

Lao stock exchange slated for next year

The Bank of the Lao announced on Friday plans to establish a stock exchange market next year, on which companies can buy and sell their investment shares.

But the government of the bank, Mr. Phouphet Khamphounvong, said the market would not be as modern as in foreign countries.

This will be a primary exchange market, where companies be only be able to sell their shares, “he said in an interview with Vientiane Times on Friday , after presiding over a seminar on the Prime Ministerial Decree on Stock Exchanges at the Bank in Vientiane, attended by more than 90 officials from the central bank, ministries and state enterprises .

The government plan to establish a permanent stock exchange market by 2010.

He said the market would be located at the central bank, and would be equipped with some basic market requirements to facilitate exchanges between business. There would be a room in the put aside for the market, he added.

Mr. Phouphet the government had assigned the bank of the Lao P.D.R to lead the establishment of the stock exchange market, that he had proposed to the government that after the market was established, it should be transformed into an independent organization to ensure its effective management.

He said the bank was now in the process of drafting the Prime Ministerial Decree on Stock Exchange Markets to support the establishment of the market in Laos. He said the bank would submit the draft to the government for approval next month.

At this stage, there are still a number of issues which the bank will need to agree on before it can send the decree to the Prime Minister to sign, according to a statement from the bank

Besides drafting this legal document, the bank plans to spend the rest of the year focusing on running seminars, workshops and training for those officials who will eventually work for the stock market.

The bank would also send some of its officials to see how the stock exchange works in foreign countries, Mr. Phouphet said.

“If the government approves the draft, we will be able to announce the decree in use so that companies and enterprises can adapt to new situation enabling them buy and sell their shares “ he said.

After the stock market is establish, the bank’s next task will be to enact the decree as part of the country’s laws to ensure the sustainable development of the market in the future, he added.

Mr. Phouphet explained the main benefit of having a stock exchange market as away of drawing fund for investment.

Many business representatives at Friday's seminar said that if Laos has its own stock exchange market, business management in Laos would eventually become more transparent because companies would be required to disclose their investment shares.

They also pointed out that many state enterprises-would need to be privatized before entering the stock exchange market.

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