wishing to issue stocks to the public shall meet the following conditions:

1. Being a public company;
2. Established and operating for at least three years except for the case of segregation, merger or transformation into new form of companies from previously established and operated for at least three years;
3. Having a board of directors consisting of independent members of which, at least one-third of the total members which is appointed by the shareholders' meeting;
4. Having an internal audit committee, of which at least three members are appointed by the board of directors. Two-thirds of the members shall be independent directors, of which at least one director must be competent in accounting or finance;
5. Having a capital mobilization and utilization plan which has been approved by a shareholders' meeting;
6. Having financial statements of the most recent financial year from the year of submitting an application and supporting documents to the Lao Securities Commission Office requesting the issuance of stocks. These statements, including the most recent financial statement, shall be audited by an audit company. Before submitting the application and supporting documents for issuing stocks to the public, an audit opinion shall be obtained an unqualified or qualified opinion. It should not be important matter that affects the operation and financial position of the company;
7. Have no changes in the main type of business operation in the last three years;
8. Prior to the date of submitting an application for the Public Offering, record an annual income no less than one billion Kip, having no accumulated loss, for the business operation in the previous year, attained a net profit and have no overdue debt that cannot repay principal and interest partially or entirely as stipulated in the loan agreement;
9. Possess an accreditation of readiness for the issuance of stocks to the public from a financial advisor and the names of persons responsible for providing the financial advice;
10. Having a guarantee for the Public Offering between a company wishing to issue stocks to the public and a guarantor for the stock issuance;
11. Having a plan for the Public Offering, business operation and financial projection at least for the next three years starting from the year of completing the issuance of stocks to the public. Those plans are adopted by the board of directors;
12. Meet other conditions as required by Lao Securities Commission Office.

**Article 7. Supporting documents for an application for the Public Offering**

A company wishing to issue stocks to the public shall submit an application and supporting documents to the Lao Securities Commission Office as follows:

1. An application for the Public Offering based on printed format of the Lao Securities Commission Office;

2. A copy of the enterprise registration certificate and a copy of a concession certificate, where applicable;
3. A copy of the tax identification certificate;
4. A copy of the articles of the company and its subsidiaries, where applicable;
5. A Resolution of the shareholders' meeting concerning the adoption of the the Public Offering;
6. A list of shareholders holding shares in excess of one percent;
7. A names list and brief profile of the board members, internal audit committee and executive members of the company and its subsidiaries, where applicable;
8. A certificate of readiness for the Public Offering issued by a Financial Advisor;
9. A financial statement of the previous financial year from the year of submitting an application and supporting documents for the Public Offering to the Lao Securities Commission Office which have been audited by an audit company;
10. A plan of the Public Offering, a business operation plan and a financial projection at least for the next three years;
11. A prospectus;
12. A guarantee contract for the Public Offering between a company wishing to issue stocks to the public and a guarantor for the issuance of stocks;
13. An opinion from the internal audit committee regarding business management in the past;
14. A certificate issued by the court (penalty notices for legal persons);
15. Any other documents as stipulated by the Lao Securities Commission Office.

A company wishing to issue stocks to the public shall work together with a financial advisor in preparing supporting documents to apply for the Public Offering each time and shall be responsible for the content and information specified in these documents as well as maintains of related working papers for at least ten years.

#### **Article 8. Financial Statements**

Financial statements of a company wishing to issue stocks to the public consist of statement of financial position, income statement, cash flow statement, statement of changes in owners' equity and an explanation of accounting principles, method used, and other relevant information. The financial statements shall be audited by the audit company.

In instances where a group of companies wishing to issue stocks to the public, a financial statement shall illustrate financial information of the separated and consolidated.

Financial statements from the most recent financial year shall be attached to the application for the Public Offering and shall be made in accordance with accounting standards and the same standards as stipulated in related regulations being enforced in each period.

In instances where a company wishing to issue stocks to the public is separated, merged or transformed into a new company, the financial statement for the last one-year shall be made in a form of financial statement assumption.

In instances where a company wishing to issue stocks to the public submits supporting documents for an application for the Public Offering to the Lao Securities Commission Office after 30<sup>th</sup> June, the company shall submit the financial statement for the first half year of the application submission year. That financial statement shall be reviewed by an audit company.

In instances where an important event occurred after the end date of the most recent financial statement submitted to the Lao Securities Commission Office, a company wishing to issue stocks to the public should additionally report this event to the Lao Securities Commission Office in writing as well as disclose such information in prospectus.

#### **Article 9. Prospectus**

Prospectus for a company wishing to issue stocks to the public shall contain the following:

1. Information relating to the company such as risk factors, establishment and business operation history;
2. Information relating to members of an executive management committee, an internal audit committee and the board of directors;
3. Information relating to stocks, e.g. offering for sale method, quantity, set value, selling price, selling price determination, timeframe estimated for issuing stocks, subscribing method, allocation, delivery and stocks transferring conditions;
4. Information detailing names and addresses of securities companies, audit companies, legal consulting companies and other parties associated with the application for the Public Offering;
5. Information relating to a plan for utilizing proceeds and business operation;
6. A list of names of controlled authority;
7. Information relating to legal disputes and related party transactions;
8. Information relating to the financial status of a company wishing to issue stocks to the public. This shall contain the same information as illustrated in the financial statement audited by an audit company.

The prospectus' content shall be prepared on the basis of complete and correct information and it shall be certified by the signature of the Chairman of the board of directors, a chief executive director, the audit department and accounting department of the company wishing to issue stocks to the public, a financial advisor and a guarantor for stocks issuance.

#### **Article 10. A guarantee contract for the Public Offering**

Each time a company wishes to issue stocks to the public, it shall enter into a guarantee contract on stock issuance to the public with a guarantor for the issuance of stocks.

In instances where there is more than one securities company taking part in the guarantee contract for the issuance of stocks, one securities company shall be assigned as a representative to enter into a guarantee contract for stock issuance with the company wishing to issue stocks to the public.

A guarantee of the issuance of stocks can be made in several ways through the provision of assistance in the selling or purchasing some stocks or the entire stocks of the company wishing to issue stocks to the public to ensure the success of the Public Offering.

A guarantee contract for the Public Offering shall contain the following:

1. Name, address of headquarter and legal representative of the company wishing to issue stocks to the public (guarantee recipient) and a guarantor for stocks issuance (guarantee provider);
2. Number, type and total value of stocks being guaranteed and price of stocks being issued;
3. Expected period for the issuance of stocks;
4. Conditions and form of guarantee of issuance of stocks;
5. Rights and obligations of a company wishing to issue stocks to the public and a guarantor for stocks issuance;
6. Fees and fee settlement conditions;
7. Information regarding cancellations, dispute resolution and fines.

**Article 11. Consideration of Application for the Public Offering**

When an application and supporting documents for the Public Offering are complete and accurate, the Lao Securities Commission Office shall consider the application within forty-five days from the date of receiving the application and supporting documents. In case of rejection it shall be notified in writing with reasons.

When considering the application for the Public Offering, where necessary, the Lao Securities Commission Office has the right to request additional documents and information including audit working paper from audit company, and has the right to invite a company wishing to issue stocks to the public, a financial advisor, a guarantor for the stock issuance or other related parties, for a discussion on the application. The Lao Securities Commission Office also has the right to undertake a site visit or collect information about the company and related parties. The company applying to issue stocks and other related parties should facilitate the Lao Securities Commission Office in exercising its duties.

**Article 12. Information disclosure on a plan to issue stocks to the public**

After the Lao Securities Commission Office completely and accurately receives the application and supporting documents for the Public Offering, the company wishing to issue stocks to the public may disclose information relating to the application for the Public Offering, except information regarding price offering and the expected period for the issuance of stocks or other information that is not allowed by the Lao Securities Commission Office to be disclosed.

The company wishing to issue stocks to the public shall report its plan to disclose the information through the media to the Lao Securities Commission Office at least for one working day prior to the date of information disclosure.

**Article 13. Fees for the Public Offering**

A company wishing to issue stocks to the public shall be subject to the following fees:

1. A fee for submitting an application and supporting documents for the Public Offering. This fee shall be fifteen million Kip (15.000.000 Kip) and shall be payable on the date of submission;
2. A license fee for the Public Offering equivalent to 0,03% of the value of stocks requested for issuance, but it shall not be lower than thirty millions Kip (30.000.000 Kip) and it shall be paid within thirty days from the completion date of issuance of stocks to the public;
3. An annual supervision fee valued at ten millions Kip (10.000.000 Kip) and it shall be made within first quarter of each year, except for the year when the stocks are issued to the public for the first time.

**Article 14. Procedures for the Public Offering**

After being approved by the Lao Securities Commission Office to issue stocks to the public, the company applying for the Public Offering shall execute the following procedures:

1. Announce an approval for the Public Offering;
2. Determine the price for the stocks that will be issued to the public;
3. Advertise the stocks issuance to the public through mass media;
4. Subscription process for buying stocks and place deposit;
5. Allocate stocks;
6. Make payments or return the deposit in instances where the subscriber has not been allocated the stocks according to the subscription numbers;
7. Issue stocks holding certificates to stocks' buyers.

The Public Offering shall be completed within ninety days from the date of obtaining an approval to issue the stocks to the public. In instances where the issuance of stocks to the public is not completed within the required period, an issuing company is able to propose to the Lao Securities Commission Office to extend the timeframe for stocks issuance but it shall not exceed thirty days and the request shall be submitted to the Lao Securities Commission Office at least three working days before the end of the given period.

**Article 15. Announcement of an approval to issue stocks to the public**

After being approved to issue stocks to the public by the Lao Securities Commission Office, the stock issuing company shall make an announcement about the approval to issue stocks to the public through mass media for at least five consecutive working days together with publicizing a draft prospectus with no information about price, number and date of issuing through the Information

Disclosure System specified by the Lao Securities Commission Office for at least ten consecutive days before a launching date for stocks subscription at least for ten working days.

**Article 16. Price determination for stocks issuing to the public**

An issuing company shall consult with a financial advisor to determine the stocks' price that will be issued to the public. This consultation shall be completed within sixty days from the date of obtaining an approval to issue stocks to the public from the Lao Securities Commission Office.

The price determination of the stocks being issued to the public can be determined by fixed-price method or book building or any other method approved by the Lao Securities Commission Office.

After completing the price determination and the subscription period the stock issuing company shall report the price determination and the subscription period in writing with an attachment of a complete prospectus and guarantee contract for the stocks issuance to the Lao Securities Commission Office in order to allow an opening for the subscription.

**Article 17. Advertisement for the Public Offering through mass media**

An issuing company shall publicize its prospectus to the public through the disclosure information system as specified by the Lao Securities Commission Office and make an advertisement for stocks issuance to the public through mass media for at least five consecutive days before opening for subscription.

An issuing company shall report to the Lao Securities Commission Office in writing at least one working day prior to the first date of advertising, an advertisement plan for the Public Offering through mass media.

**Article 18. Stocks subscription and Deposits**

Stocks subscription shall be processed through the system and method that is approved by the Lao Securities Commission Office.

An issuing company and a guarantor for the issuance of stock shall distribute the stock subscription to investors, who are interested in buying stocks and a prospectus in hardcopy or electronic file except in instances where investors indicate their intention not to get such prospectus.

When opening for stocks subscription, investors shall transfer the full amount of deposit based on the stock value being subscribed into the guarantor's specific bank account for the stocks subscription opened at a commercial bank in Lao PDR. The investors shall notify the guarantor about the money deposit.

A guarantor of stock issuance shall report daily subscriptions result to the Lao Securities Commission Office within one working day following the subscription result.

During the period of stocks subscription, the investor who subscribed for the stocks and put money deposit cannot cancel its subscription unless otherwise agreed.



**Article 19. Stocks allocation**

After the investors have completed the stocks subscription and placed money deposits into the specific bank account for stocks subscription, the guarantor shall allocate stocks to the investors who subscribed stocks in accordance with the allocation method being specified in the prospectus that is approved by the Lao Securities Commission Office.

**Article 20. Payment or Reimbursement of deposit**

In instances where stock subscribers have not been allocated the stocks with the amount they subscribed entirely or partially, a guarantor shall return the entire or residual deposit to the investor who subscribed the stocks within five working days from the end date of the stocks issuance.

In instances where such period has expired the guarantor for issuing stocks shall be responsible for reimbursing the entire or residual deposit, to the stock subscribers, plus an interest in accordance to the saving interest rate of a corresponding bank of the guarantor during that period.

After completing payment or reimbursement deposit procedures, a guarantor for stocks issuance shall transfer all money from the specific bank account for stocks subscription into a specific bank account for funds accumulated from the stock issuing company opened at a commercial bank in Lao PDR.

**Article 21. Issuance of stock holding certificates**

A guarantor for the issuance of stocks shall issue stock holding certificates to stocks' subscribers within ten working days from the end date of stocks issuance to the public to certify number of stocks allocated to the subscribers.

A stock holding certificate shall include the following information:

1. Name and address of the stock issuing company;
2. Name, address and nationality of a stock buyer;
3. Identity number of a stock buyer (ID of foreign investor) in a case of foreign investor;
4. Bank account of a stock buyer;
5. Number of total subscribed stocks and allocated stocks, determined value and price of stocks issued, total value of subscribed stocks, total value of allocated stocks and amount of deposit being reimbursed;
6. Date of issue of a stock holding certificate;
7. Signature and stamp of the guarantor for stocks issuance.

In instances where there are several securities companies jointly guarantee for the issuing stocks, one of the securities companies shall be appointed as their representative to enter into a guarantee contract with the stock issuing company to be responsible for issuing stock holding certificates to shareholders.

**Article 22. Report on result of the Public Offering**

A stock-issuing company shall report the results of the Public Offering to the Lao Securities Commission Office in writing within five working days from the final

day of stocks issuance to the public as being specified by the Lao Securities Commission Office.

**Article 23. Certifying the result of the Public Offering**

The Lao Securities Commission Office shall certify the result of the Public Offering within five working days from the date of receiving the report on result of the Public Offering as prescribed in Article 22 of this regulation.

In instances where the results of the Public Offering is less than eighty percent (80%) of the total amount of stocks issued to the public it means that such stocks issuance is unsuccessful. The guarantor for the stocks issuance and the stock issuing company shall return money to investors who subscribed to buy the stocks within five working days from the date of receiving a confirmation of the result on the stocks issuance to the public. In instances where the money cannot be returned within such period, the guarantor and the stock issuing company shall be responsible for returning the entire amount of money to the stock's subscribers together with the interest in accordance with the saving interest rate of the correspondent bank of the guarantor during that period.

**Article 24. The use of proceeds**

An issuing company will be able to use the proceeds obtained from the Public Offering after completing the registration for increasing capital from Ministry of Industry and Commerce. In instances where the stocks being issued for stockholding restructuring, the stock issuing company will be able to use the proceeds acquired from the issuance of the stocks to the public only when receiving a certification of a successful stocks issuance to the public from the Lao Securities Commission Office.

**Article 25. Report on the use of proceeds**

An issuing company shall report, in writing, on the use of proceeds to the Lao Securities Commission Office. This shall be done within thirty days from the end of each quarter until all proceeds have been used. .

**Article 26. Suspension of the Public Offering**

The Lao Securities Commission Office has the right to suspend the Public Offering for a maximum of sixty days when inaccurate information is provided or procedures of issuance of stocks to the public are not complied with as prescribed in Article 14 of this Regulation which cause or may cause damage to the investors.

In instances where there is a suspension of the Public Offering, an issuing company shall make an announcement to the public regarding such suspension through mass media within five consecutive working days starting from the date of receiving a notice from the Lao Securities Commission Office, indicating the suspension of the Public Offering. An issuing company shall accept a withdrawal of stocks subscription when there is a request to withdraw the subscription from the investors who subscribed for stocks with the company. The money received from the subscribers shall be fully returned to the subscribers within fifteen working days starting from the date of receiving the request. When the required period is overdue and the deposit cannot be returned entirely or partly to the subscribers the guarantor

and the stock issuing company shall be responsible for reimbursing the deposit, entirely or partly, to the subscribers and shall also reimburse any interest accrued in accordance with the saving interest rate of the corresponding bank of the guarantor during that period.

After resolving the issues surrounding the suspension, the Lao Securities Commission Office shall issue a notice to revoke the suspension and allow the the Public Offering. The stock issuing company shall make an announcement to the public regarding the notice of revocation of the suspension through mass media for at least five consecutive working days starting from the date of receiving the notice on the revocation of the suspension.

#### **Article 27. Revocation of the Public Offering**

The Lao Securities Commission Office has the right to revoke the Public Offering in the following cases:

1. An issuing company cannot resolve the suspension issues within sixty days as prescribed in Article 26 of this Regulation;
2. An issuing company proposes to revoke the issuance of stocks to the public in accordance with the resolution of shareholders' meeting;
3. The court's orders or decision that can be unquestionably imposed are not followed;
4. Other cases as being stipulated by the Lao Securities Commission Office.

Within five working days after receiving a notice of revocation of the Public Offering from the Lao Securities Commission Office, an issuing company shall make a public announcement of such notice through mass media for at least five consecutive working days and shall reimburse the subscribers within ten working days starting from the date of receiving the notice about the revocation of the Public Offering.

In instances where the stock issuing company fails to refund the subscribers within the period prescribed in paragraph 2 of this Article, the guarantor and an issuing company shall be responsible for returning all money, including interest accrued, to the subscribers in accordance with the saving interest rate of the corresponding bank of the guarantor during that period.

#### **Article 28. Prohibition**

A company wishing to issue stocks to the public, an issuing company, a Securities Company, an Audit Company, legal persons and other relevant parties to the issuance of stocks to the public are prohibited from undertaking activities either directly or indirectly as prescribed in Articles 135 and 136 of the Law on Securities. In addition, the following is also prohibited:

1. Selling or buying of stocks by legal persons issued to a limited circle as prescribed in paragraph 10 of Article 30 of this Regulation.

### **Section 3**

#### **Private Placement**

##### **Article 29. Private Placement**

The Private Placement is an issuance of stocks to eligible institutional and individual investors as determined by the Lao Securities Commission Office. It is an issuance of stocks to investors between thirty to one hundred in number. The accumulated capital in total shall not exceed hundred billion Kip during a one-year period.

In instances where the proceeds' value exceeds hundred billion Kip in one year, it will be regarded as the Public Offering.

##### **Article 30. Conditions for the Private Placement**

A company wishing to issue stocks to the Private placement shall satisfy the following conditions:

1. Be a public company;
2. Established and operating for at least one year except for the case of segregation, merger or transform into other types of companies;
3. Having a board of directors consisting of independent directors of which, at least one-third of the total members of the board of directors is appointed by a shareholders' meeting;
4. Having an internal audit committee consisting of at least three members who are appointed by the board of directors and two-thirds of the members shall be independent directors, of which at least one director must be proficient in accounting or finance;
5. Having a capital raising plan and a capital utilization plan which have been approved by a shareholders' meeting;
6. Having financial statements of the latest year starting from the date of submission of the application and supporting documents for the Private Placement. These statements shall be audited by an audit company;
7. Having the ability to be profit making, with a sound financial status and no due debts;
8. Possess a certification of readiness in the Private Placement from a financial advisor together with the list of names of personnel working in a financial advisory team;
9. Having a plan for the Private Placement, for business operation and for financial projection at least for the next three years starting from the year of completing the stocks issuance to a limited circle. These plans shall be certified by the board of directors;
10. Stocks issued to a limited circle could not be bought and sold within at least six months from the end date of the Private Placement;
11. Any other conditions as stipulated by the Lao Securities Commission Office.

**Article 31. Supporting documents in applying for the Private Placement**

A company wishing to issue stocks to a limited circle shall submit an application and supporting documents to the Lao Securities Commission Office as follows:

1. An application for the Private Placement in keeping with the format required by the Lao Securities Commission Office;
2. A copy of the enterprise registration certificate and a copy of the concession certificate, where applicable;
3. A copy of the tax identification certificate;
4. A copy of the company's articles;
5. A Resolution of the shareholders' meeting concerning an approval of the Private Placement;
6. A list of names of shareholders holding shares of at least one percent;
7. A list of names and brief profile of members of a board of directors, internal audit committee and members of executive board of the company;
8. A readiness certified letter for the Private Placement obtained from a financial advisor;
9. Financial statements, which have been audited by an audit company, of the most recent year, from the year of the submission of the application and supporting documents to the Lao Securities Commission Office for the Private Placement;
10. A plan for the Private Placement, a plan for business operation and financial projection at least for the next three years;
11. A prospectus;
12. A guarantee contract between a company wishing to issue stocks to limited circle and a guarantor for stocks issuance (if applicable);
13. Any other documents as required by the Lao Securities Commission Office.

A company wishing to issue stocks to a limited circle shall collaborate with a financial advisor in preparing supporting documents to apply for the Private Placement each time and shall be responsible for the content and information specified therein and shall keep records of relevant processing documents for at least ten years.

**Article 32. Fees relating to the Private Placement**

A company wishing to issue stocks to a limited circle shall pay the following fees:

1. A fee for submitting an application and supporting documents for the Private Placement amounting to fifteen millions Kip (15.000.000 Kip). This fee shall be made at the time of submission of the application;
2. A license fee for the Private Placement equivalent to 0,02% of the total value of the stocks requested to be issued, but shall not be lower than thirty millions Kip (30.000.000 Kip) and this fee shall be made within thirty days from the final date of the stocks issuance;

3. An annual supervision fee at valued of ten millions Kip (10.000.000 Kip) and this fee shall be made within the first quarter of each year, except for the first year of the issuance of the stocks.

**Article 33. Procedures for the Private Placement**

After obtaining approval from the Lao Securities Commission Office, the stock issuing company shall issue the stocks to targeted stocks buyers in compliance with the following procedures:

1. Advertise the stocks issuance to the Private Placement;
2. Determine the stock's price that will be issued to limited circle;
3. Subscribe for stocks and the pay relevant deposit;
4. Allocate stocks;
5. Make payment;
6. Issue stocks holding certificates.

The Private Placement shall be completed within ninety days from the date of approval to issue stock. In instances where the Private Placement is unable to be completed within such period, the stock issuing company may propose to the Lao Securities Commission Office to extend the issuance period provided that it shall not exceed thirty days and the proposal shall be submitted to the Lao Securities Commission Office at least three working days before the end of the given period.

**Article 34. Price determination for stocks issuing to Private Placement**

An issuing company shall collaborate with a financial advisor to determine a price for stocks being issued to targeted investors.

A price determination of stocks being issued to Private Placement shall not be lower than ninety percent of any following price:

1. A previous average stocks' closing price shall not be lower than seven working days and not exceed fifteen consecutive working days before the date of determining the stocks' price in case of being registered company;
2. A stock's fixed-price or a stock's price determined by survey of a demand for stocks or other methods that are approved by the Lao Securities Commission Office. [This read in collaboration with the chapeau doesn't read well]

**Article 35. Application on provisions of the Public Offering for the Private Placement**

Notwithstanding the provisions set forth in this section, the financial statements, a prospectus, the guarantee agreement, the consideration of an application for stock issuance, a report of the stock issuance result, the use of proceeds, a report of the use of proceeds, the suspension of stocks issuance, a revocation of stocks issuance and a prohibition of the Private Placement shall be in compliance with the provision of the Public Offering as stipulated in Section 2 of this Regulations.

## **Section 4**

### **Right Offering**

#### **Article 36. Right Offering**

Right Offering refers to the issuance of stocks by an issuing company or a listing company by granting priority to existing shareholders in buying company's stocks with an allocating portion and method as a resolution of a shareholders' meeting.

#### **Article 37. Conditions for the Right Offering**

A company wishing to issue stocks to an existing stockholder shall satisfy the following conditions:

1. Having a capital raising plan and capital utilization plan which has been approved by a shareholders' meeting;
2. Possess a certificate of readiness for the Right Offering from a financial advisor together with a list of names of personnel being responsible for the provisions of the financial advisory services;
3. Be guaranteed for the Right Offering between a company wishing to issue stocks to an existing stockholders and a guarantee for stocks issuance;
4. Having a plan for the Right Offering, for business operations, and for financial projection at least for the next three years from the year of completing the stocks issuance to an existing stockholders with an approval from the board of directors;
5. Any other conditions as required by Lao Securities Commission Office.

#### **Article 38. Supporting documents to apply for the Right Offering**

A company wishing to issue stocks to an existing stockholders shall submit an application and supporting documents to the Lao Securities Commission Office as follows:

1. An application for the Right Offering based on printed format of the Lao Securities Commission Office;
2. A Resolution of the shareholders' meeting that agreed to the issuance of stocks to an existing stockholders;
3. A list of the names of shareholders who hold shares for more than one percent;
4. A certificate of readiness for the issuance of stocks to former stockholders issued by a financial advisor;
5. A plan for issuing stocks to an existing stockholders, for business operation, and for financial projection at least for the next three years;
6. A prospectus;
7. A guarantee agreement for the Right Offering between a company wishing to issue stocks to an existing stockholders and a guarantor for stocks issuance;

8. Any other documents as required by the Lao Securities Commission Office.

A company wishing to issue stocks to an existing stockholders shall collaborate with a financial advisor in preparing supporting documents to apply for the Right Offering each time, and shall be responsible for the content and information specified therein. The company shall also keep records of relevant documents for at least ten years.

**Article 39. Fees for the Right Offering**

A company wishing to issue stocks to an existing stockholders shall pay the following fees:

1. A fee for submitting an application and supporting documents for the Right Offering amounting to fifteen millions Kip (15.000.000 Kip). This fee shall be made on the date of submission of such application;
2. A license fee for the Right Offering equivalent to 0,02% of the stocks' value being issued but shall not be lower than thirty millions Kip (30.000.000 Kip). This fee shall be paid within thirty days from the date of completing the application for the issuance of stocks to the former stockholders;
3. An annual supervision fee of ten millions Kip (10.000.000 Kip). This fee shall be paid within the first quarter of each year except for the year of issuing the stocks for the first time.

**Article 40. An application on provisions of the Public Offering for the Right Offering**

Notwithstanding the provisions set forth in this section, the prospectus, the guarantee agreement for stocks issuance, the consideration of an application for stock issuance, procedures of stocks issuance, a report of results of the stock issuance, the use of proceeds, a report about the use of proceeds, the suspension, the revocation of stock issuance and the prohibition relating to the Right Offering shall be in compliance with provisions of the Public as stipulated in section 2 of this Regulations.

## **Section 5**

### **Policy on Persons with Achievement and Sanctions against Violators**

**Article 41. Policy on Persons with Achievement**

A company wishing to issue stocks, an issuing company, securities company, audit company, person, juristic persons, organization and other relevant parties to the issuance of stocks who have outstanding performance in implementing this regulation, shall be complimented and receive other rewards in accordance with the regulations.



**Article 42. Sanctions against Violators**

A company wishing to issue stocks, an issuing company, securities company, audit company, person, juristic person, organization and other relevant parties to the issuance of stocks who violate this regulation resulting in damages to the public sector, society, person or juristic person, shall be reprimanded, disciplined, fined or charged with a criminal offences in accordance with Articles 166, 167, 168, 169 and 170 of the law on securities and other related laws and regulations.

In instances where there is a violation of the conditions set out in point 1 of Article 28 of this regulation, the following shall be applied:

1. Legal persons that buy or sell stocks issued to a limited circle set forth in point 10 of Article 30 of this regulation will be fined once as much as the profit gained from selling or buying. In cases where no profits are gained from selling or buying, the violator shall be fined between one to three million Kip;
2. Using a share premium to offset the loss of an issuing company will be fined twice of fund used as offset the loss, together with refund that amount to a reserve of share premium

**Section 6**  
**Final Provisions**

**Article 43. Implementation**

The Lao Securities Commission Office, companies wishing to issue stocks, issuing companies, securities companies, audit firms, person, juristic persons, organization and related parties participating in issuing the stocks shall acknowledge and strictly implement this regulation within its own scope of rights and duties.

**Article 44. Effectiveness**

This Regulation shall replace an Agreement on regulation regarding an issuance and an offer for sale of the stock to the public with Ref.No.008/SEC dated 21 July 2010.

This Regulation shall have been from the date of signature. Any rules and provisions that contradict this regulation shall be void.

**Chairman of the Lao Securities Commission**

*Stamp & Signature*

Dr. Bounpone Bouttanavong