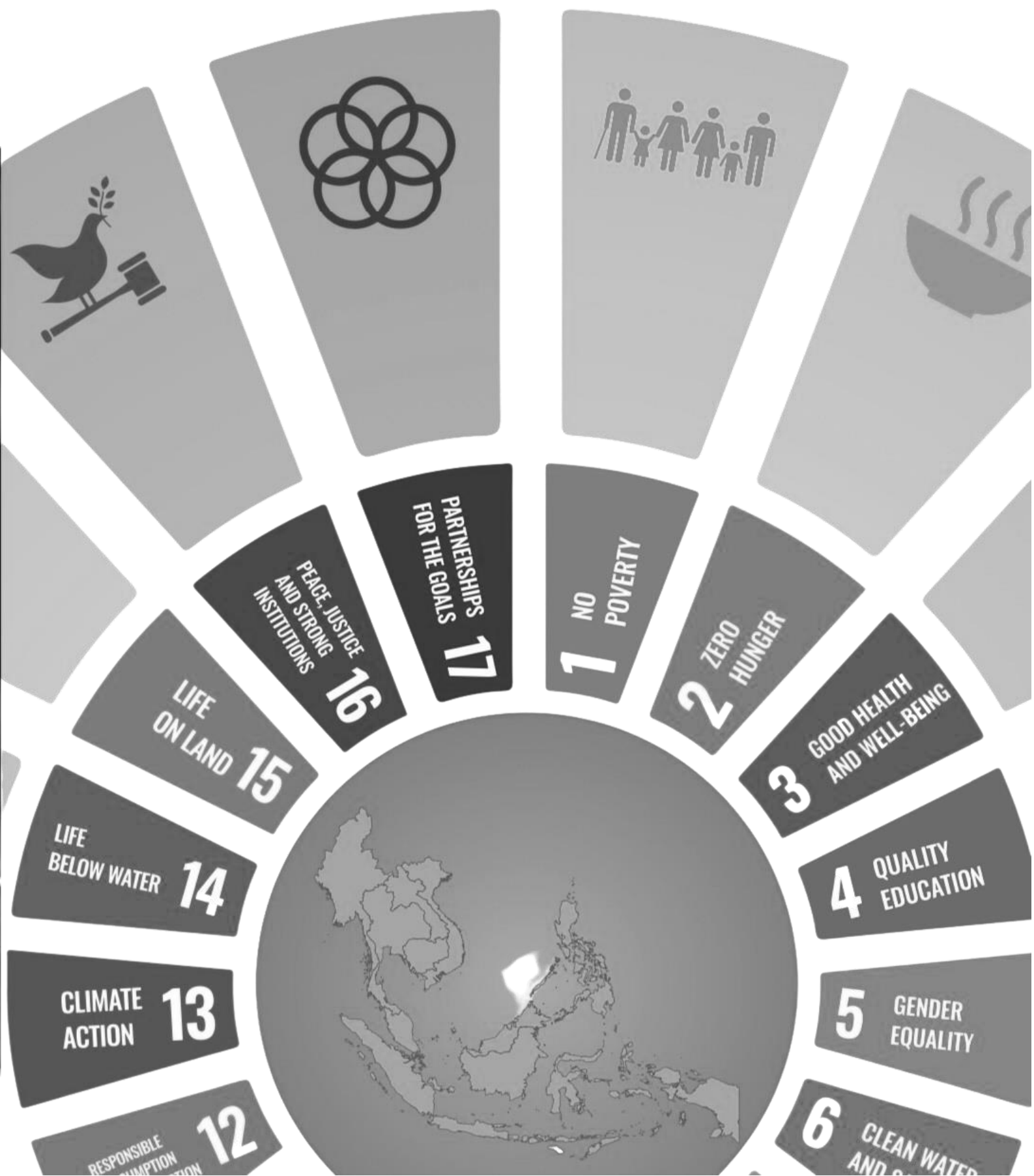


ASEAN SDG Bond Toolkit

Supplement: Legal and Regulatory Aspects for Lao PDR



Introduction

Over the past years, the Lao PDR Government has been actively developing the bond market in Lao PDR. Of note, was the opening of the first capital market in the Lao PDR, Lao Securities Exchange, on 10 October 2010. Recently, in June 2022, the bank of Laos PDR announced a 5,000,000,000,000 Kip bond with have a 6-month maturity and a one-time non-transferable interest payment rate of 20% per year.

It is natural that the green, social and sustainability bonds (GSS Bonds) market in Lao PDR is still at its nascent stages of growth, but with interest sparking among potential issuers and investors, there is great potential for growth.

Executive Summary

Lao PDR issuers

Both private entity and public sector Lao PDR issuers are allowed to issue GSS and SDG Bonds. While there are no mandatory requirements for issuances of GSS/SDG Bonds, private entity issuers generally make reference to international standards.

There are no specific incentives for issuers of GSS/SDG bonds.

Lao PDR investors

Only Lao PDR incorporated companies and Lao PDR government entities are permitted to issue bonds to investors in Lao PDR. A foreign company is permitted to issue bonds in Lao PDR and must comply with the Law on Securities (Amended), No. 79/NA, date: 03/12/2019.

Investors in Lao PDR are allowed to invest in GSS and SDG bonds in the same way as non-GSS/SDG bonds. There are no additional incentives for investors in GSS/SDG bonds.





Offers of GSS/SDG Bonds do not have specific requirements that they must comply with. Both public offers and private placement of bonds are permitted, subject to conditions.

A. Information for Issuers in Lao PDR

1. Are there any regulations around issuances of GSS and SDG Bonds?

There are no specific regulations on GSS and SDG Bonds. These will be governed by regulations that apply to all bonds.

2. Can bonds be issued by private and public sector entities in Lao PDR?

	Private Placement <i>Offers not made to the general public</i>	Public Placement <i>Offers made to the public</i>
Private Entity Issuers <i>Private companies and other entities</i>	 Yes, if the issuer is a company incorporated in Lao PDR.	 Yes, if the issuer is a company incorporated in Lao PDR.
Public Sector Issuers <i>Government bodies and agencies</i>	 Yes.	 Yes.

3. What key requirements must issuers in Lao PDR fulfil to issue GSS and SDG Bonds?

	Private Placement <i>Offers not made to the general public</i>	Public Placement <i>Offers made to the public</i>
Corporate Form	Company incorporated in Lao PDR.	
Currency	Bonds must be denominated in Lao kip and any other currencies approved by the Lao Securities Commission Office (LSCO).	
Governing Law	Bonds issued to investors in Lao PDR must be governed by the laws of Lao PDR.	
GSS/SDG Bonds Specific Requirements	<p>None.</p> <p>Green bond issuers can make reference to the following international standards:</p> <ul style="list-style-type: none"> (a) International Capital Market Association (ICMA) Green Bond Principles 2021 (b) ICMA Social Bond Principles 2021 (c) ICMA Sustainability Bond Guidelines 2021 (d) ASEAN Capital Markets Forum (ACMF) ASEAN Green Bond Standards 2018 (e) ACMF ASEAN Social Bond Standards 2018 (f) ACMF ASEAN Sustainability Bond Standards 2018 	
Listing Requirements	<p>Issuers can list their bonds on the Laos Stock Exchange (LSX), subject to the requirements under the Regulation on Bond Listing. Some of the key requirements include:</p> <ul style="list-style-type: none"> • Issuer: The issuer must be approved by LSX and must comply with LSX's disclosure requirements. • Nominal value: The total nominal value of the bond must be at least LAK3 billion and the total tradable portion of the bond shall be at least LAK2 billion. • Public offers: The offering must comply with the requirements for a public offering. • Registration: Registration with the Settlement and Depository Department of the LSX is required. • Prospectus: Unless any exemptions apply, bond issuances must be accompanied by a prospectus or offering memorandum. • Transferability: Bonds must be freely transferable. 	

Specific requirements for public (government) issuers	The Government of Laos is able to issue bonds.
Specific requirements for foreign issuers)	A foreign company is permitted to issue bonds in Lao PDR and must comply with the Law on Securities (Amended), No. 79/NA, date: 03/12/2019. However, the foreign company may be the guarantor to support the creditability of the issuer incorporated in Lao PDR.

4. Are there any incentives for issuers of GSS Bonds or SDG Bonds?

There are no incentives for issuers of GSS or SDG Bonds at this time as there is no specific regulations to support the GSS Bonds or SDG Bonds.

5. Other comments





None.

B. Information for Investors in Lao PDR

1. Are there any regulations around offers of GSS and SDG Bonds to investors in Lao PDR?

There are no specific requirements for GSS and SDG Bonds. Bond issuances must comply with the Law on Securities (Amended) No. 79/NA, date: 03/12/2019, the Regulation on Issuance of Corporate Bonds No.20/LSC, date: 23/06/2021 and the regulation on the supervision on domestic investors investing in securities abroad, No. 23/LSC, date: 16/07/2021.

2. Can investors in Lao PDR subscribe for SDG and GSS Bonds?

	Private Placement <i>Offers not made to the general public</i>	Public Placement <i>Offers made to the public</i>
Private Entity Issuers <i>Private companies and other entities</i>	 Yes, subject to the requirements below.	 Yes, subject to the requirements below.
Public Sector Issuers <i>Government bodies and agencies</i>	 Yes, subject to the requirements below.	 Yes, subject to the requirements below.

3. Are there any incentives for investors investing in GSS Bonds or SDG Bonds?

No, there are no specific incentives for investors investing in GSS Bonds or SDG Bonds.

4. When can an offer be made to investors in Lao PDR without a prospectus?

The Law on Securities provides for the issuance of securities via private placement.

Private placement is permitted for offers of corporate bonds to 100 investors in the space of 1 year, subject to the following requirements:

- Institutional investors must hold at least 80% of the issuance amount;
- the issuer must have been established and operating for at least 1 year;
- LSCO approval is required for the private placement;
- a prospectus and financial information stipulated by the LSCO must be provided; and
- the bond must have a credit rating.

C. Notable developments

The LSCO has been striving for companies to use the capital market as the main mechanism to raise funds and to recover the economy after the post-pandemic period by providing tax exemptions to listed companies and implement policies to enable listed companies to issue different types of financial instruments to the public.



About Ashurst

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In Singapore, through our Formal Law Alliance, known as Ashurst ADT Law, we are able to provide the full breadth of Singapore and international law services from one integrated platform.

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About Lao Law & Consultancy Group

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