



LAO PEOPLE DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Ministry of Finance

No. 3381/MOF
Vientiane Capital, 18 November 2013

**Regulation on
The Management of the Registry Office
For Security Interests in Movable Assets**

- Pursuant to the Law on Secured Transactions, No. 06/NA dated 20 May 2005 (Law);
- Pursuant to the Decree on the Implementation of the Law on Secured Transactions, No. 178/PM dated 20 June 2011 (Decree);
- Pursuant to the Decree on the Establishment and Activities of the Ministry of Finance, No. 80/PM, dated 28 February

The Minister of Finance Issues a Regulation as follows:

**Chapter I
General Provisions**

Article 1 Objective

This Regulation determines the principles, regulations, methods and procedure on the electronic registration of the notice of security interests in moveable assets in order to permit a secured creditor to register a notice of security interest in movable collateral that secures one or more obligations of a debtor. A notice is registered to publicize the existence of a security interest in the described collateral to alert third parties who may wish to take an interest in the collateral. By registering a notice, a secured creditor establishes priority with respect to competing interests of third parties.

Article 2 Definition

1. Terms that are defined in the Law or in the Decree shall have the same meaning when used in this regulation;
2. Other terms used in this regulation shall be defined as follow:

Lien – an interest in movable assets to secure the loan payment to the State organizations or other persons who holds security in debtor’s movable assets pursuant to the Law.

Notice – this term shall include initial notices of security interest or lien, and change notices, i.e. change notice, continuation notice and termination notice, unless otherwise provided in the Law, Decree or this Regulation.

Prior interest – an interest in movable assets that exists on the date the registry office becomes operational and which would be subject to the Law and the Decree if it had been entered into after the Decree became effective and the registry office was operational. Prior interest includes a pledge, a sale with retained title and any other interest in movable assets that secures an obligation of any type.

Article 3 Scope of Application

This Regulation applies to the electronic registration of the notice of security interests in moveable assets, including security interest in cash, present and future incomes, accounts receivables, products and proceeds of movable assets.

Chapter II

Establishment and Operation

Article 4 Establishment of Registry Office

The Office for electronic registration of security interests in movable assets is established in accordance with this Regulation.

The legal status, role, organizational structure, powers and duties of registry office shall be defined in specific regulations issued by Ministry of Finance

Article 5 Operation of the Registry Office

The Office for electronic registration of security interests in movable assets which is established, operated, maintained and improved the electronic and software system has the objective to ensure the registration of security interests to be on time effective with the aims to facilitate the operation and improvement of the system from time to time.

The hours of operation of the registry office for registration of documents and searching the database through web-site are 24 hours per day, 7 days per week.

If the electronic registration system of registry office database has to be temporarily taken out of operation for maintenance, the registry office has to post the anticipated time of completion of the maintenance on its website.

Article 6 Form of Service of the Registry Office

The forms of service of the registry office are as follow:

1. The registry office will provide for electronic registration of notices and searching for information on registered notices through its website. There will be no use of paper for registration;
2. Notices will be effective immediately upon acceptance by the registry system and the results of searches will include all effective notices at the time of the search.

Article 7 Language for Registration

1. Information will be entered in Lao, except where otherwise indicated in this regulation;
2. Instructions, field labels, Help and other fixed content on the registry user interfaces may be viewed in Lao or in English, as selected by the user.

Chapter III

Notices of Security Interests and Liens

Article 8 Notices of Security Interests

Notices of security interests shall meet the following requirements:

1. Unless otherwise provided in this Article, the requirements for a notice of security interest will apply to a notice of lien;
2. A notice of security interest may be registered by the government for a tax obligation, by a judgment enforcement officer for the case of court judgment enforcement or by a court or by a receiver for the case of insolvency proceeding;
3. The registry office will indicate that the notice is a notice of security interest in the record of the notice;
4. For notices of security, the government organization, court or insolvency receiver will be treated as a secured creditor, and the taxpayer, judgment debtor or insolvent person will be treated as a debtor.

Article 9 Content of Initial Notice

The contents of the initial notice of security interests or liens are as follows:

1. There must be one or more debtors identified in a notice. For each debtor, the following information shall or may be provided, as indicated:
 - a. The type of debtor shall be indicated. The types are:
 - (1) Citizen of the Lao PDR;
 - (2) Foreigner;
 - (3) Lao or registered foreign enterprise;
 - (4) Unregistered foreign enterprise.
 - b. Each debtor shall be identified as indicated:
 - (1) If the debtor is a Lao citizen: the debtor's first name and family name shall be entered in separate fields in Lao characters. If the debtor has only first name, it shall be entered in the first name field and also the number of the identity card of 13 characters and digits of the debtor. If the digits are not reached 13 digits, the digit 0 shall be added ahead of number of the identity card.
 - (2) If the debtor is a foreigner: the debtor's family name shall be entered in Latin characters exactly as it appears on the debtor's passport and the number of the foreigner identity card issued by the Ministry of Public Security. The debtor's first name(s) shall be entered in Latin characters in separate fields and the name of the country as it appears on the debtor's passport;
 - (3) If the debtor is a Lao or registered foreign enterprise, its enterprise registration number and the name of the enterprise shall be entered in Lao characters.
 - (4) If the debtor is an unregistered foreign enterprise, its name as it appears in the documents of its incorporation shall be entered in Latin characters. If the name appeared in its incorporation is not in Latin characters, an exact transliteration to Latin characters shall be entered.
 - c. Each debtor's address shall be provided as indicated:

The Numbers of the House or Unit, name of the village or road (if any), district, province and country shall be entered.
2. There must be one or more secured creditors in a notice. For each secured creditor, the following information shall or may be provided, as indicated:
 - a. Each secured creditor's name shall be entered in a single field, regardless of type;
 - b. The secured creditor's full address, including the house or unit number, village or road, province and country, shall be entered, and the district may be entered;
 - c. The secured creditor's phone number and e-mail address may be entered.

3. The collateral must be described in at least one of the following ways:
 - a. A narrative description of the collateral may be entered. The description may be specific or generic. If the collateral is a fixture, the description shall include a description of the immovable assets to which the collateral is or is to become affixed;
 - b. The collateral serial number (VIN) of a motor vehicle may be entered in a formatted field that is searchable. If more than one vehicle is included in the collateral, additional numbers may be entered in separate iterations of the formatted field;
 - c. If the collateral description is long and exists in a separate document, the secured creditor may convert it into PDF format and attach the description to the notice information.
4. Only for notices of security interest, the following statistical information shall be provided for the internal use of the registry office. This information will be separated from the public notice information, and the statistical information for any particular registration will be protected from public disclosure. The registry office may make aggregate statistical information public.
 - a. The amount of the secured obligation shall be stated. If the obligation is a line of credit or other obligation for which the value varies, the maximum value permitted by the security agreement, e.g. the limit of the line of credit will be deemed to be the value of the obligation;
 - b. The size of the debtor shall be disclosed by selection of one of the following options:
 - (1) The transaction secures the debtor's purchase of personal or household items
 - (2) The debtor is a business with 1 or 2 employees;
 - (3) The debtor is a business with between 3 and 9 employees;
 - (4) The debtor is a business with between 10 and 99 employees;
 - (5) The debtor has 100 or more employees.

Article 10 Change Notices related to an Initial Notice

There are several types of notices that may be registered to change something in an initial notice. Those are: amended notice, continuation of the effectiveness of the notice and termination of the effectiveness of the notice as to one or more secured creditors. Each notice of change will be linked to the initial notice by the initial notice's registration number, which must be entered by the registrant to initiate the registration process. Each change notice must be authorized by at least one existing secured creditor, who shall be identified by the registrant.

The rules for registration of each type of change notice are as follow:

1. An amended notice changes at least one fact in the notice, but does not affect the effectiveness or expiry date of the notice. The amended notice will include all of the information required for an initial notice; that is, it will include the amended elements and those that are unchanged. The amended notice must include at least one debtor, one secured creditor and at least one type of collateral descriptor;
2. Continuation of a notice's effectiveness operates to extend the expiry date by five years. A continuation notice may only be registered in the six-month period ending on the expiry date;
3. A termination notice is a notice of the termination of registration of security interests. A termination notice does not cause the notice to be deleted, but only shows that the notice's status has been changed. A termination notice may be registered only before the effectiveness of the notice expires. The two modes of termination are:
 - a. A termination notice may be registered by or on behalf of a secured creditor(s) to terminate the effectiveness of the initial notice as to the authorizing secured creditor(s). There may be more than one termination notice registered for an initial notice if different secured creditors register separate notices of termination;
 - b. If the secured creditor fails to register a termination notice upon extinguishment of the secured obligation; or if the debtor determines that a registered notice in which the debtor is named is inaccurate or ineffective; or if there is another reason for which a debtor determines that a registered notice's effectiveness should be terminated, the debtor may initiate a termination notice by requesting a court of competent jurisdiction to issue an order to terminate such registration. Then, the debtor may deliver the order to the registry office. The registry staff will enter the termination into the registration system with indication of the name of the court which authorized to terminate such notice.

Article 11 Review and Submission of Registration Information

1. After all information in a notice is entered by the registrant, it will be presented by the system in summary form for review. The registrant will review it for accuracy before submitting it to the registry database. If any errors are found, the registrant may correct them before submission. Once submitted, the information cannot be changed and will be immediately available to searchers.
2. If the submitted information includes an error that makes it ineffective as notice of the security interest, the risk of loss is borne by the secured creditor. The registry office is not responsible for the accuracy or truth of information in a notice, except insofar as an inaccuracy may have been caused by a malfunction of the registry office's IT system.

Article 12 Reasons and Procedure of Rejection of Registration

1. If the information submitted by the registrant has an error that is detected by the registry system, the system will not accept the notice to the database until the error is corrected. The system will immediately display the error and the necessary corrective action. The registrant may make the correction and re-submit.
2. The reasons for which the registry system will reject a notice include:
 - a. A mandatory field is not filled in any kind of notice;
 - b. A field that calls for a specific type of data, e.g. alpha or numeric, includes a non-conforming type;
 - c. The required fee has not been paid or provided for by the registrant's account maintained by the registry office;
 - d. In the case of a change notice related to an initial notice:
 - (1) The registration number of the initial registration to which the change relates is an invalid number or the number of a registration that has expired;
 - (2) At least one authorizing secured creditor is not identified.
 - e. In the case of a continuation notice, it is not within the six month period before the expiry date.

Article 13 Confirmation of Registration

When a registrant submits a notice that is not rejected, the registry IT system will generate a printable confirmation that the registrant may print or save to document the registration.

Article 14 Automatic Acceptance or Rejection of Notice

Automatic acceptance or rejection of notice shall operate as follows:

1. The registry office staff will not inspect a notice to determine whether it is legally sufficient. The registry system will determine whether the information entered for a notice is sufficient for registration based on the criteria set out in Articles 9, 10 and 12 above. If it is not sufficient, the registry system will immediately notify the registrant and identify the necessary corrective action. The notice will not be registered until it meets the minimum requirements for registration as defined by the Law, the Decree and this regulation;
2. When the information that is entered is sufficient for registration, the registry system will accept the notice and generate a confirmation of

registration that the user may print as proof of registration. The confirmation will include the date and time of registration, the registration number assigned by the registry office and all information in the registered notice.

Article 15 Registry Office Duties on the Registration Inspection

To inspect the registration, the registry Office has the following rights and duties:

1. To generate a unique registration number for each registered notice, such as: initial notice or change notice;
2. To implement safeguards to automatically validate the registration number when it is subsequently used by the registrant to initiate a change notice related to the initial notice;
3. To create relation between the change notice to the initial notice according to the registration number of the initial notice;
4. To indicate the date and time of registration of each initial notice and related change notice;
5. To maintain the record of each notice for public inspection until its effectiveness expires upon expiration of five years from the date of registration of the initial notice, unless a continuation notice is registered before the expiry date, in such case the record will be maintained until the new expiry date at the end of the continuation period;
6. To retain expired notices in a non-public archive for at least five years after the final expiration date of the notices. The information may be retrieved only by the registry staff in case of necessity to be used as proofs for litigation in the court proceeding.

Chapter IV

Search for Information of Registered Notices

Article 16 Means of Access to Registration System for Searching Information on Registered Notices.

Any individual may search any information in the information system as follow:

1. Any persons may search the information on registered notices by searching the registry database via the use of a service provider or by using the registry office's website, without logging any user ID and

password, and without paying any fees, and without logging any identification codes or proof of necessity for such information request;

2. Any persons may obtain a certified result of the search by logging in the registry office website and may request a search of certified information only. The persons in question shall be the searcher, and the registry office's IT system will generate the search result, and a certificate of registry Office will show the date and time of the search and conditions for searching. The IT system will indicate the number of the search result and retain a copy in the database. If the searcher needs the original certificate, the relevant authorized staff of the registry Office may print the search result and provide the searcher an original certificate. In such case, a service fee will be charged.

Article 17 Types of Search

The searcher of information may select the type of search criterion on which the search will be done. The types of search criteria are:

- a. The registration number of an initial notice;
- b. The debtor's identity;
- c. The enterprise registration number;
- d. The serial number (VIN) of a motor vehicle

1. Search by registration number of initial notice

If the search is conducted by the registration number of an initial notice, the searcher will enter the registration number of the initial notice. The registry system will search the database for an effective notice for which the registration number exactly matches the number entered. If there is an effective notice so identified, the initial notice and all related changed notices will be displayed. If there is no effective notice with the number, the registry system will display a search result stating no exact matches found. The searcher may print or save a printable version of the result.

2. Search by debtor's identity

If the search is conducted by the debtor's identity, the searcher must select the type of debtor on which the search is to be done. The options are: Lao citizen; foreigner; Lao or registered foreign enterprise; and unregistered foreign enterprise. The registry system will search for notice records in which the debtor is identified in the initial notice and/or any change notices. The criterion and logic for searching by each type of debtor are as follow:

- a. If the debtor is a Lao citizen, the searcher will enter the name and family name of the debtor in Lao characters in the specific field. If the debtor has

only the name, the searcher shall write the word “None” in the family name field and/or enter the 13 digits of the debtor’s identity card. If the digits are not reached 13 digits, the digit 0 shall be added ahead of number of the identity card. The registry system will search the information in the database for effective notices for which the debtor’s first name and family name and/or the number of the identity card exactly match those entered by the searcher;

- b. If the searcher is a foreigner, the searcher will enter the first name and family name in Latin characters as it appears in the passport. The registry system will search the database for effective notices for which an entry in the debtor’s first name and family names field exactly matches first name and family name as entered by the searcher with no needs to enter the name in such field.

3. Search of enterprise number or enterprise registration number in the license certificate in the investment in concession sector

If the debtor is a Lao or registered foreign enterprise, the searcher will enter the enterprise registration number of the enterprise. The registry system will search the database for effective notices for which a debtor’s enterprise registration number exactly matches the number entered.

If the debtor is an unregistered foreign enterprise, the searcher will enter the name of its organization in Latin characters. If the name is not in Latin characters, the searcher will enter an exact transliteration to Latin characters. The registry system will change the name in normalization by (1) removing the name that will not cause the specific name, such as “The” and “and” or the words in acronym or expression indicated the type of legal entity; (2) removing the vowels, specific characters and specific codes; (3) keeping the remaining characters, and afterwards, the registry system will search the description of the unregistered foreign enterprises in the database for effective notices for which the names exactly match the names as entered. If the effective notices are found, the initial notices and all related changed notices for each will be displayed. If no effective notices are found, the registry system will display a result stating no exact matches found. The searcher may print or save a printable version of the result.

4. Search of serial number (VIN) of motor vehicle

If the search is by serial number (VIN) of the vehicle, the searcher will enter the vehicle serial number (VIN) of the vehicle. The registry system will search the database for effective notices for which the vehicle serial number exactly matches the number entered. If the effective notices are found, the initial notices and all related changed notices for each will be

displayed. If no effective notices are found, the registry system will display a result stating no exact matches found. The searcher may print or save a printable version of the result.

Chapter V

Transition of Period for Security Interests in Movable Assets Occurred before the Establishment of System

Article 18 Notice of Prior Interest

The secured creditor in any prior interest may register a notice of the interest in the registry office on the same terms and conditions applied to a new security interest.

Article 19 Priority of Prior Interests

The rules of priority for prior security interests are the same as of the new security interests as described in Article 15 and other Articles of the Decree.

Chapter VI

Payment of Fees and Control of Access to Registry Office

Article 20 Basis for Determination of Fee Registration Service

1. The Minister of Finance shall collect the fees according to be used for the operation of the registry office and for the office maintenance. The fees will be determined at ad valorem rates depending on the type of transaction, for instance, fee for initial notice, fee for search;
2. There shall be no fee for registration of a termination notice or for doing an uncertified search online;
3. At the end of each fiscal year, the Ministry of Finance shall review the revenue flow from fees and the costs of operation of the registry office, and shall issue a decision to adjust the fees charged for registry office services, if the adjustment is necessary to satisfy the requirement of clause 1.

Article 21 Service potentially Subject to Fee Collection

1. A service fee of 20,000 Kip shall be charged for initial notice, change notice and continuation notice, and certified search result;
2. Fees shall not be charged for registration of termination notice;

3. Fees shall not be charged for notice of lien as tax obligations or change notice of such lien.

Article 22 Methods of Payment of Service Charge and Control of Access to Registry

1. The registry office may, by written agreement, permit regular institutional users of the registry office to establish accounts with the registry office to which fees may be charged and through which they may control access by individuals employed by the institutional user. Such institutional users will hereinafter be referred to as “clients”;
 - a. A client may be a financial institution or any other business, no matter how it is organized, including registered enterprises and individual entrepreneurs;
 - b. A client must provide its contact details and designate one or more persons who will have authority to maintain the client’s account and to add, change or disable any individual users of the account who may register notices and conduct certified searches, and may charge the fees to the client account;
 - c. The client will be responsible for actions of its individual users and for ensuring use of appropriate security measures such as regular change of passwords by individual users and disabling access of individual users when they leave the employment of the client;
 - d. Fees for each registry transaction will be charged to the client’s account upon completion of the transaction, and will be linked in the client account record to the transaction and to the individual user who did it;
 - e. All of the fees charged to the client account for a month will be compiled by the registry system into an electronic statement and posted to the client account record on the registry office website. Access to the client account information, including the statement, will be controlled by password and user rights. Notification of such record on the website will be forwarded to the authorized agents of the client through email.
2. The registry office will permit one-off registrants to log in to the registry office website and to register notices and conduct certified searches if they make payment in advance of service to the Registry Office. The registrant must identify itself and provide contact information when logging in to the registry office website. The registry system will permit such registrants to conduct transactions for as many transactions as they have made payment;
3. Payments by clients and one-off registrants may be made as follows:
 - a. Payment by credit or debit card to be taken in the future.
 - i. An authorized individual user of a client account may log in to the registry office website and select the credit or debit card payment option. The user will enter the card details and the amount of the charge fee, and the registry system will perform the authorization and settlement transactions, and credit the payment to the client account;

- ii. A one-off registrant may elect the credit or debit card payment option when logging in to the registry office website. The registrant will enter the card details, and the registry system will conduct an authorization-only transaction for an amount set by the registry office in the system. If the authorization-only transaction is approved, the registrant may conduct transactions and then log out. The registry system will then conduct the full authorization and settlement transactions for the full amount;
- b. Payment through Bank
 - i. The Ministry of Finance will establish a registry office bank account by agreement with any Banks for the purpose of receiving payments and entering them into the registry system. The Bank will receive payments from clients and one-off registrants, issue them a numbered receipt, and enter payment data and the receipt number into the registry system via a special interface. The Registry office bank account(s) will be identified on the Registry office website.
 - ii. A client may make a payment on the monthly statement by providing its client account number to the Registry Office's Bank with its payment. The client account number will be used to link the payment to the client account in the registry system, and the amount will be credited to the client account;
 - iii. A one-off registrant may determine the amount of fees for the registry transaction(s) he or she wants to do from the fee schedule on the registry office website. The registrant may, upon providing proof of his/her identity, make the payment to any branch of Registry Office Bank and then log in to the registry office website using the receipt number. The registry system will link the registrant's session to the payment by the receipt number and permit the registrant to do as many fee-based transactions as the payment will cover. If the registrant does not consume all of the payment for fees in the session, the balance will remain available for future sessions of the registrant for a period of 30 days, after which time it will be forfeited to the registry office.
- c. Inter-bank transfer

A client may pay its monthly statement balance by making an inter-bank transfer from its bank account to the registry office's account at Registry's Bank. The client must provide its client account number in the transfer transaction. Registry's Bank will upload a file at least daily to the registry system to credit the transfer payments to the appropriate client accounts.

Chapter VII

Final Provision

Article 23 Implementation

The Department of State Assets Management of the Ministry of Finance is the principal to implement this Regulation.

Article 24 Effectiveness

The Regulation takes effect from the date of signature and all registration of notices of security interests on moveable assets shall be complied with the regulations and procedures provided for in this Regulation.

Minister of Finance

(Signature & Seal)

Phouphet Khamphouvong