



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

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Lao Securities Commission

No.: 003/LSC

Vientiane Capital, dated: 8 December 2015

**Regulation
on Approval of Asset Valuation Companies**

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

The Chairman of the Lao Securities Commission regulates that:

**Chapter 1
General Provisions**

Article 1 Objectives

This Regulation prescribes the conditions for approval, scope of rights, duties and measures regarding domestic or foreign asset valuation companies to facilitate the provision of asset valuation services relating to securities activities to a targeted group in the Lao PDR in order to ensure the orderly, transparent and fair business operations.

Article 2 Scope of Application

This Regulation shall be applied to domestic or foreign asset valuation companies, targeted group and other parties involved in providing asset valuation services regarding securities activities in the Lao PDR.

Article 3 Definitions

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

¹ Although every effort has been made to convey the meaning and effect of each provision of the original Lao language version as accurately as possible, this English translation does not carry any legal authority. Only the original Lao text has legal force; this English translation is strictly for reference.

1. **Domestic asset valuation company** means a company providing asset valuation services that is established and operated in compliance with relevant laws and regulations of the Lao PDR;
2. **Foreign asset valuation company** means a company providing asset valuation services that is established and operated in accordance with relevant laws and regulations of foreign jurisdiction;
3. **Approval of asset valuation company** means the approval granted by the Lao Securities Commission Office, allowing an asset valuation company to provide asset valuation services relating to securities activities to a targeted group in the Lao PDR;
4. **Targeted group** means potential issuers, issuers, listed companies, securities intermediaries and other juristic persons relating to securities activities that use asset valuation services provided by an asset valuation company;
5. **Asset** means land, property, machine, equipment, lease contract, concession contract, patent or intellectual property that can be valued in compliance with applicable valuation standards;
6. **Property** means tower, building, factory, plant, dam, and infrastructure;
7. **Equipment** means other invention used in facilitating manufacturing processes and business operations;
8. **Patent** means an exclusive right granted by a government authority to protect new invention with a creative process and can be used in the industrial manufacturing;
9. **Intellectual property** means the results of human intelligence in designing and producing a property.

Chapter 2

Approval of Asset Valuation Companies and Asset Valuation Professionals

Article 4 The Application for Asset Valuation Company Approval

An asset valuation company wishing to provide asset valuation service to a targeted group shall satisfy the conditions prescribed in Article 5 and shall submit its an application and supporting documents to the Lao Securities Commission Office for considering the approval in accordance with Article 6 of this Regulation.

Article 5 Conditions for the Asset Valuation Company Approval

An approval of an asset valuation company shall satisfy the following conditions:

1. having a minimum registered capital of five hundred million Kip (500,000,000 Kip);
2. being a domestic asset valuation company or a foreign asset valuation company in the list of asset valuation companies approved by a jurisdiction which is a member of the International Organisation of Securities Commissions (IOSCO) or being in the list of asset valuation companies approved by a foreign securities supervisory authority which has signed the MOU with the securities supervisory authority of the Lao PDR;
3. having a good reputation and experience in conducting asset valuation services;
4. having a sound and secure internal control system;

5. having at least two asset valuation professionals with an asset valuation practitioner certificate or a certificate of registration of asset valuation professional issued by a domestic or foreign securities supervisory authority and relevant asset valuation business association;
6. having sound financial status or operating a business with a profit in the latest financial year prior to submission of application documents for approval to the Lao Securities Commission Office, except for a newly established asset valuation company.

Article 6 Application Documents for Asset Valuation Company Approval

The application documents for an asset valuation company approval comprise the following documents:

1. an application pursuant to the form of the Lao Securities Commission Office;
2. a copy of a business incorporation certificate or an enterprise registration certificate of an asset valuation company;
3. a name list of asset valuation officers having an asset valuation practitioner certificate or a certificate of registration of asset valuation professional issued by a domestic or foreign securities supervisory authority and relevant asset valuation business association;
4. a copy of an asset valuation company's charter;
5. business operation report and the latest financial statements prior to submission of application documents for approval to the Lao Securities Commission Office, except for a newly established asset valuation company;
6. annual business operating plan in the Lao PDR after obtaining the approval certificate.

Article 7 Consideration of Application for Asset Valuation Company Approval

The Lao Securities Commission Office shall consider or reject the application document for an asset valuation company approval within 30 days from the date of receiving complete and accurate application documents. In case of rejection, the Lao Securities Commission Office shall provide a response in writing together with reasons of rejection.

Article 8 Conditions for Asset Valuation Professional Approval

An approval for an asset valuation professional shall satisfy the following conditions:

1. having a specific technical knowledge such as accounting, finance, banking, business administration, economics, marketing, statistics, legal and other relevant sectors for assisting the management to operate business with at least two years of experience in asset valuation;
2. having at least two consecutive years of experience in asset valuation prior to submission of application documents for approval to the Lao Securities Commission Office;
3. for an asset valuation professional with asset valuation related bachelor's degree shall have at least two years of experience in asset valuation.

Article 9 Application for Asset Valuation Professional Approval

Application documents for an asset valuation professional approval comprise the following documents:

1. an application pursuant to the form of the Lao Securities Commission Office;
2. a brief biography of asset valuation professional(s) wishing to obtain an approval and renew the approval of an asset valuation professional pursuant to the form of the Lao Securities Commission Office;
3. a copy of an asset valuation practitioner certificate or a certificate of asset valuation professional granted by a domestic or foreign securities supervisory authority and relevant asset valuation business association;
4. certificate of criminal record issued no later than three months;
5. certificate of residence or passport.

Article 10 Consideration of Asset Valuation Professional Approval

The Lao Securities Commission Office shall consider or reject the application for an asset valuation professional approval within 30 days from the date of receiving complete and accurate application documents. In case of rejection, the Lao Securities Commission Office shall provide a response in writing together with reasons for rejection.

Article 11 Approval Period for Asset Valuation Company and Asset Valuation Professional

The approval for an asset valuation company and an asset valuation professional shall be expired in a three year period as from the date of obtaining the approval.

Article 12 Renewal of Asset Valuation Company and Asset Valuation Professional Approval

An asset valuation company and an asset valuation professional wishing to renew the approval for the purpose of continuing its provision of asset valuation services shall satisfy the conditions as prescribed in Article 5 and Article 8 and shall submit application documents as prescribed in Article 6 and Article 9 of this Regulation to the Lao Securities Commission Office in at least forty-five days prior to the expiry of approval period.

Chapter 3

Scope of Provision of Asset Valuation Services

Article 13 Scope of Provision of Asset Valuation Services

An approved asset valuation company may provide asset valuation services to targeted group within the following scope:

1. Valuation of land;
2. Valuation of property;
3. Valuation of machine;
4. Valuation of equipment;
5. Valuation of lease contract;
6. Valuation of concession contract;
7. Valuation of patent or intellectual property.

The valuation of a targeted group's assets shall be consistent with market value and shall apply asset valuation principles that are consistent with the Lao Accounting System or International Financial Reporting Standards (IFRS);

Where an asset valuation company wishing to provide asset valuation services to a targeted group relating to activities other than securities, such a company shall obtain an approval from other relevant authority.

Article 14 Rights and Duties of Asset Valuation Company

An asset valuation company shall have the following rights and duties:

1. to provide services as prescribed in Article 13 of this Regulation;
2. to keep and maintain confidential information and documents of a targeted group for the period of provision of valuation services and the period of 10 years following the completion of such services;
3. to exercise rights and perform duties as stipulated in the agreement with a targeted group;
4. to pay fees as prescribed in Article 16 of this Regulation and to pay tax and other fees relating to its services to the Government of the Lao PDR as prescribed in the applicable laws and regulations;
5. to exercise other rights and perform other duties as prescribed by the Lao Securities Commission Office in each period.

Article 15 Report on Asset Valuation

An asset valuation company shall report its operation to the Lao Securities Commission Office as follows:

1. report on business operation in the Lao PDR on a quarterly basis within fifteen days as from the end of each quarter;
2. report on business operation in the Lao PDR on an annual basis within ninety days as from the end of each financial year;
3. a draft agreement and a detailed operating plan in providing asset valuation services to a Targeted group in each period;
4. a copy of agreement on provision of asset valuation services with a targeted group;
5. report on changes of asset valuation professional(s), e.g. name and surname, and their brief biography within fifteen days as from the date of changes.

An asset valuation company shall provide the reports with contents as stipulated by the Lao Securities Commission Office in each period.

Article 16 Fees relating to Asset Valuation Company and Asset Valuation Professional Approval

An asset valuation company and asset valuation professional wishing to provide asset valuation services shall pay the Lao Securities Commission Office any fees relating to the approval as follows:

1. a fee for the grant of a certificate of approval of an asset valuation company amounted twenty million Kip (20,000,000 Kip) and the grant of a certificate of approval of an asset valuation professional amounted two million Kip (2,000,000 Kip) per person and such fees shall be paid on the date of obtaining the relevant certificate of approval;
2. a fee for the renewal of certificate of approval of an asset valuation company amounted ten million Kip (10,000,000 Kip) and the renewal of certificate of approval of an asset valuation professional amounted two million Kip

- (2,000,000 Kip) per person and such fees shall be paid on the date of obtaining the renewal of the relevant certificate of approval;
3. an annual supervision fee for an asset valuation company amounted ten million Kip (10,000,000 Kip) and an annual fee for an asset valuation professional amounted one million Kip (1,000,000 Kip) per person and such fees shall be paid within the first quarter of the following year. In the event that an asset valuation company does not sign any agreement to provide asset valuation services to a targeted group within a particular year, such a company and an asset valuation professional shall not be subject to the payment of an annual supervision fee for that particular year.

Article 17 Sanctions Against Violators

In case where an asset valuation company violates this Regulation, it shall be fined depending on the following cases:

1. providing asset valuation services without obtaining an approval from the Lao Securities Commission Office, a fine of one hundred million Kip (100,000,000 Kip) shall be applied;
2. providing asset valuation services other than prescribed in Article 13 of this Regulation, a fine of fifty million Kip (50,000,000 Kip) shall be applied;
3. failing to keep and maintain confidential information and documents of a targeted group for the period of provision of asset valuation services and a ten year period following the completion of such services, a fine of fifty million Kip (50,000,000 Kip) shall be applied;
4. failing to report on its operation to the Lao Securities Commission Office on time as prescribed in Article 15 of this Regulation, a fine of ten million Kip (10,000,000 Kip) shall be applied;
5. failing to report or report incorrect or incomplete information on its operation to the Lao Securities Commission Office as prescribed in Article 15 of this regulation, a fine of fifteen million Kip (15,000,000 Kip) shall be applied;

In case where a targeted group using services provided by an asset valuation company that does not obtain an approval from the Lao Securities Commission Office, a fine of one hundred million Kip (100,000,000 Kip) shall be applied.

Chapter 4
Final Provisions

Article 18 Implementation

Asset valuation companies, targeted group, persons and other related parties shall strictly acknowledge and implement this Regulation in accordance with its scope of rights and duties.

Article 19 Effectiveness

This Regulation shall be enter into force as from the date of signature.

Chairman of the Lao Securities Commission

(Signature and seal)

Bounpone Boudtanavong