LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPECRITY

ตะຫຼາດຫຼັກຊັບລາວ
LAO SECURITIES EXCHANGE

Ref. No. 787/LSX
Vientiane capital, dated: 19 JUL 2022

Guideline
on Online Securities Account Opening

- Pursuant to the Law on Securities (Amended), Ref. No. 79/NA, dated 3 December 2019;
- Pursuant to the Regulation on Market Operation, Ref. No. 010/LSX, dated 18 December 2018;
- Pursuant to the Decision on Know Your Customer and Customer Due Diligence, Ref. No. 01/NCC, Dated 15 January 2016.

Chief Executive Officer of the Lao Securities Exchange hereby issues the following Guideline:

Section 1
General Provisions

Article 1 Objective

This Guideline prescribe principles, procedures, mechanisms, and measures regarding providing customer service with online securities account opening of membership to ensure the fairness and instancy of such activities in order to improve the membership customer service to be modern, convenient, and instant as well as be able to contribute to the development of the capital market in Laos.

Article 2 Online Securities Account Opening

Online Securities Account Opening means the process of the membership performing an online account opening service to the investors in the form of Non-face-to-face interaction. The investors who have the purpose of opening an online securities account shall fill out the personal details and submit the identity documents themselves through membership electronic platform.

Article 3 Definitions

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

1. **Securities account** means the account for trading stock, bond or other type of securities which are listed in the Laos Securities Exchange;

2. **Electronic platform** means the electronic system which was used by the membership in order to provide Non-face-to-face account opening services to the investors such as: website, mobile application, etc. to reduce hand in original documents in form of face-to-face interaction if not necessary;

3. **Membership** means general membership of Lao Securities Exchange who have a right to receive buying order and selling order form the investors and place these orders through trading system;

4. **Investor** means individual or juristic person both domestic and foreign, who propose and successfully propose opening online securities account.

Article 4 Principle

Online securities account opening shall be conducted pursuant to the following primary principles:

1. To be convenient, fast, modern, secure, reliable, transparent and uninterrupted;
2. To be effective equal to or better than face-to-face customer service;
3. To ensure the process of collecting conduct identification, verification, and gathering relevant information are accurate;
4. To be confidential;
5. To prevent and reduce money laundering risks in securities transactions;
6. To ensure the compliance with the relevant laws and regulations.

Article 5 Scope of Application

This Guideline shall be used by membership, investors, and relevant parties, who operates securities transactions through the Lao Securities Exchange.

Section 2
Procedure and Mechanism of Online Securities Account Opening

Article 6 Information and Required Documents for Online Securities Account Opening

1. The membership shall verify and collect investor information in detail as follows:
   1.1. Name and surname;
   1.2. ID number or business registration number;
   1.3. Nationality;

1.4. Foreign investment registration number (in case of foreigner);

1.5. Investor ID for bond account;

1.6. Investor type;

1.7. Address and telephone number;

1.8. Cash account number and cash transfer password;

1.9. Securities account number and password.

2. The membership shall collect identity document of each investor types who proposes to open securities account as defined in Attachment 1.

Article 7 Procedure of Online Securities Account Opening

Opening an online securities account shall conform to the internal regulations of the membership and shall comply with the following procedures:

1. The investor shall submit information and identity documents, or proof of identity through the membership electronic platform. The document shall be high-definition, clear, and high quality equal or better than face-to-face customer service;

2. The membership shall collect investor information and identity documents, or proof of identity as defined in article 6 of this Guideline. The document shall be high-definition, clear, and high quality equal or better than face-to-face customer service;

3. The membership shall verify the accuracy, consistency, recency of information and identity documents as well as verify the validity of the documents to prove that they belong to the person or the authorized person (if have) who wants to verify his/her identity by relying on reliable sources such as Ministry of National Defense, Ministry of Foreign Affairs, Ministry of Labour and Social Welfare or other reliable sources;

3.1. The membership shall authenticate information and identity documents to prevent identity fraud. For instance, requiring the investors take a real-time selfie with an original identity card or passport and then noticing such documents have an unusual point or not, fake or not and other methods as appropriate;

3.2. The membership shall perform in person verification in order to against the investors use stolen credentials and personal data to open account in the names of individuals without their knowledge. For instance, performing a VDO conference with the investors to notice their face, attitude, and behavior. In addition, the membership can use facial recognition or biometric fingerprints in the process of identifying or verifying the identity of a person and other methods as appropriate;

3.3. The membership shall perform personal contract verification to ensure the membership can actually be able to be contacted or sent important information through such channels as automated confirmation via SMS or email with joining link verification, automated confirmation via SMS with One Time Password (OTP) verification, or other methods as appropriate.

4. The membership shall propose to request foreign investor ID form Lao Securities Exchange:

4.1. In case of foreign individual or institution investor whom have a purpose to open stock account, after complete verification, the membership shall propose to request foreign investor ID form Lao Securities Exchange as prescribed in relevant regulations;

4.2. In case of individual or institution investor both domestic and foreign whom have a purpose to open bond account, after complete verification, the membership shall propose to request investor ID from Lao Securities Exchange as prescribed in relevant regulations.

5. The membership shall consider opening an online securities account within the period as defined in article 8 of this Guideline;

6. Notify the investor when online opening account registration is successful, in case of the application is denied shall notify to the investor along with reason.

Article 8 Consideration on Opening Online Account

Consider opening an online account within 5 business days form the date of receiving completeness and accuracy of information and identity documents. In case of the application is denied the membership shall notify investors along with reasons.

During the consideration period, in case it is deemed necessary, the membership have the right to request additional information and identity documents or request them to clarify or provide information as appropriate.

Article 9 System Support the Online Securities Account Opening

The membership shall have their own electronic platform in order to support an online securities account opened in various ways such as rental systems, self-development systems, or hiring external software development to guarantee standards, uninterrupted, and secure usage as well as being able to relevant parties.

The membership shall manage and maintain their own electronic platform in order to provide the accuracy, normality, continuance and security of the system.

Article 10 Management and Storage of Information

Membership shall maintain information and identity documents including photos and sound (if have), and details of the online account opening on security systems for the period of at least ten years after the end of closing securities account.

Membership shall prescribe internal policies and processes regarding maintain information appropriately, tightly, and meet standards consistent with pattern and prevent risk of providing services such as receiving, storage, access, delivery and destruction of data, including consistent monitoring of such policy practices.

Section 3
Rights and Duties of the Lao Securities Exchange, Membership, and Investors

Article 11 Rights and Duties of the Lao Securities Exchange

The Lao Securities Exchange shall have the following rights and duties:

1. To facilitate the membership who want to create, develop or improve an electronic platform to support online account opening activities;

2. To supervise, and monitor the performing rights and duties of the membership in accordance with this Guideline and relevant regulations;

3. To issue Investor ID as required by membership;

4. To request information in which membership manage;

5. To exercise other rights and perform other duties in accordance with applicable laws and regulation.

Article 12 Rights and Duties of Membership

The membership shall have the following rights and duties:

1. To study and create a manual or guide in order to extend this Guideline, support online account opening activities, be an internal measure as well as be a guidance for investors;

2. To verify the accuracy, consistency, recency of information and identity documents of investors before proving services;

3. To consider on opening or closing or editing securities accounts as proposed by the investors;

4. To propose to request Investor ID from Lao Securities Exchange;

5. To study, create, develop or improve electronic platforms in order to enable the capacity of performing an online account opening and responsible for the cost of creating, developing, improving and maintenance the system;

6. To access, use, disclose, provide, edit, or delete data in which membership manage as proposed by investors;

7. To keep investor data secure and prevent Cyber Crime;

8. To manage and maintain data appropriately as well as in accordance with patterns and risk of business;

9. To provide data in which membership manage to relevant parties as proposed;

10. To exercise other rights and perform other duties in accordance with applicable laws and regulation.

Article 13 Rights and Duties of Investors

The investors shall have the following rights and duties:

1. To propose opening or closing or editing securities accounts with membership;

2. To pay the opening or closing or editing securities account fee to membership (If have);

3. To provide information and identity documents themselves through the membership electronic platform;

4. To guarantee the accuracy, consistency, and completeness of information and documents which are provided;

5. To complain to relevant parties whenever receiving unfair or poor management and storage of electronic information of the membership;

6. To exercise other rights and perform other duties in accordance with applicable laws and regulations.

Section 4
Final Provision

Article 14 Implementation

Lao Securities Exchange, members, investors and relevant parties shall recognize, implement this Guideline within the authorized scope of own rights and duties tightly.

Article 15 Effectiveness

This Guideline shall be effective after the date of signing.

CEO of Lao Securities Exchange

Lao Securities Exchange Co.,Ltd

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Attachment 1

1. Individual KYC

1.1. Domestic Individual:

- Name and surname.
- Date of birth;
- Identity card;
- Age and occupation;
- Certificate of address or family book and current address;
- Workplace;
- Telephone number , fax and email;
- Signature;
- Other necessary documents or as future determine by Anti-Money laundering Intelligence Office (AMLIO).

1.2. Foreign Individual:

- Name and surname;
- Date of birth;
- Nationality, age and occupation;
- Identity card and passport;
- Resident card (for a person who allow to live and work permanently in Lao PDR);
- Certificate of address or family book and current address in their own country and Lao PDR;
- Workplace in their own country and Lao PDR;
- Telephone number, Fax and Email;
- Signature;
- Other necessary documents or as future determine by Anti-Money laundering Intelligence Office (AMLIO).

2. Entity KYC

The membership shall collect information and evidence or document of the entity in detail as follows:

- Company name;
- Location of business;
- Telephone number, fax and email;

- Enterprise registration number and a copy of enterprise business operation license which is not valid;
- Securities business operation number and a copy of securities business operation license which is not valid;
- Tax registration number and a copy of tax registration license which is not valid;
- A power of attorney which is signed by the authorized director with company seal and gives authorized person to act on behalf as the entity;
- Other necessary documents or as future determine by Anti-Money laundering Intelligence Office (AMLIO).

3. Organization KYC

- Organization name;
- Location of organization;
- Telephone number, fax and email;
- A power of attorney gives authorized person to act on behalf as the organization;
- A power of attorney which is signed by the authorized director with organization seal;
- Other necessary documents or as future determine by Anti-Money laundering Intelligence Office (AMLIO).