

*Hanoi, 26 November 2019*

## **LAW ON SECURITIES**

*Pursuant to the Constitution of the Socialist Republic of Vietnam;  
The National Assembly promulgates the Law on Securities.*

### **CHAPTER I GENERAL PROVISIONS**

#### **Article 1. Scope of regulation**

This Law provides for activities related to securities and securities market; rights and obligations of organizations and individuals in the field of securities; organization of securities market; State management on securities and securities market.

#### **Article 2. Subjects of application**

1. Vietnamese and foreign organizations and individuals engaged in securities investment and operating in Vietnam's securities market.
2. State management agencies in charge of securities and securities market.
3. Other agencies, organizations and individuals involved in securities and securities market activities.

#### **Article 3. Application of the Law on Securities and relevant laws**

Activities related to securities and stock market, rights and obligations of organizations and individuals in the field of securities, organization of securities market, state management on securities and securities market shall comply with this Law and other relevant laws.

#### **Article 4. Interpretation of terms**

In this Law, the terms below are construed as follows:

1. Securities means assets, including the following types:
  - a) Stocks, bonds, fund certificates;
  - b) Warrants, covered warrants, share purchase right, depository certificates;

c) Derivative securities;

d) Other types of securities as prescribed by the Government.

2. Stock means a type of securities certifying their holder's legitimate rights and interests to a portion of equity of an issuing organization.

3. Bond means a type of securities certifying their holder's legitimate rights and interests to a portion of liabilities of an issuing organization.

4. Fund certificate means a type of securities certifying investors' ownership over a portion of contributed capital of a securities investment fund.

5. Warrant means a type of securities issued together with the issuance of bonds or preferred stocks, entitling warrant holders to buy a stated amount of securities at a designated price within a given period.

6. Covered warrant means a type of securities with security assets issued by a securities company, entitling holders to buy (call option) or to sell (put option) underlying securities with the covered warrant issuer at a designated price within or before a given period or to receive the difference between the executed price and the underlying securities price at execution time.

7. Share purchase right means a type of securities issued by a joint stock company in order to ensure that its existing shareholders can buy new stocks under specified conditions.

8. Depository certificate means a type of securities issued on the basis of securities of an organization legally established and operating in Vietnam.

9. Derivative securities means financial instruments in the form of contracts, including options contracts, futures contracts, forward contracts, which certify the rights and obligations of the parties on payment and transfer of underlying assets, in a specified amount, at a designated price within a certain period or on a given date in the future.

10. Underlying assets of derivative securities (hereinafter referred to as underlying assets) are securities, securities indexes or other assets prescribed by the Government and used as a basis for determining the value of derivative securities.

11. Options contract means a type of derivative securities, which certify the buyer's rights and the seller's obligations to perform any of the following transactions:

a) Buying or selling underlying assets, in a specified amount, at a designated execution price before or on a given date in the future;

b) Paying the difference between the value of underlying assets determined at the time of signing the contract and the value of underlying assets before or on the given date in the future.

12. Futures contract means a type of derivative securities, which lists and confirms the commitment between the parties to perform any of the following transactions:

a) Buying or selling underlying assets, in a specified amount, at a designated execution price on a given date in the future;

b) Paying the difference between the value of underlying assets determined at the time of signing the contract and the value of underlying assets on the given date in the future.

13. Forward contract means a type of derivative securities, which deals and confirms the commitment between the parties to buy or sell underlying assets, in a specified amount, at the designated price on the given date specified in the future.

14. Securities and securities market activities include activities of offering, listing, trading, investing in securities; providing securities services; disclosing information; managing mass company and other activities specified in this Law.

15. Securities investment means buying, selling and holding securities by investors in the securities market.

16. Investor means an organization or individual investing in the securities market.

17. Strategic investor means an investor that is selected by the General Meeting of Shareholders according to criteria of financial capacity and technological level, and has signed a commitment to cooperate with the company for at least 03 years.

18. Majority shareholder means a shareholder owning at least five percent or more of voting stocks of an issuing organization.

19. Public offering of securities means the public offering of securities by any of the following modes: a) Offering of securities through mass media; b) Offering of securities to 100 investors or more, excluding professional securities investors; c) Offering of securities to unspecified investors.

20. Private offering of securities means the offering of securities not subject to the cases specified at Point a, Clause 19 of this Article and by any of the following modes: a) Offering of securities to less than 100 investors, excluding professional securities investors; b) Offering of securities only to professional securities investors.

21. Issuing organization means an organization that assumes the responsibilities for offering and issuance of securities.

22. Accredited audit organization means an independent auditing organization on the list of audit organizations accredited by the State Securities Commission for audit in accordance with this Law and the law on independent audit.

23. Prospectus means a document or electronic data disclosing accurate, truthful and objective information related to the offering or listing of securities of an issuing organization.
24. Listing of securities means the putting of qualified securities in trading on the trading system for listed securities.
25. Trading registration means the putting of securities in trading on the trading system for unlisted securities.
26. Securities trading system includes a trading system for listed securities and a trading system for unlisted securities, organized and operated by the Vietnam Stock Exchange and its affiliated companies (hereinafter referred to as Vietnam Stock Exchange and affiliated companies).
27. Securities trading market means a place or mode of information exchange where/whereby buy or sell orders are rallied and securities transactions are conducted.
28. Securities business means the performance of securities brokerage, securities dealing, securities issuance underwriting, securities investment consultancy, securities investment fund management or portfolio management and provision of securities services under the Article 86 of this Law.
29. Securities brokerage means an operation acting as an intermediary to buy or sell securities for its customers.
30. Securities dealing means buying or selling securities by a securities company for itself.
31. Securities issuance underwriting means a commitment with an issuing organization to buy whole or part of the securities amount of the issuing organization for resale or to buy the amount of undistributed securities or to make effort to distribute the issuing organization's securities amount that needs distributing.
32. Securities investment consultancy means the supply of analysis results, analysis reports and the provision of recommendations involved in buying, selling and holding securities to clients.
33. Securities registration means the acknowledgement of information on the issuing organization, securities of the issuing organization and securities owner.
34. Securities depository means the receipt of securities for deposit, preservation or transfer of securities to customers, and the assistance rendered to customers for exercise the rights related to deposited securities.
35. Securities investment portfolio management means the management as entrusted by each investor in the purchase, sale and holding of securities and other assets of investors.
36. Securities investment fund management means the management in the purchase, sale and holding of securities and other assets of a securities investment fund.

37. Securities investment fund means a fund formed from investors' contributed capital for the purpose of earning profits from the investment in securities or other types of assets, including real estate, in which investors do not have the right to daily control of the fund's investment decisions.

38. Public fund means a securities investment fund that conducts public offering of fund certificates.

39. Open-end fund means a public fund whose fund certificates, which have undergone a public offering, should be bought back at the request of investors.

40. Closed fund means a public fund whose fund certificates, which have undergone a public offering, should not be bought back at the request of investors.

41. Member fund means a securities investment fund which consists of between 02 and 99 capital-contributing members and includes only members being professional securities investors.

42. Portfolio exchange fund means an open-end fund formed from the receipt and exchange of underlying securities portfolio for fund certificates. Certificates of portfolio exchange fund are listed and traded on the trading system for listed securities.

43. Real estate investment fund means a securities investment fund, which is principally invested in real estate and securities of the issuing organization being a real estate trading organization with the minimum revenue from owning and trading real estate of at least 65% of total revenue calculated in the latest financial statements.

44. Inside information means undisclosed information related to public companies, listed organizations, trading registration organizations, public funds and public securities investment companies, which may, once disclosed, greatly affect the securities price of such organizations.

45. Insiders mean persons who assume important positions in the management and executive boards of enterprises, public funds and public securities investment companies, including:

a) Insiders of an enterprise include the Chairman of the Board of Directors or the Board of members, the President of company, members of the Board of Directors or the Board of members, the legal representative, the General Director (Director), the Deputy General Directors (Deputy Directors), the Finance Director, the Chief Accountant and equivalent management titles elected by the General Meeting of Shareholders or the Board of Directors or the Board of members; the Head of the Control Board and members of the Control Board (Controllers), members of the Internal Audit Committee; the company the person in charge of corporate governance, the person authorized to disclose information;

b) Insiders of a public fund or public securities investment company include members of the Board of Representative Committee of the public fund, members of the Board of Directors of the public securities investment company, or the person in charge of operating the public fund, the executive

of the public securities investment company or insiders of the securities investment fund management company.

46. Affiliated persons means individuals or organizations that are interrelated in the following cases:

a) Enterprises and their insiders; public funds, public securities investment companies and their insiders;

b) Enterprises and organizations or individuals that own more than 10% of the voting stocks or contributed capital of such enterprises;

c) Organizations and individuals that, in relation with others, directly or indirectly control or are controlled by the latter, or submit, together with the latter, to the same control;

d) Individuals and fathers, mothers, adoptive fathers, adoptive mothers, parents-in-law, spouses, children, adopted children, daughter-in-law, son-in-law, blood sibling, brother-in-law, sister-in-law of such individuals;

dd) Securities investment fund management companies and securities investment funds and securities investment companies that are managed by such securities investment fund management companies;

e) Contractual relations in which one organization or individual represents the other organization or individual;

g) Other relevant organizations and individuals in accordance with the Law on Enterprises.

47. Securities practitioners means persons who are granted securities practicing certificates by the State Securities Commission and work at securities companies, securities investment fund management companies or branches of foreign securities companies in Vietnam and branches of foreign fund management companies in Vietnam (hereinafter referred to as branches of foreign securities companies and fund management companies in Vietnam), securities investment companies.

48. Listed organizations and trading registration organizations means organizations with issued securities that are listed or registered for trading on the securities trading system.

## **Article 5. Principles on securities and securities market activities**

1. Respect for organizations' and individuals' rights to ownership and other rights over assets in securities and securities market activities; the rights to freedom of securities trading, investment, business as well as securities service provisions.

2. Fairness, publicity and transparency.

3. Protection of legitimate rights and interests of investors.
4. Accountability for risks.

#### **Article 6. Securities market development policies**

1. The State shall adopt policies to encourage and create favorable conditions for domestic and foreign organizations and individuals to invest in and operate on the securities market, aiming to mobilize medium-term and long-term capital sources for development investment.
2. The State shall adopt to manage and supervise the securities market in order to ensure its fair, public, transparent, safe and efficient operation.
3. The State shall adopt policies to invest in the modernization of infrastructure and information technology for the operation of securities market, the development of human resources for securities activities, and the dissemination and popularization of securities and securities market knowledge.

#### **Article 7. Measures to ensure securities market security and safety**

1. Measures to ensure securities market security and safety include:
  - a) To supervise security and safety of the securities market;
  - b) To respond and remedy incidents, events, fluctuations that affect the safety, stability and integrity of the securities market;
  - c) To temporarily suspend or suspending transactions for one or a number of listed securities, registering for trading on the securities trading system;
  - d) Temporarily suspend and cancel wholly or partly or resume trading operations of the Vietnam Stock Exchange and its affiliated companies;
  - dd) Temporarily suspend and cancel wholly or partly or resume the securities registration, depository, clearing and settlement activities of the Vietnam Securities Depository and Clearing Corporation;
  - e) To termly or permanently prohibit from holding positions in securities companies, securities investment fund management companies, branches of foreign securities companies and fund management companies in Vietnam or securities investment companies, to termly or permanently prohibit the performance of securities and securities market due to the conduct of prohibited acts in securities and securities market activities;
  - g) To freeze the securities account and request the authorized person to freeze the money account related to the violations against the laws on securities and securities market.

2. The Government shall detail the application of measures to ensure security and safety of securities markets prescribed in Clause 1 of this Article.

### **Article 8. State management of securities and securities market**

1. The Government shall perform the unified state management of securities and securities market.

2. The Ministry of Finance shall be answerable to the Government for the performance of State management of securities and securities market and have the following tasks and powers:

a) To submit to the Government and the Prime Minister for promulgation strategies, plans, schemes and policies on securities market development;

b) To submit to competent authorities for promulgation or promulgate according to its competence legal documents on securities and securities market;

c) To direct the State Securities Commission to implement strategies, plans, schemes and policies on securities market development as well as legal documents on securities and securities market.

3. Ministries and ministerial-level agencies shall, within the ambit of their tasks and powers, coordinate with the Ministry of Finance in performing the state management of securities and securities market.

4. People's Committees of all levels shall, within the ambit of their tasks and powers, perform the state management of securities and securities market in their respective localities.

### **Article 9. The State Securities Commission**

1. The State Securities Commission is attached to the Ministry of Finance, assumes the responsibilities for advising and assisting the Minister of Finance in the state management of securities and securities market, and organizing the enforcement of the law on securities and securities market as decentralized and authorized by the Minister of Finance and has the following tasks and powers:

a) To submit to the Minister of Finance for promulgation or to submit to competent authorities for promulgation of legal documents on securities and securities market, strategies, plans, schemes and policies on securities market development;

b) To organize and develop the securities market; to directly manage and supervise activities on securities and securities market; to manage service activities on securities and securities market under the provisions of law;

c) To grant, re-grant, extend, adjust and revoke licenses, securities practice certificates and certificates related to securities and securities market activities; to approve changes, suspensions and cancellations related to securities and securities market activities;



- d) To manage, inspect, examine and supervise the professional operations of the Vietnam Stock Exchange and its affiliated companies, the Vietnam Securities Depository and Clearing Corporation; to approve the rules and regulations of the Vietnam Stock Exchange and its affiliated companies, the Vietnam Securities Depository and Clearing Corporation; to request the Vietnam Securities Exchange and its affiliated companies, the Vietnam Securities Depository and Clearance Corporation to amend rules and regulations related to professional operations; to suspend and cancel decisions related to professional operations of the Vietnam Stock Exchange and its affiliated companies, the Vietnam Securities Depository and Clearance Corporation; to direct the Vietnam Stock Exchange and its affiliated companies, the Vietnam Securities Depository and Clearing Corporation to perform duties related to their professional operations in case of necessity for the purpose of protecting investors' legitimate rights and interests;
- dd) To approve the introduction of new forms of securities, change and apply new trading modes, approve the securities trading system and put the new securities trading system into operation;
- e) To manage and supervise activities related to securities and securities market of organizations and individuals;
- g) To inspect, examine and settle complaints and denunciations; to handle administrative violations in the domain of securities and securities market;
- h) To submit to the Ministry of Finance for reporting to the Prime Minister and the Government on the situation of the securities market activities. In case of major changes affecting the security and safety of the securities market, the State Securities Commission shall promptly report to the Ministry of Finance and concurrently report to the Government and the Prime Minister on the market situation and solutions to stabilize the market and ensure financial security and safety;
- i) To comply with its authority or submit to the competent authorities for implementation of measures to ensure the securities market's security and safety;
- k) To make statistics and forecasts on securities activities and securities market; to modernize information technology in the domain of securities and securities market;
- l) To organize and coordinate with concerned agencies and organizations in training and retraining the contingent of securities officials, civil servants, staffs and practitioners; to disseminate and popularize securities and securities market knowledge to the public;
- m) To issue professional guidance documents and other documents under the management scope of the State Securities Commission;
- n) To supervise socio-professional organizations of securities in the implementation of the purpose, principles and operation charters;
- o) To comply with regulations on reporting on securities and securities market under the law;

p) To conduct international cooperation and act as a focal point to implement international commitments in the domain of securities and securities market, in which the Socialist Republic of Vietnam is a member; q) Other duties and powers prescribed by this Law and other relevant laws.

2. The specific functions, tasks, powers and organizational structure of the State Securities Commission shall be defined by the Prime Minister.

3. The State Securities Commission's officials, civil servants and staffs shall, while performing their tasks and powers, assume the responsibilities to ensuring the privacy and confidentiality of information and comply with the law on securities and securities market and other relevant laws.

#### **Article 10. Socio-professional organizations on securities**

1. Social-professional organizations on securities established and operating under the law on associations shall comply with the law on securities and securities market and submit to the State Securities Commission's supervision.

2. Social-professional organizations on securities shall issue codes of professional ethics after being approved by the State Securities Commission; coordinate with securities and securities market management agencies in disseminating and popularizing securities and securities market laws to their members.

#### **Article 11. Professional securities investors**

1. Professional securities investors mean investors with financial capacity or professional qualifications in securities, including:

a) Commercial banks, branches of foreign bank, financial companies, insurance business organizations, securities companies, securities investment fund management companies, securities investment companies, securities investment funds, international financial institutions, off-budget State financial funds and State financial institutions that are entitled to buy securities in accordance with relevant laws;

b) Companies that have a contributed charter capital amount of more than VND 100 billion or listing organizations or transaction registration organizations;

c) Persons that have securities practice certificates;

d) Individuals that hold listed securities portfolios and register for trading with a minimum value of VND 02 billion as certified by securities companies at the time such individuals are identified as professional securities investors;

dd) Individuals that have taxable income of at least VND 01 billion by the latest year up to the time they are identified as professional securities investors according to the tax return submitted to the tax authorities or tax withholding vouchers of tax-paying organizations and individuals.

2. The Government shall detail this Article.

### **Article 12. Prohibited acts in securities and securities market activities**

1. Directly or indirectly tricking, swindling, falsifying documents, fabricating untruthful information or disclosing untruthful information or hiding information or omitting necessary information, thus causing misunderstandings which badly affect the securities offering, listing, trading, business, investment and provision of securities services.
2. Using inside information to buy or sell securities for themselves or for others; disclosing or supplying inside information or advising others to buy or sell securities on the basis of inside information.
3. Using one or more of their trading accounts or others' trading accounts or conniving in buying or selling securities in order to create sham supply and demand; trading in securities by mode of colluding with or enticing others to buy or sell to manipulate securities prices; combining or employing other trading modes or spreading false rumors, providing misleading information to the public to manipulate securities prices.
4. Conducting securities business activities, providing securities services without being granted licenses, certificates or approvals by the State Securities Commission.
5. Using customers' accounts and assets without being entrusted by customers or contrary to law provisions or abusing trust to appropriate customers' properties.
6. Allowing others to use their accounts for securities trading, owning securities on behalf of others, thus causing securities price manipulation.
7. Organizing the securities trading market in contravention of this Law.

## **CHAPTER II OFFERING OF SECURITIES**

### **SECTION 1 PUBLIC OFFERING OF SECURITIES**

#### **Article 13. Securities par values**

1. The par value of securities offered for sale in the territory of the Socialist Republic of Vietnam is denominated in Vietnam Dong (VND).
2. The par value of securities and fund certificates offered for sale to the public is VND 10,000. The par value of bonds offered for sale to the public is VND 100,000 and multiples of VND 100,000.

3. If the issuing organization's securities price on the securities trading system is lower than its par value, the issuing organization may offer securities at prices lower than its par value.

#### **Article 14. Forms of public offering of securities**

1. Forms of public offering of securities include the first-time public offering of securities, additional offering of shares or rights to buy shares to the public, and other forms.

2. The Government shall specify the forms of public offering of securities.

#### **Article 15. Conditions for public offering of securities**

1. Conditions for a joint-stock company's initial public offering of stocks include:

a) The joint-stock company shall have a charter capital contributed at the time of offering registration of VND 30 billion or more accounted according to the book value;

b) Its business operation in the 02 consecutive years preceding the year of offering registration shall be profitable and, at the same time, it has no accrued loss up to the year of offering registration;

c) Its issuance plan and plan on the use of capital generated from the sale offering shall be adopted by the Shareholders' General Assembly;

d) At least 15% of the issuing organization's voting stocks must be sold to at least 100 investors not being major shareholders; in case the issuing organization's charter capital is VND 1,000 billion or more, the minimum rate is 10% of the issuing organization's voting stocks;

dd) Before the issuing organization's initial public offering of stocks, the major shareholders must commit to hold together at least 20% of the issuing organization's charter capital for at least 01 year after the end of the offering;

e) The issuing organization shall not be the cases of being examined for penal liability or being convicted of committing any of the crimes infringing upon the economic management order but their criminal records have not yet been written off;

g) Its dossiers of registration for public offering of stocks shall be consulted by a securities company, except for the cases where the issuing organization is a securities company;

h) The issuing organization shall have a commitment and must list or register stock transactions on the securities trading system after the end of the offering;

i) The issuing organization must open a frozen account to receive money to buy stocks of the offering.

2. Conditions for a public company's additional public offering of stocks include:

- a) The public company shall meet the provisions of Points a, c, e, g, h and i Clause 1 of this Article;
- b) Its business operations in the year immediately preceding the year of offering registration must be profitable, at the same time, it has no accrued loss up to the year of offering registration;
- c) The value of additional stocks issued by par value shall not be greater than the total value of outstanding stocks accounted by par value, except for the cases where the issuing organization have an issuance underwriting issued together with a commitment to buy all stocks for resale or to buy the remaining undistributed stocks of the issuing organization, issuance with capital increase from equity, and issuance for exchange, consolidation and merger of enterprises;
- d) For the public offering for raising capital to execute projects of the issuing organization, the stocks sold to investors must reach a minimum of 70% of the expected stocks for sale offering. The issuing organization must have a plan to offset the shortfall of expected capital mobilized from the offering for project implementation.

3. Conditions for public offering of bonds include:

- a) The offering enterprise shall have a charter capital contributed at the time of offering registration of VND 30 billion or more accounted according to the book value;
- b) Its business operation in the year preceding the year of offering registration shall be profitable, and at the same time it has no accrued loss up to the year of offering registration and has no payable debt which has been overdue for more than 01 year;
- c) Its issuance plan and plan on use and repayment of capital generated from the sale offering shall be adopted by the General Assembly of Shareholders, the Board of Directors, the Council of Members or its owner;
- d) It shall undertake to perform the obligation of an issuing organization towards investors in terms of issuance and payment conditions, assurance of legitimate rights and benefits of investors and other conditions;
- dd) Its dossiers of registration for public offering of bonds are consulted by a securities company, except the case where the issuing organization is a securities company;
- e) The issuing organization shall satisfy the provisions of Point e, Clause 1 of this Article;
- g) The issuing organization shall have credit rating results for bond issuers under the Government's regulations on cases of credit rating and time of application;
- h) The issuing organization must open a frozen account to receive money to buy bonds of the offering;

i) The issuing organization shall have a commitment and must list the bonds on the securities trading system after the end of the offering.

4. Conditions for public offering of convertible bonds shall comply with the provisions of Clause 2 and Point d, Clause 3 of this Article.

5. Conditions for initial public offering of fund certificates include:

a) The total value of fund certificates registered for offering shall be at least VND 50 billion;

b) There are an issuance plan and a plan on investment of capital amount generated from the offering of fund certificates in accordance with this Law;

c) It shall be supervised by the supervisory bank in accordance with this Law;

d) Fund certificates offered to the public must be listed on the securities trading system after the end of the offering, except for the cases of offering open-end fund certificates.

6. The Government shall provide the conditions and dossiers for public offering of securities for transformation of State enterprises, single member limited liability companies with 100% of charter capital and public non-business units into joint-stock companies; offering of stocks at prices lower than par value; public securities offering of public companies' shareholders; public securities offering of specially controlled credit institutions; offering of securities abroad and other cases of offering and issuance.

#### **Article 16. Registration of public offering of securities**

1. Before making public offering of securities, issuing organizations and shareholders of public companies must register it with the State Securities Commission, except for the cases specified in Clause 2 of this Article.

2. In the following cases, public offering of securities is not subject to registration:

a) Offering of government debt instruments, government-guaranteed bonds issued by policy banks, local government bonds;

b) Offering of bonds of international financial institutions approved by the Vietnamese Government;

c) Public offering of stocks to transform state enterprises, single-member limited liability companies with 100% of charter capital owned by state enterprises, public non-business units into joint-stock companies;

d) Sale of securities under legally effective court judgments, decisions of the Arbitrators or sale of securities of property managers or recipients in case of bankruptcy or insolvency.

## **Article 17. Conditions for underwriting the issuance of securities to the public**

1. Organizations underwriting securities issuance to the public are securities companies and organizations that satisfy the following conditions:

- a) Being licensed by the State Securities Commission to carry out securities underwriting activities under the provisions of this Law;
- b) Satisfying financial safety criteria as prescribed by law;
- c) Not being persons related to the issuing organization.

2. Issuance-underwriting organizations conducting securities underwriting under the mode of partially or wholly buying the issuing organization's securities may only underwrite the issuance of securities, in which the total value is not larger than equity and not more than 15 times difference between short-term asset value and short-term debt accounted according to the latest quarterly financial statements.

## **Article 18. Dossiers of registration of public offering of securities**

1. A registration dossier of public offering of a joint-stock company's stocks comprises:

- a) The first-time registration certificate of public offering of stocks;
- b) A prospectus;
- c) The issuing organization's charter;
- d) The decision of the shareholders' general assembly adopting the issuance plan and the plan on use of capital generated from the offering and a written commitment to list or register for stock trading on the securities trading system;
- dd) A written commitment to satisfy the provisions of Points d and e, Clause 1, Article 15 of this Law;
- e) A written commitment of major shareholders prior to the issuing organization's initial public offering of stocks to hold at least 20% of the issuing organization's charter capital at least 01 years from the end of the offering;
- g) A contract of consulting documents on registration of public offering of stocks with securities companies;
- h) A written confirmation of the bank, foreign bank branch on the opening of a frozen account to receive money to buy stocks of the offering; i) An issuance underwriting commitment (if any).

2. A registration dossier of additional public offering of a public company's stocks comprises:

- a) A written registration of additional public offering of stocks;
- b) The documents specified in Points b, c, d, g, h and i, Clause 1 of this Article and a written commitment to meet the provisions of Point e, Clause 1, Article 15 of this Law;
- c) The decision of the competent authority for approval and the plan to offset the shortfall of expected capital mobilized from the offering for project implementation according to the cases specified at Point d, Clause 2, Article 15 of this Law;
- d) A report on use of capital earned from the latest offering and audited for 02 years up to the time of dossier submission, except the cases where the audited financial statements have detailed explanation on the use of the capital earned from the latest offering.

3. A registration dossier of public offering of bonds comprises:

- a) A written registration of public offering of bonds;
- b) The documents specified at Points b and c, Clause 1 of this Article and a written commitment to meet the provisions of Point e, Clause 1, Article 15 of this Law;
- c) The decision of the General Assembly of Shareholders or the Board of Directors or the Board of Members or the company's owner adopting the issuance plan, the plan on use and repayment of capital collected from the public offering of bonds and a written commitment to list bonds on the securities trading system;
- d) A commitment to perform the obligations of an issuing organization towards investors in terms of issuance and payment conditions, assurance of legitimate rights and benefits of investors and other conditions; dd) A report on credit rating results as prescribed in Point g, Clause 3, Article 15 of this Law;
- e) A contract of consulting documents on registration of public offering of bonds with the securities company;
- g) A written confirmation of the bank, foreign bank branch on the opening of a frozen account to receive money to buy bonds from the offering;
- h) An issuance underwriting commitment (if any).

4. A registration dossier of public offering of convertible bonds comprises:

- a) A written registration of public offering of convertible bonds;
- b) The documents specified in Points b, c, g and h Clause 1, Point d Clause 2 of this Article and a written commitment to meet the provisions of Point e, Clause 1, Article 15 of this Law;



c) The decision of the General Assembly of Shareholders adopting the issuance plan, the plan on use of the capital earned from the offering and a written commitment to list or register securities trading on the securities trading system;

d) A commitment to perform the obligations of an issuing organization towards investors in terms of issuance and payment conditions, assurance of legitimate rights and benefits of investors and other conditions;

dd) Other documents related to the conversion into stocks;

e) An issuance underwriting commitment (if any).

5. A registration dossier of public offering of fund certificates comprises:

a) A written registration of public offering of fund certificates;

b) Prospectus;

c) The securities investment fund's draft charter;

d) A principal contract of supervision between the supervisory bank and the securities investment fund management company; a principal contract of distribution; a principal contract with related service providers (if any);

dd) An issuance underwriting commitment (if any).

6. A registration dossier of public offering of stocks or bonds must be accompanied by a decision of the Board of Directors or the Board of Members or the company's owner approving the dossier. With regard to the public offering of credit institutions' stocks, the dossier must include the State Bank of Vietnam's written approval of the charter capital's changes. With regard to the public offering of securities of insurance business organizations that change the charter capital, the dossier must include the Finance Ministry's written approval of the charter capital's changes.

7. In case the registration dossier of public offering of securities is wholly or partially certified by a concerned organization or individual, the issuing organization must send a written certification of such organization or individual to State Securities Commission.

8. Information in dossiers must be accurate and truthful, cause no misleading and have adequate important contents which exert an impact on investors' decisions.

9. When an issuing organization submits a registration dossier of public offering of securities to the State Securities Commission, it must simultaneously submit a dossier of listing registration or registration of securities trading under the provisions of Clause 4, Article 48 of this Law, except for the cases of offering open-end fund certificates.

## **Article 19. Prospectus**

1. For public offering of stocks or bonds, a prospectus shall contain the following contents:

- a) Brief information on the issuing organization, including its organizational apparatus, business operation, assets, financial status, Board of Directors or Council of Members or owner, General director (director), deputy general director (deputy director), chief accountant and structure of shareholders (if any);
- b) Information on the offering and securities to be offered, including offering conditions, risks, tentative plan on profits and dividends of the year following the issuance of securities, the issuance plan and the plan on the use of proceeds from the offering;
- c) The issuing organization's financial statements for the last two years as specified in Article 20 of this Law;
- d) Other information specified in the model prospectus.

2. For public offering of fund certificates, a prospectus shall contain the following contents:

- a) Type and size of securities investment funds;
- b) Investment objectives, strategy, methods and process, investment limitations and risks of the securities investment fund;
- c) Summarized principal contents of the securities investment fund's draft charter;
- d) Plans on issuance of fund certificates and information guiding investors to invest in the securities investment fund;
- dd) Summarized information on the securities investment fund management company, the supervisory bank and regulations on transactions with affiliated persons of the securities investment fund management company and the supervisory bank;
- e) Other information specified in the model prospectus.

3. Signatures in the prospectus shall comply with the following provisions:

- a) For the public offering of stocks or bonds, a prospectus must contain signatures of the following persons: Chairman of the Board of Directors or the Council of Members or the President of the company; the General Director (Director); the Financial Director or Chief Accountant of the issuing organization; the legal representative of the consulting organization of the registration documents of public offering of securities or the issuance-underwriting organization or the principal issuance underwriting organization (if any). For signatures of persons authorized by the aforesaid persons, the power of attorney is required.

b) For the public offering of fund certificates, a prospectus must contain signatures of the following persons: Chairman of the Board of Directors or Chairman of the Members' Council, or the President of company; the General Director (Director) of securities investment fund management companies; the legal representative of the issuance-underwriting organization (if any). For signatures of persons authorized by the aforesaid persons, the power of attorney is required.

4. The Finance Minister shall promulgate the model prospectus.

#### Article 20. Financial statements

1. Financial statements shall be formulated under the law on accounting.

2. In case an issuing organization is a parent company, the issuing organization shall submit a consolidated financial statement according to the accounting law.

3. Annual financial statements must be audited by accredited audit organization for public-interest units in the domain of securities. The audit opinion on financial statements is fully accepted; In case the audit opinion is an exception, the exception will not affect the offering conditions; the issuing organization must have an appropriate explanation document and certification of the auditing organization on the effect of the exception.

4. In case the dossier is submitted within 60 days from the end of the annual accounting period, the annual financial statement of the preceding year in the initial dossier may be an unaudited one, which, however, must be accompanied with the audited financial statements of the 02 previous years.

5. In case the accounting period of the latest financial statement ends more than ninety days after the date of submission of the valid dossier of securities public offering registration to the State Securities Commission, the issuing organization shall make an additional financial statement for the latest month or quarter.

#### **Article 21. Accredited auditing organizations and practicing auditors**

1. The State Securities Commission shall consider, approve and publicize the list of auditing organizations and the list of practicing auditors that are approved to conduct audits for public interest units in the domain of securities.

2. Public interest units in the domain of securities include public companies, listing organizations, trading registration organizations, organizations offering securities to the public, securities companies, securities investment fund management companies, securities investment companies and securities investment funds.

3. Auditing organizations approved to conduct audits for public interest units in the domain of securities must comply with the law on independent audit and shall perform the following obligations:

- a) Reporting to the State Securities Commission within 10 days after the change of the name, address of the head office, practice domain, list of practicing auditors or changes that make such organization no longer eligible for audit approval;
  - b) Explaining and providing information and data related to the audit for public interest units in the domain of securities at the request of the State Securities Commission;
  - c) After issuing the audit report to a public interest unit in the domain of securities, if detecting that the audited unit has serious errors due to noncompliance with laws and relevant regulations related to audited financial statements, the accredited auditing organization must send a written notice to the State Securities Commission; d) Keeping information confidential as prescribed by law.
4. The Government shall detail this Article.

#### **Article 22. Amendment and supplementation of registration dossiers of public offering of securities**

1. During the examination of dossiers of registration of public offering of securities, issuing organizations are obliged to modify or supplement such dossiers if inaccurate information is detected in, or important information is omitted from, such dossiers, or if they find it necessary to explain matters which might be misunderstood.
2. In the course of examining dossiers of registration of public offering of securities, the State Securities Commission may request issuing organizations to modify or supplement such dossiers in order to ensure that the disclosed information is accurate, truthful and complete and able to help protect legitimate rights and benefits of investors.
3. After the State Securities Commission grants certificates of public offering of securities, if arises any important information related to dossiers of registration of public offering of securities, the issuing organizations shall, within 07 working days, disclose such information by the modes specified in Clause 3, Article 25 of this Law and concurrently modify or supplement such dossiers.
4. Written modifications or supplementations submitted to the State Securities Commission must be signed by persons who have signed the dossiers of registration of public offering of securities or by persons holding the same position. 5. The time limit for dossier examination in the cases specified in Clauses 1 and 2 of this Article is counted from the date the State Securities Commission receives written modifications or supplementations on a complete and valid basis.

#### **Article 23. Responsibilities of organizations and individuals related to registration dossiers of public offering of securities**

1. Issuing organizations shall take responsibility for the accuracy, truthfulness and completeness of their dossiers of registration of public offering of securities.

2. Issuance consultancy organizations, issuance-underwriting organizations, accredited audit organizations, persons who sign audit reports and any organizations and individuals that certify dossiers of registration of public offering of securities shall take responsibility for matters related to such dossiers.

#### **Article 24. Information before the public offering of securities**

During the examination of dossiers of registration of public offering of securities by the State Securities Commission, issuing organizations, issuance underwriting organizations and concerned organizations and individuals may only use information in the prospectuses already submitted to the State Securities Commission in an honest and accurate manner for market survey, clearly stating that information on date of issuance and securities selling prices are non-official.

#### **Article 25. Issuance of certificates of registration for public offering of securities**

1. Within 30 days after receiving a complete and valid dossier of registration for public offering of securities, the State Securities Commission shall grant a certificate of registration for public offering of securities; In case of refusal, it must clearly state the reasons in a written reply sent to the applicant.

2. The State Securities Commission's certificate of registration for public offering of securities is a document certifying that the registration dossier of public offering of securities fully satisfies the conditions and procedures as prescribed by law.

3. Within 07 working days after the effective date of the certificate of registration for public securities offering, the issuing organization must make an issuance announcement in 01 electronic or printed newspaper in 03 consecutive issues. 4. Securities shall only be offered to the public after they have been announced according to the provisions of Clause 3 of this Article.

#### **Article 26. Distribution of securities**

1. The distribution of securities shall only be made after the issuing organization assures that securities buyers have accessed the prospectus in the dossier of registration of public offering of securities posted up at places indicated in the issuance announcement.

2. The issuing organization, the issuance underwriting organization or the issuance agent shall distribute securities in a fair and open manner and ensure a period of at least 20 days for investors to register to buy securities; except the cases where the offered securities are covered warrants, such a period must be stated in the issuance announcement. If the amount of securities registered to be bought exceeds that allowed to be issued, the issuing organization or the issuance-underwriting organization shall fully distribute the amount of securities allowed to be issued to investors in proportion to their registered amounts of securities.

3. Securities purchase money shall be transferred into the frozen accounts opened at banks, foreign bank branches until the offering is completed and reported to the State Securities Commission.

4. The issuing organization shall complete the distribution of securities within 90 days after the certificate of public offering of securities becomes effective. If the issuing organization cannot complete the distribution of securities within this time limit, the State Securities Commission may consider and prolong the distribution of securities but for no more than 30 days. For the registration of securities offering to be made in installments, the interval between two offering installments must not exceed 12 months.

5. The issuing organization or the issuance-underwriting organization shall send a report on the results of the offering to the State Securities Commission within ten days after the completion of the offering, accompanied with a written certification by the bank or the foreign bank branch where the frozen account is opened of the proceeds from the offering.

6. The issuing organization, the issuance underwriting organization or the issuance agent shall deliver securities or securities ownership certificates to buyers within thirty days after the completion of the offering.

#### **Article 27. Suspension of public offering of securities**

1. The State Securities Commission may suspend the public offering of securities for no more than 60 days in the following cases:

a) Dossiers of registration of public offering of securities are detected having contained untruthful information or lacked important information, which might affect investment decisions and cause damage to investors.

b) The distribution of securities fails to comply with the provisions of Article 26 of this Law.

2. Within 07 days after the public offering of securities is suspended, the issuing organization shall announce the suspension of public offering of securities by the modes specified in Clause 3, Article 25 of this Law and call the issued securities when investors so request and, at the same time, refund the received money to investors within 15 days after the latter so request.

3. After the errors leading to the suspension of the public offering of securities are addressed, the State Securities Commission shall issue a written notice on suspension cancellation and the offering of securities may be resumed.

4. Within 07 days after the notice on suspension cancellation is issued, the issuing organization shall publish the suspension cancellation by the modes specified in Clause 3, Article 25 of this Law.

#### **Article 28. Cancellation of public offering of securities**

1. The State Securities Commission may cancel the public offering of securities in the following cases:

- a) Upon the expiry of the suspension duration specified in Clause 1, Article 27 of this Law, errors leading to the suspension of the public offering of securities still remain unaddressed;
  - b) The initial public offering fails to satisfy the requirements for the minimum percentage of the issuing organization's voting stocks that are sold to at least 100 investors not being major shareholders of the issuing organization as prescribed at Point d, Clause 1, Article 15 of this Law;
  - c) The public offering of additional stocks fails to satisfy the requirements for sufficient capital mobilization to execute the issuing organization's projects as prescribed at Point d, Clause 2, Article 15 of this Law.
2. Apart from the cases prescribed in Clause 1 of this Article, the public offering of securities shall be cancelled under legally effective court judgments and rulings, decisions of the Arbitrators or competent authorities in accordance with the provisions of law.
  3. Within 07 days after the public offering of securities is cancelled, the issuing organization shall announce the cancellation of the public offering of securities by the modes specified in Clause 3, Article 25 of this Law and call the issued securities and concurrently refund the received money to investors within 15 days after the offering is cancelled. Past this time limit, the issuing organization shall pay damages to investors according to agreements reached with investors.

#### **Article 29. Obligations of issuing organizations**

1. Issuing organizations that have successfully completed the public offering of stocks and become public companies as prescribed at Point b, Clause 1, Article 32 of this Law are not required to submit public company dossiers defined in Clause 1, Article 33 of this Law to the State Securities Commission.
2. Within 30 days after the end of the public offering, issuing organizations that have successfully completed the public offering of stocks shall complete dossiers of listing registration or registration of securities trading.
3. Issuing organizations that have completed the public offering of bonds must comply with the obligations to disclose information under this Law.

### SECTION 2 PRIVATE PLACEMENT

#### **Article 30. Private placement of securities of issuing organizations other than public companies**

The private placement of securities of issuing organizations other than public companies shall comply with the Enterprise Law and other relevant laws.

#### **Article 31. Private placement of securities of public companies, securities companies, securities investment fund management companies**

1. Conditions for private placement of stocks, convertible bonds, bonds with warrants of public companies include:

a) There is a decision of the General Assembly of Shareholders adopting a plan on issuance and using the proceeds from private placement; clearly identifying the criteria and number of investors;

b) Subjects participating in the offering include only strategic investors and professional securities investors;

c) Transfer of privately placed stocks, bonds convertible and bonds with warrants is banned for at least 03 years for strategic investors and at least 01 year for professional securities investors after the completion of the private placement, except for cases of transfer among professional securities investors or under legally effective court judgments or rulings or decisions of courts laws, decisions of arbitrators or in cases of inheritance as prescribed by law;

d) The private placements of stocks, convertible bonds, bonds with warrants must be separated at least 06 months from the end of the latest offering;

dd) The offering of stocks, the transfer of bonds into stocks and the exercise of warrants must meet the regulations on foreign investors' ownership percentage in accordance with law.

2. Conditions for private placement of bonds of public companies other than the cases prescribed in Clause 1 of this Article include:

a) There is a decision of the General Meeting of Shareholders or the Board of Directors approving the plan for issuance and use of proceeds from the offering; clearly identifying criteria and number of investors;

b) Subjects participating in the offering include only professional securities investors;

c) Transfer of privately placed bonds shall only be conducted among professional securities investors, except for under legally effective court judgments or rulings or decisions of courts laws, decisions of arbitrators or in cases of inheritance as prescribed by law;

d) Repayment of both principal and interest of offered bonds or repayment of due debts in 03 consecutive years before the bond offering (if any), except in cases of offering bonds to creditors being selected financial institutions;

dd) There are financial statements of the preceding year of the issue year audited by the accredited auditing organization;

e) Meeting financial safety ratios and prudential ratios in their operations as prescribed by law (if any).



3. Securities companies and securities investment fund management companies that are not public companies subject to private placement of stocks, convertible bonds, bonds with warrants must meet the provisions of Clause 1 of this Article.

4. Conditions for private placement of bonds of securities companies and securities investment fund management companies which are not public companies and the cases prescribed in Clause 3 of this Article include:

a) There is a decision of the General Assembly of Shareholders or the Board of Directors or the Board of members or the company's owner approving the plan for issuance and use of proceeds from the offering; clearly identifying criteria and number of investors;

b) Satisfying the provisions of Points b, c, dd and e, Clause 2 of this Article.

5. Securities companies and securities investment fund management companies that are not public companies offering stocks to existing shareholders at the current ownership ratio must meet the conditions specified at Point a and Point d, Clause 1 of this Article.

6. The Government shall detail the private placement of securities of public companies, securities companies and securities investment fund management companies specified in this Article and cases of private offering and issuance of securities of public companies.

## **CHAPTER III PUBLIC COMPANIES**

### **SECTION 1 GENERAL PROVISIONS ON PUBLIC COMPANIES**

#### **Article 32. Public companies**

1. A public company is a joint stock company in any of the two following cases:

a) The company has a charter capital of VND 30 billion or more and has at least 10% of the voting stocks held by at least 100 investors who are not major shareholders;

b) The company has successfully conducted the initial public offering through registration with the State Securities Commission as prescribed in Clause 1, Article 16 of this Law.

2. Joint-stock companies specified at Point a, Clause 1 of this Article must submit their public company registration dossiers prescribed in Clause 1, Article 33 of this Law to the State Securities Commission within 90 days after the date they complete their capital contribution and have a shareholder structure meeting the provisions of Point a, Clause 1 of this Article.

3. Within 15 days after receiving a complete and valid public company registration dossier of joint-stock companies as prescribed at Point a, Clause 1 of this Article or receiving a report on the completion of the offering of joint-stock companies as prescribed at Point b, Clause 1 of this

Article, the State Securities Commission shall certify the completion of public company registration, and at the same time, announce the names and business operations of and other information related to public companies on the State Securities Commission's media.

### **Article 33. Dossiers for registration of public companies**

1. A public company registration dossier comprises:

a) A public company registration certificate;

b) The company's charter;

c) An enterprise registration certificate;

d) The disclosure of information about the public company including summarized information on the organizational structure, business operations, management apparatus, shareholder structure, assets, financial situation and other information;

dd) A financial statement of the latest year of joint-stock companies audited by independent auditing organizations. In case the company increases its charter capital after the end of the latest accounting period, the company must supplement the latest audited financial statements;

e) List of shareholders.

2. The Minister of Finance shall promulgate a template of the disclosure of information about public companies and stipulate the dossier for registration of public companies formed after division, separation, consolidation or merger of enterprises.

### **Article 34. Rights and obligations of public companies**

1. After the State Securities Commission confirms the completion of registration of public companies, public companies have the following rights and obligations:

a) To disclose information in accordance with this Law;

b) To adhere to the corporate governance principles defined in this Law;

c) To register concentrated stocks at Vietnam Securities Depository and Clearance Corporation in accordance with Article 61 of this Law;

d) Public companies specified at Point a, Clause 1, Article 32 of this Law must register for stock trading on the unlisted securities trading system within 30 days after the State Securities Commission confirms the completion of public companies. After 02 years from the first trading day on the unlisted securities trading system, public companies may submit listing registration documents when the conditions for listing securities are satisfied;

dd) Public companies specified at Point b, Clause 1, Article 32 of this Law must put their stocks on the listing or register for trading on the securities trading system within 30 days after the end of the public offering. 2. In addition to the rights and obligations prescribed in Clause 1 of this Article, public companies have the rights and obligations as prescribed by the Enterprise Law and other relevant laws.

### **Article 35. Public bid**

1. The following cases must be subject to a public bid and registered with the State Securities Commission:

a) Organizations, individuals and affiliated persons prescribed at Points a, b, c, d, e and g, Clause 46, Article 4 of this Law are about to buy voting stocks and closed fund certificates, which lead to the direct or indirect ownership of 25% or more of voting stocks of 01 public company, closed fund certificates in circulation of 01 closed fund;

b) Organizations, individuals and affiliated persons as prescribed at Points a, b, c, d, e and g, Clause 46, Article 4 of this Law that hold 25% or more of the voting stocks of 01 public company, the closed fund certificates in circulation of 01 closed fund continue to buy, which lead to the direct or indirect ownership of 35%, 45%, 55%, 65%, 75% or more of the voting stocks of 01 public company, closed fund certificates in circulation of 01 closed fund;

c) Except for the cases where the public bid has been made for all voting stocks of 01 public company, closed-end fund certificates in circulation of 1 closed fund, after the public bid, organizations, individuals and affiliated persons as prescribed at Points a, b, c, d, e and g, Clause 46, Article 4 of this Law, holding 80% or more of the voting stocks of 01 public company, closed-end fund certificates of 01 closed-end fund, must continue to buy additional stocks and closed-end fund certificates held by the remaining shareholders and investors for a period of 30 days under the following conditions of bid price and payment method similar to that of the public bid.

2. Subjects specified in Clause 1 of this Article are not required to make a public bid if they fall into one of the following cases:

a) Purchase of newly issued stocks or closed fund certificates which leads to the ownership at levels specified in Clause 1 of this Article according to the issuance plan approved by the General Assembly of Shareholders of the public company or the Representative Board of the closed fund;

b) Receipt of transferred voting stocks or closed-end fund certificates which leads to the ownership at levels prescribed in Clause 1 of this Article approved by the General Assembly of Shareholders of the public company or the Representative Board of the closed fund. In such cases, the General Assembly of Shareholders and the Representative Board of the closed fund must clearly identify the transferor or transferee;

c) Transfer of stocks among companies operating in groups, including economic groups, corporations, parent companies, affiliated companies, which does not lead to cross-ownership under the provisions of the Enterprise Law;

d) Organizations and individuals that own stocks in auctions of securities offered to the public or in public bids when transferring state capital or capital invested by state enterprises in other enterprises;

dd) Organizations and individuals that own stocks from the division, splitting, consolidation or merger of enterprises;

e) Giving as gifts or inheritance stocks and closed-end fund certificates;

g) Transfer of stocks or closed fund certificates under the legally effective court judgments, rulings or decisions of the Arbitrators.

3. The Government shall detail the public bid for stocks of public companies and closed fund certificates.

### **Article 36. Public companies redeem their own stocks**

1. Public companies that redeem their own stocks must satisfy the following conditions:

a) There is a decision of the General Assembly of Shareholders approving the redemption of stocks to reduce the charter capital, the redemption plan, in which specifies the quantity, duration of implementation, and the principle of determining redemption price;

b) There are enough sources to redeem stocks from the following sources: equity surplus, development investment fund, undistributed post-tax profit, other equity funds used to supplement the capital charter as prescribed by law;

c) There are securities companies assigned to conduct transactions, except for cases where securities companies being members of Vietnam Stock Exchange redeem their own stocks;

d) Public companies shall satisfy the conditions prescribed by law if they are in conditional business investment lines;

dd) Public companies are not the cases prescribed in Clause 3 of this Article.

2. The stock redemption is exempt from the conditions specified at Points a, b, c and d, Clause 1 of this Article in the following cases:

a) Redeeming stocks at the request of shareholders under the provisions of the Enterprise Law;

b) Redeeming employees' stocks in accordance with the company's regulations on issuing stocks to employees, redeeming odd stocks under the stock issuance plan to pay dividends or the stock issuance from the owner's equity;

c) Securities companies redeem their own stocks to correct trading errors or redeem odd-lot stocks.

3. Public companies shall not be entitled to redeem their own stocks in the following cases:

a) Public companies have overdue liabilities based on the audited latest financial statements; if the expected time of stock redemption is more than 06 months from the end of the fiscal year, the determination of overdue debts shall be based on the audited or reviewed latest 6-month financial statements; except for the cases specified at Point c, Clause 2 of this Article;

b) In the process of stock offering or issuance for raising additional capital, except for the cases specified at Point c, Clause 2 of this Article;

c) The companies' stocks are subject to the public bid, except for the cases specified in Clause 2 of this Article;

d) Public companies have redeemed their own stocks within 06 months from the date of reporting the redemption results or ending the stock offering or issuance to raise capital for no more than 06 months from the end of the stock offering or issuance, except for the cases specified in Clause 2 of this Article.

4. Except for the cases of redeeming stocks corresponding to the ownership ratio in companies or redeeming stocks under legally effective court judgments, rulings or decisions of arbitrators or redeeming stocks through transactions conducted by the order-matching method, the companies shall not be redeem stocks of the following subjects:

a) Insiders and affiliated persons of insiders as prescribed in this Law;

b) Stock owners subject to transfer restrictions in accordance with law and the company's charter;

c) Major shareholders as prescribed in this Law.

5. Public companies that redeem their own stocks under the provisions of Clause 1 and Point a, Clause 2 of this Article must carry out procedures for reducing their charter capital corresponding to the total value accounted according to the par value of stocks redeemed within 10 days from the date of completion of payment.

6. If companies redeem employees' stocks in accordance with the statute on issue of stocks to the employees of the companies, the following provisions shall apply:

a) The total number of employees' stocks that have been redeemed by the companies to reduce their charter capital must be reported at the Annual General Assembly of Shareholders;

b) The companies must carry out procedures for reducing their charter capital corresponding to the total value accounted according to the par value of stocks redeemed by the companies within 10 days from the date of reporting to the Annual General Assembly of Shareholders as prescribed at Point a of this Clause.

7. Securities companies and public companies that redeem their own stocks may sell such stocks immediately after the redemption in the following cases:

- a) Securities companies redeem their own stocks to correct trading errors or redeem odd-lot stocks;
  - b) Public companies redeem odd stocks under the plans on stock issuance to pay dividends or plans on stock issuance from owner's equity;
  - c) Public companies redeem odd-lot stocks at the request of shareholders.
8. The Minister of Finance shall specify the public companies' stock repurchases.

**Article 37. Stock redemption reports, information disclosure and stock redemption implementation**

1. A public company defined in Clause 1, Article 36 of this Law, before redeeming its own stocks, must submit documents to the State Securities Commission, including:

- a) A report on stock redemption;
- b) The decision of the General Meeting of Shareholders adopting the stock redemption or redemption plan;
- c) A document certifying the designation of transactions by the securities company, except the cases where the securities company being a member of Vietnam Stock Exchange redeem its own stocks;
- d) The decision of the Board of Directors adopting the plan on stock redemption; dd) The audited latest financial statements;
- e) The documents proving that the company has sufficient resources to redeem stocks;
- g) The documents proving the satisfaction of conditions for its stock redemption under the law if a public company is in conditional business investment lines.

2. A report on stock redemption shall include the following contents:

- a) Purpose of acquisition;
- b) The total number of stocks registered to redeem;
- c) Capital sources for redemption;
- d) Method of transaction;
- d) Estimated time for implementation;

e) Price determination principle (price range).

3. Within 07 working days after receiving complete and valid documents for reporting on stock redemption prescribed in Clause 1 of this Article, the State Securities Commission shall send a written notice to the public company regarding the receipt of complete stock redemption documents; In case of incomplete and invalid documents, the State Securities Commission shall send a written notice to the public company, in which clearly stating the contents and requests for amendments and supplements. The time limit for modification and supplement of report documents is not included in the time limit specified in this Clause. In case of refusal, the State Securities Commission must clearly state the reasons in a written notice sent to the applicant.

4. Within 07 working days after being notified by the State Securities Commission, the public company must disclose information on the company's websites, information disclosure instruments of the State Securities Commission and Vietnam Stock Exchange as prescribed in Clause 2 of this Article. After 07 working days from the date of information disclosure, the public company may redeem stocks.

5. Within 10 days after the end of the stock redemption, the public company must send the report of the transaction results to the State Securities Commission and disclose information to the public. In case the public company fails to fully implement the number of stocks expected to be traded, the public company must report and announce the reason for failure.

6. The public company must finish the stock redemption by the time stated in the information disclosure, but not later than 30 days after the commencement of the transaction.

7. Within 06 months from the date of completion of stock redemption, the public company may not offer stocks to increase its charter capital, except for the cases where bonds are converted into stocks as committed upon implementation of offering convertible bonds.

### **Article 38. Cancellation of public company status**

1. A public company shall send to the State Securities Commission a written notice enclosed with a list of shareholders provided by the Vietnam Securities Depository and Clearing Corporation within 15 days from the date when its contributed charter capital is less than VND 30 billion accounted on the latest audited financial statement or its shareholder structure does not meet the conditions specified at Point a, Clause 1, Article 32 of this Law based on the confirmation of Vietnam Securities Depository and Clearing Corporation.

2. After 01 year from the date of no longer meeting the conditions specified at Point a, Clause 1, Article 32 of this Law, if the company still fails to meet the conditions of being a public company, the State Securities Commission shall consider the cancellation of public company status.

3. The company must fully comply with the regulations related to a public company until the State Securities Commission announces the cancellation of public company status.

4. Within 07 working days after receiving the State Securities Commission's notice of the cancellation of public company status, the company shall notify the cancellation of public company status on the company's website and information disclosure instruments of the State Securities Commission, Vietnam Stock Exchange and carry out procedures for delisting and registering transactions in accordance with law.

5. The Minister of Finance shall provide for the cancellation of public company status if they fail to meet the conditions of public companies due to reorganization, dissolution or bankruptcy of enterprises.

### **Article 39. Dossiers of cancellation of status of public companies**

Public companies that are subject to the cases specified in Clause 2, Article 38 of this Law must submit dossiers of cancellation of their public company status to the State Securities Commission. A dossier of cancellation of public company status shall include: 1. An enterprise registration certificate;

2. A written notice that the public company no longer meets the conditions specified at Point a, Clause 1, Article 32 of this Law;

3. A list of shareholders provided by Vietnam Securities Depository and Clearing Corporation;

4. The latest annual financial statement audited by an accredited auditing organization. If the company increases its charter capital after the end of the latest accounting period, the company must supplement the latest audited financial statement.

## SECTION 2

### CORPORATE GOVERNANCE APPLICABLE TO PUBLIC COMPANIES

#### **Article 40. Principles of corporate governance applicable to public companies**

The corporate governance of public companies must comply with the provisions of this Law, the Enterprise Law, other relevant laws and the following principles:

1. Adequate and effective governance structure;

2. Ensuring the operational efficiency of the Managing Board and the Supervisory Board; improving the responsibilities of the Board of Directors for the company and shareholders;

3. Ensuring the rights of shareholders, equal treatment among shareholders;

4. Ensuring the role of investors, stock markets and intermediary organizations in supporting corporate governance activities;

5. Respecting and ensuring the legitimate rights and interests of the parties with related interests in corporate governance;



6. Timely, fully, accurately and transparently disclosing the company's operations; ensuring that shareholders have equal access to information.

#### **Article 41. Contents of corporate governance applicable to public companies**

1. Shareholders of public companies have the following rights and obligations:

a) Being treated equally;

b) Having full access to periodic and extraordinary information published by the company in accordance with law;

c) Protecting their lawful rights and interests; proposing suspension, cancellation of resolutions and decisions of the General Assembly of Shareholders and the Board of Directors in accordance with the Law on Enterprises;

d) Major shareholders must not take advantage of their advantages to affect the rights and interests of the company and other shareholders under the law and the company's charter; be obliged to disclose information in accordance with law;

dd) Other rights and obligations as prescribed by law and the company's charter.

2. The convening and holding of the General Meeting of Shareholders shall comply with the following provisions:

a) The Board of Directors, the Control Board and the convener of the General Meeting of Shareholders must comply with the order and procedures for convening the General Meeting of Shareholders in accordance with the Law on Enterprises and the company's charter and internal regulations on corporate governance; arrange reasonable location and time for shareholders to attend the General Meeting of Shareholders;

b) The public company shall provide for the application of modern information technology in the Internal Regulations on corporate governance so that shareholders can attend and give their opinions at the General Meeting of Shareholders through the online meeting, e-voting or other electronic forms in accordance with the Enterprise Law and the company's Charter;

c) The public company must invite representatives of the auditing organization, which is approved for auditing the annual financial statements of the company, to the Annual General Meeting of Shareholders if the annual audited financial statement of the company has material exceptions;

d) Complying with other provisions of the law and the company's charter.

3. The composition, structure, responsibilities and obligations of the Board of Directors shall comply with the following provisions:

a) The structure of the Board of Directors of a public company ensures the balance between the members of the Executive Board and the non-executive Board, the independent number of the Board of Directors' members for independence of the Board of Directors;

b) The Board of Directors shall be answerable to the shareholders for the company's operations; ensure that the company's operations comply with the provisions of law, the company's charter and internal regulations; formulate internal regulations on corporate governance to submit to the General Meeting of Shareholders for approval; appoint the person in charge of corporate governance and other responsibilities and obligations in accordance with the law and the company's charter;

c) The Board of Directors must hold a meeting at least once a quarter according to the order and procedures specified in the company's charter and internal regulations on corporate governance. The organization of the Board meeting, the agenda and related documents is notified in advance to the Board members according to the time limit prescribed by law and the company's charter.

4. The nomination and election of members of the Administrative Board shall comply with the provisions of the Enterprise Law, relevant laws and the following provisions:

a) If the candidates for the Board of Directors has been identified, the public company must disclose information about the candidates at least 10 days before the opening of the General Meeting of Shareholders on the company's website so that shareholders can find out about these candidates before voting;

b) If the number of candidates adopted by the Board of Directors is still insufficient under the Law on Enterprises, the incumbent Board of Directors may introduce more candidates or organize nominations according to the company's charter and internal regulations on corporate governance.

5. Members of the Board of Directors have the following rights and responsibilities:

a) Being provided with information and documents on the financial situation, business operations of the company and its units;

b) Performing their duties honestly and circumspectly for the best interests of the shareholders and the company;

c) Attending all meetings of the Board of Directors and giving opinions on discussed issues;

d) Timely and fully reporting to the Board of Directors the remuneration received from subsidiaries, associated companies and other organizations;

dd) Reporting and disclosing information when conducting the company's stock trading under the provisions of law; e) Other rights and responsibilities prescribed by law and the company's charter.

6. Public companies shall comply with the following provisions on prevention of conflicts of interest and disclosure of transparent information:

- a) Members of the Board of Directors, members of the Control Board (Controllers), General Director (Director) and other managers of public companies shall be responsible to publicize related benefits and must not use the information obtained through their position for their own personal gain or for the benefit of other organizations or individuals;
- b) Public companies shall apply necessary measures to prevent members of the Board of Directors, members of the Control Board (Supervisors), General Director (Director), other managers of the company, their shareholders and affiliated persons from interfering the companies' operations, causing damage to the companies' interests; comply with the regulations on transactions with shareholders, business managers and affiliated persons of these subjects; ensure the legitimate rights and interests of people who have interests related to the companies;
- c) Public companies are obliged to report and disclose fully, accurately and promptly periodic and extraordinary information on the situation of production, business, finance and administration activities of the companies to shareholders and the public, and other information if such information is likely to affect stock prices, decisions of shareholders and investors;
- d) Information subject to disclosure and the method of information disclosure shall comply with this Law, the Charter and the regulation on information disclosure of the company.

7. The Government shall detail this Article.

#### CHAPTER IV SECURITIES TRADING MARKET

##### **Article 42. Organization of a securities trading market**

1. The Vietnam Stock Exchange and its subsidiaries are allowed to organize securities trading markets for securities eligible for listing; securities of State-owned enterprises and single-member limited liability companies transformed into joint-stock companies with 100% of charter capital owned by State enterprises; securities of other enterprises which are not eligible for listing; securities of innovative start-ups; derivative securities and other securities according to the Government's regulations.
2. Organizations or individuals other than the Vietnam Stock Exchange and its subsidiaries shall not be licensed to organize a securities trading market.

##### **Article 43. Establishment and operation of the Vietnam Stock Exchange and its subsidiaries**

1. The Vietnam Stock Exchange is an enterprise established and operating under the provisions of this Law and the Law on Enterprises, with over 50% of its charter capital or total voting shares held by the State.

2. The Prime Minister shall decide on the establishment, dissolution, operation model, ownership form, functions, rights and obligations of the Vietnam Stock Exchange and the establishment of its subsidiaries at the request of the Minister of Finance.

3. The Vietnam Stock Exchange and its subsidiaries shall be managed and supervised by the State Securities Commission.

#### **Article 44. Managerial and executive apparatuses of the Vietnam Stock Exchange**

1. The Prime Minister shall decide the managerial and executive apparatuses of the Vietnam Stock Exchange in accordance with this Law, the Law on Enterprises and other relevant laws.

2. Chairperson of the Members' Council or Chairperson of the Board of Directors, General Director (Director) of the Vietnam Stock Exchange shall be approved, appointed or dismissed by the Minister of Finance at the request of the Members' Council or Board of Directors of the Vietnam Stock Exchange after receiving the opinions of the Chairperson of the State Securities Commission.

3. Rights and duties of the Members' Council or the Board of Directors, the General Director (Director), Managerial Board (Supervisors) shall comply with the provisions of law and the Charter of the Vietnam Stock Exchange.

#### **Article 45. Charter of the Vietnam Stock Exchange**

1. The Charter of the Vietnam Stock Exchange shall be approved or promulgated, amended or supplemented by the Minister of Finance at the proposal of the Members' Council or Managerial Board of the Vietnam Stock Exchange after receiving the opinions of the Chairperson of the State Securities Commission.

2. The Vietnam Stock Exchange's charter has the following principal contents:

a) Its name, address of the head office, subsidiaries, branches;

b) Its objectives, scope of activities and services provided;

c) Its charter capital; methods of increasing, reducing or transferring its charter capital;

d) Names, addresses and basic information of its founding shareholders or capital-contributing members or owners;

dd) Capital contributions or numbers of shares of stock and values of capital contributions of its owners or founding shareholders or capital-contributing members;

e) Its legal representative;

g) Its organizational and managerial apparatus;

- h) Rights and obligations of the Vietnam Stock Exchange;
- i) Rights and obligations of its capital-contributing members, owners or shareholders;
- k) Rights and duties of its Members' Council or Board of Directors, General Director (Director) and Managerial Board (Supervisors);
- l) Mode of adoption of decisions by the Vietnam Stock Exchange; m) Mode of amendment and supplementation of its charter;
- n) Applicable accounting and audit regime;
- o) Setting up of funds and mechanisms for use thereof; principles for use of profits, handling of losses and other financial regimes;
- p) Principles for settlement of internal disputes.

#### **Article 46. Rights and obligations of the Vietnam Stock Exchange**

1. The Vietnam Stock Exchange has the following rights:

- a) To promulgate regulations on securities listing, securities trading, information disclosure and members of the Vietnam Stock Exchange and other professional regulations related to the organization and operation of securities trading market after such regulations are approved by the State Securities Commission;
- b) To organize and operate securities trading market;
- c) To warn, control and restrict securities transactions in accordance with the laws and regulations of the Vietnam Stock Exchange;
- d) To suspend transactions for one or several securities in case the price and volume of securities transactions fluctuate abnormally but the listing organizations or transactions-registered organizations do not take measures to solve the problems causing the securities to be warned, controlled, trading restricted or in other necessary cases to protect the legitimate rights and interests of investors and ensure the stability and safety of the securities market;
- dd) To approve, supplement, delist, register securities trading and supervise the maintenance of conditions for listing of securities of listed organizations;
- e) To approve or revoke the status of members of the Vietnam Stock Exchange;
- g) To provide auction and bidding services; services related to market information and other information related to listed securities, transaction registration; services of developing

technological infrastructure for the securities market and other related services according to the Charter of the Vietnam Stock Exchange;

h) To act as a conciliation intermediary at the request of the Vietnam Stock Exchange's members upon the appearance of a dispute related to securities trading activities;

i) To inspect and handle violations of members of the Vietnam Stock Exchange, listing organizations, trading registration organizations according to the Charter of the Vietnam Stock Exchange;

k) To request state management agencies to provide information related to members of the Vietnam Stock Exchange, listing organizations, trading registration organizations for information disclosure in accordance with law;

l) Other rights as prescribed by related laws and the Charter of the Vietnam Stock Exchange.

2. The Vietnam Stock Exchange has the following obligations:

a) To ensure public, fair, orderly and efficient securities trading in the market;

b) To observe the accounting, audit and statistical regimes, and fulfill financial obligations, report, disclose information in accordance with law;

c) To supervise securities trading and the fulfillment with obligations of members of the Vietnam Stock Exchange, the disclosure of information of listing organizations, trading registration organizations and investors fall into the cases of information disclosure as specified in Article 118 of this Law;

d) To promulgate transaction monitoring criteria and transaction monitoring reporting criteria applicable to members of the Vietnam Stock Exchange after those criteria are approved by the State Securities Commission;

dd) To report and propose to the State Securities Commission measures to respond to faults, incidents and fluctuations which affect the safety, stability and integrity of the securities trading market; violations of investors, members of the Vietnam Stock Exchange, listing organizations and trading registration organizations;

e) To coordinate in propagating and disseminating knowledge about securities and securities market to investors;

g) Supply information and coordinate with the Vietnam Securities Depository and Clearing Corporation in professional securities operations and with competent state agencies in investigating, preventing and combating acts of violating the law on securities and securities market;

h) Other obligations as prescribed by law and the Charter of the Vietnam Stock Exchange.

3. Officials, staffs and employees of the Vietnam Stock Exchange, while performing their duties and powers, must abide by the provisions of law on securities and securities market, professional ethics, information security regulations and other relevant laws.

4. The Prime Minister shall decide on the organization and implementation of the rights and obligations of the Vietnam Stock Exchange and its subsidiaries according to this Law at the proposal of the Minister of Finance.

#### **Article 47. Members of the Vietnam Stock Exchange**

1. Members of the Vietnam Stock Exchange:

a) A trading member is a securities company approved by the Vietnam Stock Exchange to become its trading member;

b) A special trading member is a commercial bank, a foreign bank branch or other organization approved by the Vietnam Stock Exchange to become its special trading member.

2. A trading member of the Vietnam Stock Exchange has the following rights:

a) To use the trading system and services provided by the Vietnam Stock Exchange and its subsidiaries;

b) To receive information on securities trading market from the Vietnam Stock Exchange and its subsidiaries;

c) To request the Vietnam Stock Exchange to act as a conciliation intermediary for disputes related to its securities trading activities among trading members;

d) To propose and recommend matters related to the operation of the Vietnam Stock Exchange and its subsidiaries;

dd) Other rights in accordance with law and the Charter of the Vietnam Stock Exchange.

3. A member of the Vietnam Stock Exchange has the following obligations:

a) To submit to the supervision by the Vietnam Stock Exchange and its subsidiaries regarding securities trading and information disclosure in accordance with the Charter of the Vietnam Stock Exchange;

b) To disclose information in accordance with law and the Charter of the Vietnam Stock Exchange;

c) To assist other trading members at the request of the Vietnam Stock Exchange and its subsidiaries when necessary;

d) Other obligations in accordance with law and the Charter of the Vietnam Stock Exchange.

4. The Government shall specify conditions, applications, order and procedures for becoming trading members of the Vietnam Stock Exchange.

#### **Article 48. Listing and registration of securities trading**

1. Securities offered to the public, securities of public companies, closed-end fund certificates, portfolio-exchange fund certificates, guaranteed warrants, future contracts, option contracts approved by the State Securities Commission must be listed and registered for trading on the securities trading system.

2. Government debt instruments, Government-guaranteed bonds and local government bonds shall be listed on the securities trading system at the request of issuing organizations or authorized organizations in accordance with law.

3. Issuing organizations submitting applications for listing or trading registration shall be responsible for the accuracy, truthfulness and completeness of their dossiers. Consultancy organizations for listing and trading registration, accredited audit organizations, persons making audit reports and any organizations or individuals certifying applications for listing or trading registration shall be responsible therefor within the scope related to the applications.

4. The Government stipulates that other types of securities must be listed and registered for trading; the distribution of listing tables and conditions for listing securities; dossiers and procedures for listing and registration of securities transactions; changing, delisting or registering securities transactions of the Vietnamese issuing organizations or foreign issuing organizations; the listing of securities by the Vietnamese issuers abroad.

#### **Article 49. Suspending and restoring trading activities of the Vietnam Stock Exchange and its subsidiaries**

1. The State Securities Commission shall suspend a part or the whole of trading activities of the Vietnam Stock Exchange and its subsidiaries in the following cases:

a) When wars, natural disasters, major fluctuations of the economy, faults in trading systems or other force majeure events occur and affect the normal trading activities of the securities trading market;

b) When the securities trading market fluctuates abnormally or in other necessary cases to protect the legitimate rights and interests of investors and ensure the stability, safety and integrity of the securities market.

2. The State Securities Commission shall restore a part or the whole of trading activities of the Vietnam Stock Exchange and its subsidiaries when the reasons for the partial or wholly suspension of trading activities of the Vietnam Stock Exchange and its subsidiaries are overcome.



## **Article 50. Securities trading**

1. Listed and registered securities shall be traded under the concentrated order matching mode, mode of agreement and other trading modes as prescribed in the Securities Trading Charter of the Vietnam Stock Exchange.
2. Listed and registered securities shall not be traded outside the securities trading system organized by the Vietnam Stock Exchange and its subsidiaries, unless the transactions are non-commercial or other transactions cannot be made via the securities trading system.
3. The trading of securities of new types, replace existing trading modes with new ones, or put to operation new trading systems shall be approved by the State Securities Commission.
4. The Minister of Finance shall detail securities trading, supervision of securities trading and non-commercial cases, securities transactions that cannot be performed via the securities trading system.
5. The connection of securities trading with foreign stock exchanges shall be decided by the Prime Minister at the proposal of the Minister of Finance.

## **Article 51. Participation of foreign investors, foreign-invested economic organizations on the Vietnam's securities market**

1. Foreign investors and foreign-invested economic organizations investing and operating on the Vietnam's securities market shall comply with the provisions on foreign ownership ratio, conditions order and procedures for investment according to law provisions on securities and securities market.
2. The Government shall detail the foreign ownership ratio, conditions, order and procedures for investment, the participation of foreign investors, foreign-invested economic organizations into the Vietnam's securities market.

## **CHAPTER V SECURITIES REGISTRATION, DEPOSITORY, CLEARING AND PAYMENT**

### **Article 52. Establishment and operation of the Vietnam Securities Depository and Clearing Corporation**

1. The Vietnam Securities Depository and Clearing Corporation is an enterprise established and operating under the provisions of this Law and the Law on Enterprises, with over 50% of its charter capital or total voting shares held by the State.
2. The Prime Minister shall decide on the establishment, dissolution, operation model, ownership form, functions, rights and obligations of the Vietnam Securities Depository and Clearing Corporation at the request of the Minister of Finance.

3. The Vietnam Securities Depository and Clearing Corporation is subject to the management and supervision of the State Securities Commission.

### **Article 53. Managerial and executive apparatuses of the Vietnam Securities Depository and Clearing Corporation**

1. The Prime Minister shall decide the managerial and executive apparatuses of the Vietnam Securities Depository and Clearing Corporation in accordance with this Law, the Law on Enterprises and other relevant laws.

2. Chairperson of the Members' Council or Chairperson of the Board of Directors, General Director (Director) of the Vietnam Securities Depository and Clearing Corporation shall be approved, appointed or dismissed by the Minister of Finance at the request of the Members' Council or Board of Directors of the Vietnam Securities Depository and Clearing Corporation after receiving the opinions of the Chairperson of the State Securities Commission.

3. Rights and duties of the Members' Council or the Board of Directors, the General Director (Director), Managerial Board (Supervisors) shall comply with the provisions of law and the Charter of the Vietnam Securities Depository and Clearing Corporation.

### **Article 54. Charter of the Vietnam Securities Depository and Clearing Corporation**

1. The Charter of the Vietnam Securities Depository and Clearing Corporation shall be approved or promulgated, amended or supplemented by the Minister of Finance at the proposal of the Members' Council or Managerial Board of the Vietnam Securities Depository and Clearing Corporation after receiving the opinions of the Chairperson of the State Securities Commission.

2. The Vietnam Securities Depository and Clearing Corporation's charter has the following principal contents:

a) Its name, address of the head office, subsidiaries, branches;

b) Its objectives, scope of activities and services provided;

c) Its charter capital; methods of increasing, reducing or transferring its charter capital;

d) Names, addresses and basic information of its founding shareholders or capital-contributing members or owners;

dd) Capital contributions or numbers of shares of stock and values of capital contributions of its owners or founding shareholders or capital-contributing members; e) Its representative at law;

g) Its organizational and managerial apparatus;

h) Rights and obligations of the Vietnam Securities Depository and Clearing Corporation;

- i) Rights and obligations of its capital-contributing members, owners or shareholders;
- k) Rights and duties of its Members' Council or Board of Directors, General Director (Director) and Managerial Board (Supervisors);
- l) Mode of adoption of decisions by the Vietnam Securities Depository and Clearing Corporation;
- m) Mode of amendment and supplementation of its charter;
- n) Applicable accounting and audit regime;
- o) Setting up of funds and mechanisms for use thereof; principles for use of profits, handling of losses and other financial regimes;
- p) Principles for settlement of internal disputes.

**Article 55. Rights and obligations of the Vietnam Securities Depository and Clearing Corporation**

1. The Vietnam Securities Depository and Clearing Corporation has the following rights:

- a) To promulgate regulations on securities registration, depository, clearing and payment after such regulations are approved by the State Securities Commission;
- b) To provide securities registration, depository, clearing and payment services; registration of security measures for securities which have been concentratedly registered at the Vietnam Securities Depository and Clearing Corporation at the request of customers; other services as prescribed in the Charter of the Vietnam Securities Depository and Clearing Corporation;
- c) To issue domestic securities codes and international securities identification numbers for securities which have been concentratedly registered at the Vietnam Securities Depository and Clearing Corporation;
- d) To approve, change or cancel the registration of securities at the Vietnam Securities Depository and Clearing Corporation;
- dd) To approve or revoke the status of members of the Vietnam Securities Depository and Clearing Corporation; to suspend the depository activities of the depository members;
- e) To use payment support sources in case a member of the Vietnam Securities Depository and Clearing Corporation temporarily loses its solvency in accordance with law;
- g) Other rights as prescribed by law and the Charter of the Vietnam Securities Depository and Clearing Corporation.

2. The Vietnam Securities Depository and Clearing Corporation has the following obligations:

- a) To ensure material and technical foundations in service of securities registration, depository, clearing and payment activities;
- b) To comply with regulations on accounting, auditing, statistics and financial obligations; report and disclose information according to the provisions of law;
- c) To supervise securities registration, depository, clearing and payment activities; supervise the ownership ratio of foreign investors according to the law on securities and securities market; supervise the fulfillment of obligations by depository members of the Vietnam Securities Depository and Clearing Corporation;
- d) To elaborate the process of operation and risk management applicable to each professional operation.
- dd) To take measures to protect its databases and keep original vouchers on securities registration, depository, clearing and payment according to the provisions of law on accounting and statistics;
- e) To supply information related to the securities ownership of securities owners at public companies and issuing organizations at the request of such public companies and issuing organizations and competent agencies in accordance with law;
- g) To be responsible for protecting information related to customers' ownership; refuse to freeze, hold, transfer assets, extract, copy information of customers' securities ownership without the customers' consent, unless otherwise requested by competent authorities or auditors of financial statements of the Vietnam Securities Depository and Clearing Corporation or its depository members in accordance with law;
- h) To coordinate in propagating and disseminating knowledge about securities and securities market to investors;
- i) To provide information and coordinate with the Vietnam Stock Exchange in professional securities operations and with competent state agencies in investigating, preventing and combating acts of violating the law on securities and securities market;
- k) To separately manage customers' assets or manage customers' assets with the Vietnam Securities Depository and Clearing Corporation's assets; separately manage assets of payment assistance funds, clearing funds, professional risk prevention funds in accordance with law;
- l) To pay damages to customers in case of failure to fulfill their obligations, thus causing damage to legitimate interests of such customers, except in force majeure circumstances;
- m) To operate in the interest of securities depositors or securities owners;
- n) Other obligations as prescribed by law and the Charter of the Vietnam Securities Depository and Clearing Corporation.

and Clearing Corporation, while performing their duties and powers, must abide by the provisions of law on securities and securities market, professional ethics, information security regulations and other relevant laws.

## **Article 56. Members of the Vietnam Securities Depository and Clearing Corporation**

1. Members of the Vietnam Securities Depository and Clearing Corporation:

- a) A depository member is a securities company, commercial bank or foreign bank branch which is granted a securities depository registration certificate by the State Securities Commission and approved by the Vietnam Securities Depository and Clearing Corporation to become its depository member;
- b) A clearing member is a securities company, a commercial bank, a foreign bank branch which is granted a certificate of eligibility for clearing services, payment of securities transactions by the State Securities Commission and approved by the Vietnam Securities Depository and Clearing Corporation to become its clearing member.

2. A depository member has the following rights:

- a) To provide securities depository and payment services to customers;
- b) Other rights in accordance to law and the Charter of the Vietnam Securities Depository and Clearing Corporation.

3. A depository member has the following obligations:

- a) To comply with obligations prescribed at Points b, d, dd, g, h, i, l and m of Clause 2, Article 55 of this Law;
- b) To ensure material and technical foundations in service of securities depository and payment activities;
- c) To contribute to the payment assistance funds in accordance with law;
- d) To separately manage customers' assets or manage customers' assets with depository members' assets; accurately and timely record assets, rights and benefits related to the customers' depository assets;
- dd) To maintain conditions for registration of securities depository activities;
- e) To comply with the obligation of reporting and other obligations in accordance with law and the Charter of the Vietnam Securities Depository and Clearing Corporation.

4. A clearing member has the following rights:

- a) To implement clearing and transaction payment of derivatives and other securities. The clearing member which is a commercial bank or foreign bank branch may only clear or trade derivatives to the same commercial bank or foreign bank branch;
- b) To request investors to fully and promptly pay trading deposits; to use the investors' collateral assets to fulfill the deposit obligations to the Vietnam Securities Depository and Clearing Corporation;
- c) To conduct compulsory closing or liquidation of positions for investors' open positions; to use the investor's collateral assets to fulfill payment obligations for the investor's open positions in case the investor is insolvent;
- d) Other rights in accordance to law and the Charter of the Vietnam Securities Depository and Clearing Corporation.

5. A clearing member has the following obligations:

- a) To deposit fully and promptly for the Vietnam Securities Depository and Clearing Corporation; contribute to the clearing funds and set up professional risk prevention fund in accordance with the law;
- b) Establish and maintain the internal control system, risk management in each operation; separate management of assets and trading positions of investors;
- c) Other obligations as prescribed by law and regulations of the Vietnam Securities Depository and Clearing Corporation.

6. The Government shall detail the provision of securities clearing and settlement services of the Vietnam Securities Depository and Clearing Corporation and members of the Vietnam Securities Depository and Clearing Corporation; conditions, dossiers, order and procedures to become members of the Vietnam Securities Depository and Clearing Corporation.

#### **Article 57. Conditions for registration of securities depository activities**

1. A commercial bank or a foreign bank branch is allowed to register its securities depository activities when meeting the following conditions:

- a) Having a license for establishment and operation in Vietnam, including operating in securities depository activities; b) Meeting the minimum capital adequacy ratio in accordance with the laws on banking and profitable business activities in the latest year;
- c) Having a place, facilities and equipment in service of securities depository and transaction payment activities.

2. A securities company is allowed to register its depository activities when it is licensed to conduct professional securities brokerage operations.

## **Article 58. Registration applications for securities depository activities**

1. An application for a securities depository registration certificate of a commercial bank or foreign bank branch shall comprise:

- a) Written request for registration of securities depository activities;
- b) A copy of the establishment and operation license;
- c) Written explanation of material and technical foundations for performance of securities depository activities;
- d) Documents proving that the bank satisfies the conditions for minimum capital adequacy ratio in accordance with provisions of applicable laws on banking;
- dd) Audited financial statement of the latest year.

2. An application for a securities depository registration certificate of a securities company shall comprise the documents as specified at Points a and c, Clause 1 of this Article.

## **Article 59. Time limit for grant of securities depository registration certificates**

1. Within 15 days after receiving complete and valid applications, the State Securities Commission shall grant securities depository registration certificates. In case of refusal, the State Securities Commission must reply in writing and clearly state the reasons.

2. Within 12 months after being granted securities depository registration certificates, securities companies, commercial banks or foreign bank branches shall carry out procedures for registration of depository members at the Vietnam Securities Depository and Clearing Corporation and commence their operation of depository activities.

## **Article 60. Suspension or revocation of securities depository registration certificates**

1. The Vietnam Securities Depository and Clearing Corporation shall suspend a depository member from securities depository operation for a maximum duration of 90 days in the following cases:

- a) It frequently violates the depository members' obligations specified by this Law and the Charter of the Vietnam Securities Depository and Clearing Corporation;
- b) It lets errors occur, causing heavy losses to its customers.

2. The State Securities Commission shall revoke of the depository registration certificate of a securities company, commercial bank or foreign bank branch in the following cases:

- a) Upon the expiration of the depository suspension duration, it still fails to remedy violations and breaches as specified in Clause 1 of this Article;
  - b) It fails to commence securities depository operation within 12 months after it is granted a securities depository registration certificate;
  - c) It has its establishment and operation license revoked;
  - d) Its existence is terminated, or its business type is changed in accordance with the Law on Enterprises;
  - dd) It voluntarily terminates the securities depository operation after obtaining consent of the State Securities Commission;
  - e) It fails to meet the conditions for registration of securities depository activities as prescribed in Article 57 of this Law.
3. When having their securities depository registration certificates revoked, depository members shall carry out procedures for finalizing their securities depository accounts according to the Charter of the Vietnam Securities Depository and Clearing Corporation.

#### **Article 61. Securities registration**

1. Securities of public companies and securities of other organizations listed and registered for trading on the securities trading system must be registered in a concentrated manner at the Vietnam Securities Depository and Clearing Corporation.
2. Securities of other issuing organizations, which authorize the Vietnam Securities Depository and Clearing Corporation to act as their transfer agents, must be registered at the Vietnam Securities Depository and Clearing Corporation.
3. Public companies and issuing organizations specified in Clauses 1 and 2 of this Article shall register information on public companies, issuing organizations and securities of public companies, issuing organizations and the securities owners with the Vietnam Securities Depository and Clearing Corporation.
4. The Vietnam Securities Depository and Clearing Corporation shall make and keep a register of securities owners for securities registered in a concentrated manner at the Vietnam Securities Depository and Clearing Corporation.
5. The Vietnam Securities Depository and Clearing Corporation shall make a list, calculate and allocate rights to securities owners according to the ratio announced by the public companies or issuing organizations. Only those whose names appear on the register of securities owners established in the last registration date according to the announcement of public companies or issuing organizations may receive arising rights related to the securities they own.



## **Article 62. Securities depository**

1. Securities of public companies and securities of other organizations listed and registered for trading on the securities trading system must be deposited in a concentrated manner at the Vietnam Securities Depository and Clearing Corporation before being traded, unless otherwise prescribed by the Minister of Finance.
2. The Vietnam Securities Depository and Clearing Corporation shall perform separate securities management for each depository member.
3. The Vietnam Securities Depository and Clearing Corporation shall register security measures for securities which have been registered in a concentrated manner at the Vietnam Securities Depository and Clearing Corporation in accordance with the Government's regulations.
4. The Minister of Finance shall detail securities depository activities and the transfer of depository securities for issuance of depository certificates and listing of securities on foreign securities markets.

## **Article 63. Clearing and payment of securities transactions**

1. Clearing and determination of obligations to pay money and securities shall be conducted via the Vietnam Securities Depository and Clearing Corporation.
2. Payment of securities shall be made on the system of depository accounts at the Vietnam Securities Depository and Clearing Corporation, payment of securities transactions shall be made via a payment bank and must ensure transfer of securities simultaneously with payment of money.
3. The Minister of Finance shall prescribe handling measures in case a member of the Vietnam Securities Depository and Clearing Corporation temporarily loses its solvency for securities transactions.

## **Article 64. Establishment, transfer of ownership and other rights to securities**

1. The establishment, transfer of ownership of, and other rights to, securities which have been registered in a concentrated manner at the Vietnam Securities Depository and Clearing Corporation shall comply with the provisions of the law on securities and securities market.
2. For securities deposited at the Vietnam Securities Depository and Clearing Corporation, the transfer of securities ownership shall take effect on the date of carrying out the book entry on the securities depository account at the Vietnam Securities Depository and Clearing Corporation.
3. For securities specified in Clause 1, Article 61 of this Law not yet deposited at the Vietnam Securities Depository and Clearing Corporation, the transfer of securities ownership shall take effect on the date of book entry on the register of securities owners managed by the Vietnam Securities Depository and Clearing Corporation.

## **Article 65. Safekeeping of assets of customers**

1. Securities and other assets of customers which are managed by the Vietnam Securities Depository and Clearing Corporation or its members, payment deposits for securities transactions of depository members at the payment bank are the assets of the owners, not the assets of the Vietnam Securities Depository and Clearing Corporation, or of members or payment banks.
2. The Vietnam Securities Depository and Clearing Corporation, its members and payment banks must not use securities and other assets specified in Clause 1 of this Article to pay debts of the Vietnam Securities Depository and Clearing Corporation, its members or payment banks.

## **Article 66. Payment assistance funds**

1. Payment assistance funds are formed from contributions of depository members for making payments on depository members' behalf in case they are temporarily insolvent to pay securities transactions.
2. Payment assistance funds are managed by the Vietnam Securities Depository and Clearing Corporation separately from its assets.
3. Forms of contribution, levels of contribution, modes of management and use of payment assistance funds shall comply with regulations of the Minister of Finance.

## **Article 67. Clearing funds**

1. Clearing fund are formed from the contributions of clearing members for compensating damages and completing securities transactions on the clearing members' half in case in case the investors are insolvent to pay.
2. Clearing funds are managed by the Vietnam Securities Depository and Clearing Corporation separately from its assets.
3. Forms of contribution, levels of contribution, modes of management and use of clearing funds shall comply with the regulations of the Minister of Finance.

## **Article 68. Suspension and restoration of securities registration, depository, clearing and payment activities of the Vietnam Securities Depository and Clearing Corporation**

1. The State Securities Commission shall suspend a part or the whole securities registration, depository, clearing and payment activities of the Vietnam Securities Depository and Clearing Corporation in the following cases:
  - a) When wars, natural disasters, major fluctuations of the economy, faults in the systems of registration, depository, clearing and payment of securities or other force majeure events occur and affect the normal securities registration, depository, clearing and payment activities by the Vietnam Securities Depository and Clearing Corporation;

b) In necessary cases to protect investors' legitimate rights and interests and ensure the stability and safety of the system of securities registration, depository, clearing and payment.

2. The State Securities Commission shall restore a part or the whole of securities registration, depository, clearing and payment activities when the reasons for the partial or wholly suspension of securities registration, depository, clearing and payment activities of the Vietnam Securities Depository and Clearing Corporation are overcome.

### **Article 69. Payment bank**

1. Payment bank is the State Bank of the Vietnam or a commercial bank providing payment services for securities transactions on the securities trading system.

2. Commercial banks shall be selected by the State Securities Commission to act as a payment bank when meeting the following conditions:

a) Having a license for establishment and operation in Vietnam as prescribed by law;

b) Having the charter capital of over VND 10,000 billion;

c) Having conducted profitable business activities in the latest 02 years;

d) Meeting the minimum capital adequacy ratio in accordance with the law on banking;

dd) Having a system of material and technical foundations in service of transaction payment connected to the system of the Vietnam Securities Depository and Clearing Corporation;

e) Having a clearing and payment system connected to the clearing and payment system of the State Bank of the Vietnam;

g) Having a system of material and technical foundations for keeping payment information and data for at least 10 years which shall be provided within 48 hours to the State Securities Commission or the Vietnam Securities Depository and Clearing Corporation at their request.

3. A payment bank has the following rights and obligations:

a) To carry out payment for securities trading activities on the securities trading system separately from other payment activities of the bank and in accordance with the law on securities and securities market;

b) To observe the reporting regime and other obligations as prescribed by law;

c) The commercial bank selected to act as a payment bank shall maintain the conditions prescribed in Clause 2 of this Article.

4. The Government shall specify the application, order and procedures for registration as a payment bank.

**CHAPTER VI**  
**SECURITIES COMPANIES AND SECURITIES INVESTMENT FUND MANAGEMENT COMPANIES** Section 1 **LICENSES FOR ESTABLISHMENT AND OPERATION OF SECURITIES TRADING ACTIVITIES**

**Article 70. Competence to grant, re-grant, adjust and revoke securities trading establishment and operation licenses**

The State Securities Commission is competent to grant, re-grant, adjust and revoke securities trading establishment and operation licenses for securities companies, securities investment fund management companies, branches of foreign securities companies and securities fund management companies in Vietnam.

**Article 71. Enterprise registration and business registration**

1. After being granted securities trading establishment and operation licenses, securities companies and securities investment fund management companies must register their enterprises according to the provisions of the Law on Enterprises while branches of foreign securities companies and securities fund management companies in Vietnam must register their business with the business registration agency.

2. Securities companies, securities investment fund management companies shall be organized in the form of limited liability companies or jointstock companies according to the provisions of the Law on Enterprises.

3. The Government shall detail this Article.

**Article 72. Business obligations of securities companies**

1. A securities company is licensed to conduct one, several or all the following business operations:

a) Securities brokerage;

b) Securities dealing;

c) Securities issuance underwriting;

d) Securities investment consultancy.

2. Securities companies are licensed to conduct securities dealing operation only when they are licensed to conduct securities brokerage operation.

3. Securities companies are only licensed to conduct securities issuance underwriting operation when they are licensed to conduct securities dealing operation.

### **Article 73. Business operations of securities investment fund management companies**

1. Fund management companies may conduct the following business operations:

- a) Management of securities investment funds;
- b) Management of securities portfolios;
- c) Consultancy of securities investment.

2. The business operations specified in Clause 1 of this Article shall all be stated in the establishment and operation license of a fund management company.

### **Article 74. Conditions for grant of establishment and operation licenses to securities companies**

1. Conditions on capital: The contribution of charter capital to securities companies must be in VND; minimum charter capital for each business operation of securities companies in Vietnam shall comply with the Government's regulations.

2. Conditions on shareholders and capital-contributing members:

- a) Shareholders or capital-contributing members who are individuals must be not prohibited to establish and manage enterprises in Vietnam according to the provisions of the Law on Enterprises;
- b) Shareholders or capital-contributing members are organizations must have legal status and operate legally; their business activities in the 02 years preceding the year of applying for the licenses must be profitable; financial statements of the latest year must be audited with full approval;
- c) Shareholders or capital-contributing members owning more than 10% of charter capital of a securities company and their related persons (if any) must own no more than 5% of the charter capital of another securities company;
- d) Shareholders or capital-contributing members who are foreign investors must meet the conditions specified in Article 77 of this Law.

3. Conditions on the structure of shareholders and capital-contributing members:

- a) There are at least 02 founding shareholders or capital-contributing members who are organizations. Where a securities company is organized in the form of a one-member limited liability company, the owner must be an insurance enterprise or a commercial bank or foreign organization that satisfies the provisions of Clause 2, Article 77 of this Law;

b) Total capital contribution of organizations must be at least 65% of charter capital, of which organizations are insurance enterprises and commercial banks must own at least 30% of charter capital.

4. Conditions on material foundations:

a) Having a head office to serve securities trading activities;

b) Having adequate material and technical foundations, office equipment and technological systems suitable for the professional securities trading process.

5. Conditions on personnel: Having a General Director (Director), at least 03 employees with a securities practice certificate suitable for each securities business operation which is applied for a license and at least 01 compliance control officer. The General Director (Director) must meet the following criteria:

a) Not being examined for penal liability or serving imprisonment sentences or prohibited from practicing securities operations as prescribed by law;

b) Having at least 02 years of experience working in the professional sections of organizations related to finance, securities, banking, insurance or in the departments of finance, accounting, investment at other enterprises;

c) Having a certificate of financial analysis practice or fund management practice;

d) Not being sanctioned for administrative violations in the field of securities and securities market within the latest 06 months from the time of submission of the application. If there is a Deputy General Director (Deputy Director) in charge of the operation, he/she must meet the criteria prescribed at Points a, b and d of this Clause and have a securities practice certificate suitable for in-charge operation.

6. The draft Charter shall comply with Clause 1, Article 80 of this Law.

#### **Article 75. Conditions for grant of establishment and operation licenses to fund management companies**

1. Conditions on capital: The contribution of charter capital to securities investment fund management companies must be in VND; the minimum charter capital for being granted a securities trading establishment and operation license of a securities investment fund management company in Vietnam shall comply with the Government's regulations.

2. Conditions on shareholders and capital-contributing members:

a) Shareholders or capital-contributing members must meet the conditions specified at Points a and b, Clause 2, Article 74 of this Law;

b) Shareholders or capital-contributing members who are foreign investors must meet the conditions specified in Article 77 of this Law;

c) Shareholders or capital-contributing members holding more than 10% of charter capital of a fund management company and their related persons (if any) must not own more than 5% of the charter capital of another fund management company;

3. Conditions on the structure of shareholders and contributing members:

a) There are at least 02 founding shareholders or capital-contributing members who are organizations. Where a fund management company is organized in the form of a one-member limited liability company, the owner must be an insurance enterprise or a commercial bank or a securities company or foreign organization that satisfies the provisions of Clause 2, Article 77 of this Law;

b) Total capital contribution of organizations must be at least 65% of charter capital, of which organizations are insurance enterprises, commercial banks and securities companies must own at least 30% of charter capital.

4. Conditions on material foundations:

a) Having a head office to serve securities trading activities;

b) Having adequate material and technical foundations, office equipment and technological systems suitable for the professional securities trading process.

5. Conditions on personnel: Having a General Director (Director), at least 05 employees with a fund management practice certificate and at least 01 compliance control officer. The General Director (Director) must meet the following criteria:

a) Not being examined for penal liability or serving imprisonment sentences or prohibited from practicing securities operations as prescribed by law;

b) Having at least 04 years of experience working in the professional sections of organizations related to finance, securities, banking, insurance or in the departments of finance, accounting, investment at other enterprises;

c) Having a certificate of fund management practice or equivalent certificates in accordance with law;

d) Not being sanctioned for administrative violations in the field of securities and securities market within the latest 06 months from the time of submission of the application. If there is a Deputy General Director (Deputy Director) in charge of the operation, he/she must meet the criteria prescribed at Points a, b and d of this Clause and have a securities practice certificate suitable for in-charge operation.

6. The draft Charter shall comply with Clause 1, Article 80 of this Law.

**Article 76. Conditions for grant of establishment and operation licenses to branches of foreign securities companies and foreign fund management companies in Vietnam**

1. A foreign securities company may set up its branch in Vietnam when it meets the following conditions:

a) Satisfying the provisions of Clause 2, Article 77 of this Law and have established or contributed capital to no securities companies or securities investment fund management companies in Vietnam with over 49% of the charter capital owned by foreign securities companies;

b) Capital allocated to branches in Vietnam shall comply with Clause 1, Article 74 of this Law;

c) Satisfying the conditions on material foundations and personnel prescribed in Clauses 4 and 5, Article 74 of this Law, for branch planned to be established in Vietnam.

2. A foreign fund management company may set up its branch in Vietnam when it meets the following conditions:

a) Being licensed by the agency in charge of management of securities in the home country to conduct public fund management activities and being approved to establish a branch in Vietnam;

b) The licensing authority of the home country and the State Securities Commission have signed bilateral or multilateral cooperation agreements on information exchange, cooperation in management, inspection and supervision of securities activities and securities market; its remaining operation duration (if any) is at least 05 years;

c) Not being a shareholder or a capital-contributing member or, together with a related person, directly or indirectly via authorization or investment trusteeship owning more than 5% of the charter capital of a securities investment fund management company in Vietnam;

d) Capital allocated to branches in Vietnam shall comply with Clause 1, Article 75 of this Law;

dd) Satisfying the conditions on material foundations and personnel as specified in Clauses 4 and 5, Article 75 of this Law, for branch planned to be established in Vietnam;

e) Satisfying the provisions of Point c, Clause 2, Article 77 of this Law. 3. Foreign securities companies and foreign fund management companies shall establish only 01 branch in Vietnam.

**Article 77. Participation of foreign investors in securities companies and securities investment fund management companies**

1. Foreign investors may contribute capital to establish, buy shares or capital contributions of securities companies and securities investment fund management companies on the following principles:



a) Foreign investors who are organizations meeting the conditions specified in Clause 2 of this Article and their related persons shall own up to 100% of charter capital of a securities company or a fund management company. In case of failure to meet the provisions of Clause 2 of this Article, foreign investors who are organizations and their related persons shall only own up to 49% of the charter capital of a securities company or a fund management company;

b) Foreign investors who are individuals and their related persons shall own up to only 49% of the charter capital of a securities company or securities investment fund management company;

c) Complying with the provisions of Point c, Clause 2, Article 74 and Point c, Clause 2, Article 75 of this Law.

2. A foreign organization participating in capital contribution for establishment, purchase of shares or capital contributions in order to own 100% of charter capital of a securities company or a securities investment fund management company must meet the following conditions here:

a) Being licensed and having continuous operation in the fields of banking, securities and insurance within 02 years preceding the year of participation in capital contribution to establishment, purchase of shares or capital contributions;

b) The licensing authority of the home country and the State Securities Commission have signed bilateral or multilateral cooperation agreements on information exchange, cooperation in management, inspection and supervision of securities activities and securities market;

c) Its business activities in the 02 years preceding the year of capital contribution to establishment, purchase of shares and capital contributions must be profitable and financial statements of the latest year must be audited with full approval.

3. Foreign securities companies and foreign fund management companies may establish branches and representative offices in accordance with Articles 76 and 78 of this Law.

#### **Article 78. Representative offices of foreign securities companies and fund management companies in Vietnam**

1. A foreign security companies or a fund management company may establish its representative office in Vietnam when meeting the following conditions:

a) Being licensed and operating legally in the home country;

b) The licensing authority of the home country and the State Securities Commission have signed bilateral or multilateral cooperation agreements on information exchange, cooperation in management, inspection and supervision of securities and securities market, or the securities company or foreign fund management company is managing investment funds in Vietnam; its remaining operation duration (if any) is at least 01 year. 2

. The scope of operation of the representative office in Vietnam of a foreign securities company or a foreign fund management company shall cover one, several or all the following contents:

- a) To perform the functions of liaison office and market research institute;
- b) To promote the development of cooperation projects in the field of securities and securities market in Vietnam;
- c) To promote, supervise the implementation of agreements signed between securities companies, foreign fund management companies and economic organizations of the Vietnam;
- d) To promote, supervise the implementation of projects financed by foreign securities companies or fund management companies in Vietnam.

3. Representative offices of foreign securities companies or fund management companies in Vietnam must not conduct securities trading activities. 4. The State Securities Commission shall issue operation registration certificates; manage and supervise activities of representative offices of foreign securities companies or fund management companies in Vietnam.

#### **Article 79. Dossiers and procedures for grant, re-grant, adjustment and revocation of securities trading establishment and operation licenses and operation registration certificates**

1. The Government shall specify applications and procedures for granting, re-granting, adjusting and revoking securities trading establishment and operation licenses of securities companies, securities investment fund management companies and branches of foreign securities companies and fund management companies in Vietnam, operation registration certificates of representative offices of foreign securities companies and fund management companies in Vietnam.

2. Within 30 days after receiving complete and valid applications, the State Securities Commission shall grant or refuse to grant establishment and operation licenses and operation registration certificates. In case of refusal, the State Securities Commission must reply in writing and clearly state the reasons.

#### **Article 80. Charter of securities companies and securities investment fund management companies**

1. The charter of a securities company or securities investment fund management company must not be contrary to the provisions of this Law and the Law on Enterprises.

2. Securities companies and securities investment fund management companies must post the entire Charter on their official websites.

#### **Article 81. Contents of establishment and operation licenses**

1. An establishment and operation licenses granted to a securities company or securities investment fund management company must contain the following contents:

- a) Name of the company;
- b) Address of head office;
- c) Business operations;
- d) Charter capital;
- dd) Representative at law.

2. An establishment and operation licenses granted to a branch of a foreign securities company and a foreign fund management company in Vietnam contains the following contents:

- a) Name of the branch, address of the branch, business operations of the branch;
- b) Name of the parent company;
- c) Address of the parent company's headquarters;
- d) Capital allocated to the branch;
- dd) Director of the branch.

3. Changes related to securities trading establishment and operation licenses specified in Clauses 1 and 2 of this Article must be approved by the State Securities Commission before being changed.

4. Within 10 days after the State Securities Commission approves the changes prescribed in Clause 3 of this Article, securities companies, securities investment fund management companies or branches of foreign securities companies, securities investment fund management companies in Vietnam shall register or notify the related changes with the business registration agency in accordance with the Law on Enterprises.

## **Article 82. Names of securities companies and securities investment fund management companies**

1. Names of securities companies and securities investment fund management companies shall comply with the Law on Enterprises and the provisions of Clauses 2 and 3 of this Article.

2. Name of a securities company shall consist of the following elements in the following order:

- a) Type of the enterprise;
- b) The phrase "securities";

c) Its proper name.

3. Name of a fund management company shall consist of the following elements in the following order:

a) Type of the enterprise;

b) The phrase "fund management";

c) Its proper name.

4. Organizations other than securities companies or securities investment fund management companies are not allowed to use the phrases "securities" and "fund management" as well as other phrases, which cause confusion to customers that such organizations are securities companies or securities investment fund management companies, in their names.

#### **Article 83. Disclosure of information activities**

Securities companies, securities investment fund management companies, branches and representative offices of foreign securities companies and foreign fund management companies in Vietnam must publish their operational information on the means of announcement of the State Securities Commission and 01 electronic newspapers or printed newspapers in 03 consecutive issues in at least 30 days prior to the date of their expected commencement of operation. The information shall include:

1. A securities trading establishment and operation license or an operation registration certificate issued by the State Securities Commission;

2. Date of official commencement of operation.

Article 84. Date of official commencement of operation.

1. Securities companies, securities investment fund management companies, branches and representative offices of foreign securities companies and foreign fund management companies in Vietnam must officially commence their operation within 12 months after being licensed.

2. Securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam must not conduct securities trading activities before the date of their official commencement of operation.

3. Securities companies and securities investment fund management companies may officially operate after satisfying the following provisions:

a) Registering their enterprises in accordance with Article 71 of this Law;

b) Having process of operation, risk management, internal control; c) Having the Charter approved by the General Meeting of Shareholders, the Members' Council or owners of the company.

4. Branches of foreign securities companies or foreign fund management companies in Vietnam shall officially operate after meeting the provisions at Points a and b, Clause 3 of this Article.

5. Securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam which are licensed must notify the State Securities Commission on the satisfaction of the provisions of Clauses 3 and 4 of this Article in at least 15 days before the date of official commencement of operation. The State Securities Commission shall suspend the official commencement of operation when the securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam fail to satisfy the provisions in Clauses 3 and 4 of this Article.

## SECTION 2

### OPERATIONS OF SECURITIES COMPANIES AND SECURITIES INVESTMENT FUND MANAGEMENT COMPANIES

#### **Article 85. Maintaining conditions for grant of securities trading establishment and operation licenses**

1. The maintenance of conditions for grant of securities trading establishment and operation licenses shall comply with the following provisions:

a) Securities companies must maintain and comply with the licensing conditions as prescribed in Clause 1, Points c and d of Clause 2, Clauses 4 and 5, Article 74 of this Law;

b) Branches of foreign securities companies in Vietnam must maintain and comply with the licensing conditions as prescribed at Points b and c, Clause 1, Article 76 of this Law;

c) Securities investment fund management companies must maintain and comply with the licensing conditions as prescribed in Clause 1, Points b and c of Clause 2, Clauses 4 and 5, Article 75 of this Law; d) Branches of foreign fund management companies in Vietnam must maintain and comply with the licensing conditions as prescribed at Points c, d and dd, Clause 2, Article 76 of this Law.

2. Within 30 days after failing to meet the conditions specified in Clause 1 of this Article or when the equity capital is lower than the minimum charter capital, the Board of Directors, the Members' Council or the owners of securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam must adopt plans for rectification and report them to the State Securities Commission. The maximum duration for implementing the remedial plan is no more than 06 months for equity conditions or no more than 03 months for other conditions from the date of failing to satisfy the conditions.

3. During the implementation of the remedial plan, securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam must take measures to limit the following operations:

a) Securities companies are not allowed to expand their business, share profits, and repurchase shares, except for repurchasing employees' shares in accordance with the regulations on issuing shares to employees or for error correction of transactions;

b) Securities investment fund management companies are not allowed to supplement securities business operations, share profits, raise capital for setting up securities investment funds or companies, increase charter capital for closed funds, member funds, securities investment companies under their management, sign new investment management contracts, approve extended duration or receive additional capital from current entrusted customers, establish branches or representative offices, and invest in other countries;

c) Branches of foreign securities companies and fund management companies in Vietnam are not allowed to transfer their profits abroad.

Article 86. Operations of securities companies, securities investment fund management companies and branches, representative offices of foreign securities companies and foreign fund management companies in Vietnam

1. Securities companies licensed to conduct securities brokerage operation may provide the following services:

a) Being entrusted to manage securities trading accounts of individual investors; distributing or acting as securities distribution agents; managing securities trading accounts; providing securities list management services to other enterprises;

b) Providing online securities trading services; providing or cooperating with credit institutions to provide services to customers who borrow money in order to buy securities or provide securities lending services; providing or cooperating with credit institutions to provide advances of selling securities; securities depository; securities clearing and payment; other services on the derivatives market.

2. Securities companies licensed to conduct securities dealing operation may trade securities on securities dealing accounts and may invest, contribute capital in, issue or sell financial products.

3. Securities companies licensed to conduct securities issuance underwriting operation may provide consultancy service of securities offering documents, carry out procedures prior to the offering of securities; act as securities depository, payment and transfer agent; consult on restructuring, consolidating, merging, reorganizing, buying and selling enterprises; consult on management and business strategy; consult on offering, listing, registration of securities transactions; consult on equitization.

4. Securities companies licensed to provide securities investment consultancy services may sign contracts to provide services to clients according to the provisions of Clause 32, Article 4 of this Law.

5. Apart from the services specified in Clauses 1, 2, 3 and 4 of this Article, a securities company may only provide other financial services in accordance with the provisions of law after reporting to the State Securities Commission in writing. The State Securities Commission may suspend the provision of other financial services by the securities company if such services are contrary to law provisions or cause risks to the securities market system.

6. Securities investment fund management companies may mobilize and manage foreign investment funds aiming to invest in Vietnam and manage voluntary supplementary retirement funds in accordance with relevant laws as well as provide online securities trading services.

7. Branches of foreign securities companies in Vietnam may only provide securities investment consultancy services. Branches of foreign fund management companies in Vietnam may only provide asset management services for capital raised overseas.

8. The Minister of Finance shall detail the operations of securities companies, securities investment fund management companies, branches and representative offices of securities companies and securities investment fund management companies and branches, representative offices of foreign securities companies and foreign fund management companies in Vietnam; their services and the suspension of other financial services provided by securities companies prescribed in Clauses 1, 2, 3, 4 and 5 of this Article.

#### **Article 87. Operations that must be approved by the State Securities Commission**

1. Securities companies and securities investment fund management companies must obtain prior written approval of the State Securities Commission for the following operations: a) Suspension of their operation, except for cases of suspension due to force majeure events;

b) Offering and listing of securities of securities companies and securities investment fund management companies overseas;

c) Outward portfolio investment;

d) Establishment and closure of domestic and foreign branches and representative offices; establishment of overseas subsidiaries; change of business operations at the branches; establishment and closure of transaction offices;

dd) Change of name, address of the branches, representative offices, transaction offices;

e) Provision of services as specified at Point b, Clause 1, Article 86 of this Law.

2. Branches of foreign securities companies and foreign fund management companies in Vietnam, when suspending their operation as prescribed at Point a, Clause 1 of this Article, must obtain prior written approval of the State Securities Commission.

3. The Government shall specify conditions, applications, order and procedures for approving operations specified in this Article.

#### **Article 88. Management of customers' assets**

1. Assets of a customer received and managed by a securities company, including deposits for securities transactions, securities deposited, kept at securities companies and related rights are assets under the customer's ownership, not the assets of a securities company.

2. Assets of a customer entrusted on a depository account of a securities investment fund management company are those owned by the entrusted customer, not the assets of investment fund management company.

3. In case a securities company or securities investment fund management company dissolves or goes bankrupt, the customers' assets must be returned to the customers after deducting the customers' liabilities for the securities company or securities investment fund management company.

4. The Minister of Finance shall detail the management of customers' assets at securities companies and securities investment fund management companies.

#### **Article 89. Obligations of securities companies and branches of foreign securities companies in Vietnam**

1. To establish a system for internal control, management of risks and supervision and prevention of interest conflicts within the companies and arising from transactions with related persons.

2. To ensure that employees working in the professional sections must have securities practice certificates suitable to the operations they perform.

3. To manage separately assets of each investor, and to separate assets of customers with their assets.

4. To sign written contracts with customers for provision of services to the latter; to supply full and truthful information to customers.

5. To prioritize the execution of customers' orders before their own orders.

6. To collect and scrutinize information on customers' financial status, investment purposes and risk-offsetting capability; to ensure that investment recommendations and consultations they provide to customers are suitable with the customers' financial status, investment purposes and



risk-offsetting capability, unless the customers do not provide information or provide incomplete and inaccurate information.

7. To update and keep complete records of all customers' information and vouchers and to reflect in detail and truthfully customers' transactions and their transactions.

8. To observe the accounting, auditing and statistical regimes and perform financial obligations as provided for by law.

9. To disclose information and make timely, sufficient and accurate reports in accordance with law.

10. To develop an information technology system and backup database to ensure safe and uninterrupted operation.

11. To supervise securities transactions in accordance with the Minister of Finance's regulations.

12. To perform other obligations in accordance with this Law and other relevant laws.

#### **Article 90. Obligations of investment fund management companies and branches of foreign fund management companies in Vietnam**

1. To fulfill the obligations prescribed in Clauses 1, 2, 4, 5, 6, 7, 8, 9, 10 and 12, Article 89 of this Law.

2. To manage securities investment funds and portfolios according to the provisions of this Law, charters of securities investment funds, contracts signed with investment-entrusting customers and contracts signed with supervisory banks.

3. To determine values of net assets of securities investment funds according to the provisions of Article 106 of this Law, charters of securities investment funds and contracts signed with investment-entrusting customers.

4. When managing entrusted assets, the securities investment fund management companies must deposit all entrusted assets independently and separately for each entrusted customer and separate the entrusted assets and their assets.

#### **Article 91. Limitations on securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam**

1. To refrain from making assessments or assuring customers of incomes or profits to be earned from their investments or assuring customers of no loss, except for investment in drop-lock securities.

2. To refrain from disclosing information on customers, except where such disclosure is consented to by the customers or requested by competent state management agencies.

3. To refrain from taking acts which mislead customers and investors as to securities prices.

4. Founding shareholders or founding members of a securities company or a fund management company are not allowed to transfer their shares or capital contributions within 03 years after the grant of establishment and operation licenses, except for transfer to other founding shareholders or founding members of the same company.

5. Securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam must conduct operations and provide securities services on their own names; not use the name of other organizations or individuals or let other organizations and individuals use their names for trading, providing securities services.

6. A securities company is not allowed to contribute capital to establish or buy shares, capital contributions of another securities company in Vietnam, except for the following cases:

a) Purchasing for merger or acquisition;

b) Purchasing for individually owning or owning together with related persons (if any) no more than 5% of the currently circulating voting shares listed or registered by such securities company.

7. A securities investment fund management company is not allowed to contribute capital to establish or purchase shares, capital contributions of another securities investment fund management company in Vietnam, except for the following cases:

a) Purchasing for merger or acquisition;

b) Purchasing for individually owning or owning together with related persons (if any) no more than 5% of the currently circulating voting shares listed or registered by such fund management company.

## **Article 92. Financial security**

1. Securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam must satisfy financial safety criteria.

2. The Minister of Finance shall detail the financial safety criteria and measures for handling securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam which do not satisfy the financial safety criteria. The State Securities Commission shall warn, control, specially control and apply measures to handle the dissatisfaction of financial safety criteria.

SECTION 3  
REORGANIZATION, SUSPENSION AND REVOCATION OF SECURITIES TRADING  
ESTABLISHMENT AND OPERATION LICENSES

**Article 93. Reorganization of securities companies or securities investment fund management companies**

1. The reorganization of securities companies or securities investment fund management companies must obtain prior approval from the State Securities Commission. Within 30 days after receiving a complete and valid applications, the State Securities Commission shall approve the reorganization of securities companies or securities investment fund management companies. In case of refusal, the State Securities Commission must reply in writing and clearly state the reasons.
2. After obtaining the State Securities Commission's approval under Clause 1 of this Article, securities companies or securities investment fund management companies shall reorganize according to the provisions of the Law on Enterprises and must ensure the following principles:
  - a) The reorganization must not affect customers' legitimate rights and interests and must ensure continuous, smooth and safe transactions;
  - b) A securities company or a fund management company formed after a reorganization shall inherit the rights and obligations of the preceding securities company or securities investment fund management company in accordance with law;
  - c) Securities companies or securities investment fund management companies conducting reorganization must fulfill the obligation to disclose information to customers.
3. The Government shall specify conditions, applications, order and procedures for approving the reorganization of securities companies and securities investment fund management companies.
4. Companies formed after reorganization must carry out the procedures for requesting the grant and modification of securities trading establishment and operation licenses according to the provisions of this Law.

**Article 94. Suspension of operations of securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam**

1. The State Securities Commission shall decide to suspend one, several or all operations of securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam in the following cases:
  - a) Their applications for grant or supplementation of establishment and operation license contains untruthful information;
  - b) They fail to redress the warned situation as prescribed in Article 92 of this Law;

c) They operate for improper purposes or not in accordance with the contents in their establishment and operation licenses;

d) They fail to meet the conditions specified in Clause 1, Article 85 of this Law or the condition of equity capital not lower than the minimum charter capital after the remedial period specified in Clause 2, Article 85 of this Law. 2. After 06 months from the effective date of the suspension decisions, the State Securities Commission shall issue a decision to revoke the suspended securities operations in case the securities companies cannot remedy the situation as prescribed at Point b or Point d, Clause 1 of this Article.

3. During the period of suspension, securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam must take remedial measures or restrict the following operations:

a) Not renewing or extending contracts related to suspended business operations; finalizing and transferring accounts at the request of customers (if any);

b) Having plans for overcoming and reporting on the implementation of the plans at the request of the State Securities Commission;

c) In case of suspension of dealing operation, a securities company shall only sell securities, not increase its business investments, except for cases of forced purchase to correct trading errors, odd lot transactions or conduct other rights related to its securities in accordance with law.

**Article 95. Revocation of establishment and operation licenses of securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam**

1. Securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall have their securities trading establishment and operation licenses revoked in the following cases:

a) They do not officially commence their operation within 12 months from the date of being licensed; fail to resume operations after the expiry of the suspension period of fund management operation for 02 consecutive years;

b) There is a written request to withdraw the establishment and operation licenses;

c) Securities companies have all their securities business operations revoked as prescribed in Clause 2, Article 94 of this Law; securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam fail to redress the situation as specified at Points b and d, Clause 1, Article 94 of this Law within 06 months from the date of suspension of operation;

d) The fail to remedy the violations prescribed at Points a and c, Clause 1, Article 94 of this Law within 60 days from the date of suspension of operation; dd) They are dissolved, consolidated, divided, merged or go bankrupt.

2. For cases of revocation of licenses specified at Points c and d, Clause 1 of this Article, the State Securities Commission may appoint other securities companies or securities investment fund management companies to replace the revoked companies to complete their transactions, contracts; in this case, the authorization relationship is automatically established between the two companies.

3. When having their licenses revoked, securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam must comply with the following provisions:

a) To terminate all operations stated in their licenses without delay and publish this information on 01 electronic newspaper or printed newspaper in 03 consecutive issues;

b) To perform the settlement of customers' assets received and managed by the securities companies, the customers' assets entrusted to the depository accounts of the securities investment fund management companies;

c) To report to the State Securities Commission after fulfilling the settlement obligations of customers' assets. 4. The State Securities Commission shall disclose information on license revocation and notify the business registration agency to revoke the enterprise registration or business registration certificates.

#### **Article 96. Dissolution and bankruptcy of securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam**

1. The dissolution of securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall comply with the provisions of this Law and the Law on Enterprises.

2. The Government shall detail the settlement of customers' assets specified at Point b, Clause 3, Article 95 of this Law; applications, order and procedures for dissolution of securities companies, securities investment fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam.

3. The bankruptcy of securities companies or securities investment fund management companies must comply with the law on bankruptcy.

### SECTION 4 SECURITIES BUSINESS PRACTICE

#### **Article 97. Securities business practice certificates**

1. Securities business practice certificates shall comprise the following types:

- a) Securities brokerage practicing certificate.
- b) Financial analysis practicing certificate
- c) Fund management practicing certificate.

2. A securities business practice certificate shall be issued to an individual who satisfies the following conditions:

- a) Having full legal capacity for civil acts; and not being currently subject to criminal prosecution or a ban from professional business practice as prescribed by the law.
- b) Holding a university or post-university qualification.
- c) Having professional qualifications in the field of securities and securities market.
- d) Having passed an examination for the grant of a securities practice in line with the certificate of the type he/she applies for. For foreigners who possess certificates of professional qualifications in securities or who have lawfully practiced securities business in foreign countries, shall have to pass the examination on Vietnam's securities law and Vietnam's securities market.

3. Securities practitioners have their practice certificates revoked in the following cases:

- a) They no longer satisfy the conditions on grant of a securities practice certificate specified at Clause 2 of this Article;
- b) They violate the provisions of Article 12 and Clauses 2 Article 98 of this Law;
- c) They fail to practice the securities profession for 03 consecutive years.

4. Securities practitioners who have their securities business practice certificates revoked in the cases specified at Point b, Clause 3 of this Article shall not be re-granted those certificates.

5. The Government shall prescribe in details the conditions and procedures for the granting, re-granting, and revocation of securities business practice certificates; and supervision of securities practitioners.

#### **Article 98. Responsibilities of securities practitioners**

1. Persons who are granted securities business practice certificates are only eligible for practicing securities business as representatives of securities companies, securities fund management companies, or branches of securities companies and foreign fund management companies in Vietnam or securities investment companies.

2. Securities practitioners must not conduct the following acts:

a) Concurrently work for 02 or more securities companies, fund management companies, or branches of securities companies and foreign securities fund management companies in Vietnam or securities investment companies.

b) Open and manage securities trading accounts at the securities companies they are working for, except the case where the securities companies they are working for have no professional operation of securities brokerage.

c) Conduct acts that are beyond the authorization scope of the securities companies, fund management companies, or branches of securities companies and foreign fund management companies in Vietnam or securities investment companies they are working for.

3. Securities practitioners are required to participate in training courses on securities law and securities market, trading system, new types of securities organized by the State Securities Commission, the Stock Exchange of Vietnam and its subsidiaries, and the Securities Depository and Clearing Corporation of Vietnam. 4. Securities companies and foreign securities fund management companies in Vietnam or securities investment companies shall take responsibility for professional operations of securities practitioners.

## **CHAPTER VII SECURITIES INVESTMENT FUNDS, SECURITIES INVESTMENT COMPANIES AND SUPERVISORY BANKS**

### **SECTION 1 GENERAL PROVISIONS ON SECURITIES INVESTMENT FUND**

#### **Article 99. Types of securities investment funds**

1. Securities investment funds include public funds and member funds.
2. Public funds include open-end funds and closed funds.

#### **Article 100. The establishment and operation of securities investment funds**

1. The establishment and public offering of fund certificates of public funds shall be conducted by securities fund management companies in accordance to provisions of Article 108 of this Law and registered with the State Securities Commission.
2. The establishment of member funds shall be conducted by securities fund management companies in accordance with the provisions of Article 113 of this Law and reported to the State Securities Commission.

3. The Government shall prescribe in detail the conditions, dossier and procedure for public offering, establishment, re-structuring and dissolution of securities investment funds stipulated in Article 99 and Article 114 of this Law.

4. The operation of types of securities investment funds defined in Article 99 and Article 114 of this Law shall be conducted in accordance with regulations of the Minister of Finance and other relevant law provisions.

### **Article 101. Rights and obligations of investors participating in securities investment funds**

1. Investors shall have the following rights:

a) To enjoy benefits from investment activities of securities investment funds in proportion to their capital contributions;

b) To enjoy benefits and assets lawfully divided from the liquidated assets of securities investment funds;

c) To request securities fund management companies to buy back open-end fund certificates;

d) To initiate lawsuits against securities fund management companies, supervisory banks or related organizations which infringe upon their legitimate rights and interests;

dd) To exercise their rights through the investors' congress;

e) To transfer fund certificates in accordance with the Charter of securities investment funds;

g) Other rights in accordance with the law and the Charter of securities investment funds.

2. Investors shall have the following obligations:

a) To comply with decisions of the investors' congress;

b) To pay in full the amount of money for purchase of fund certificates;

c) Other obligations in accordance with the law and the Charter of securities investment funds.

### **Article 102. Investors' congress of securities investment funds**

1. The investors' congress of a securities investment fund, which is attended by all investors, is the highest decision-making body of that securities investment fund.

2. The investors' congress of a securities investment fund shall have the following rights and duties:

a) To elect, dismiss or remove from office the Chairman and members of the Representative Committee of that securities investment fund;



b) To decide on remuneration and operation expenditure of the Representative Committee of that securities investment fund;

c) To decide on fundamental changes in investment policies, profit distribution plans and investment objectives of the securities investment fund; to decide on changes of the securities fund management company or the supervisory bank; to decide on changes on rates of charges to be paid to the securities fund management company and the supervisory bank;

d) To decide on amendments and/ or supplements to the Charter of the securities investment fund;

dd) To conduct the separation, segregation, unification, mergence and dissolution of the securities investment fund; to change the charter capital, to change the operation duration of the securities investment fund;

e) To request the securities fund management company and the supervisory bank to present books or transaction documents at the investors' congress of the securities investment fund;

g) To adopt annual reports on financial status, asset and operation of the securities investment fund; to approve the selection of accredited audit organizations to audit annual financial statements of the securities investment fund, or to organize independent appraisal (if any);

h) To handle violations of the securities fund management company, the supervisory bank and the Representative Committee of the securities investment fund, which cause damage to the securities investment fund;

i) Other rights and obligations in accordance with the law and the Charter of securities investment funds.

3. The investors' congress of securities investment funds shall be annually or extraordinarily summoned.

4. The Minister of Finance shall prescribe the holding and preceding mode of the investors' congress and the adoption of its decisions.

### **Article 103. Charters of securities investment fund**

1. The Charter of a securities investment fund shall be drafted by the securities fund management company and adopted by the investors' congress.

2. The Charter of a securities investment fund must have the following principal contents:

a) The names of the securities investment fund, the securities fund management company and the supervisory bank;

b) The date of establishment of the securities investment fund;

- c) The operation objectives, investment domains and operation duration of the securities investment fund;
  - d) The contributed capital and provisions on changes of capital of the securities investment fund;
  - dd) Rights and obligations of the securities fund management company and the supervisory bank; cases of change of the securities fund management company or the supervisory bank; provisions on the authorization for the securities fund management company to sign supervision contracts with supervisory banks;
  - e) Provisions on the securities investment fund's Representative Committee and investors' congress;
  - g) Investment limitations of the securities investment fund;
  - h) Provisions on registration of ownership of fund certificates and archive of the fund's register of investors;
  - i) Provisions on selection of the supervisory bank; selection and change of accredited audit organizations;
  - k) Provisions on transfer, distribution and buyback of open-end fund certificates; provisions on listing of close fund certificates;
  - l) Assorted expenses and incomes of the securities investment fund; charge rates and bonus levels applicable to the securities fund management company and the supervisory bank; cases and methods of dividing incomes of the securities investment fund to investors;
  - m) The method of determining the net assets value of the securities investment fund and that of each fund certificate;
  - n) Provisions on settlement of interest conflicts;
  - o) Provisions on reporting regime;
  - p) Provisions on dissolution of the securities investment fund;
  - q) The commitments of the supervisory bank and the securities fund management company to fulfill their obligations toward the securities investment fund and investors, and to abide by the Charter of the securities investment fund;
  - r) The mode of amending and supplementing the Charter of the securities investment fund.
3. The model charter of securities investment funds shall be issued by the Minister of Finance.

## **Article 104. The dissolution of securities investment funds**

1. A securities investment fund shall be dissolved in the following cases:

- a) The operation duration stated in its Charter expires;
- b) The investors' congress decides to dissolve the securities investment fund before the expiration of its operation duration stated in its Charter.
- c) The securities fund management company has its establishment and securities business operation license revoked or the company is dissolved or bankrupt but the Representative Committee of that securities investment fund fails to establish an alternative securities fund management company within 02 months from the date on which this event arises;
- d) The supervisory bank has its Certificate of registration for securities depository activities revoked; or the supervisory bank is dissolved or bankrupt; or the supervision contract between the supervisory bank and the securities fund management company is terminated but the securities fund management company fails to establish an alternative supervisory bank within 02 months from the date on which this event arises;
- dd) The net asset value of the securities investment fund is reduced to under VND 10 billion in 06 consecutive months;
- e) Other cases as prescribed in the Charter of the securities investment fund.

2. Within 03 months before the planned date of dissolution as prescribed at Point a and b, Clause 1 of this Article or within 30 days from the day on which the securities investment fund dissolves under cases of dissolution defined at Points c, d, dd and e, Clause 1 of this Article, the securities fund management company, or the supervisory bank and the fund's Representative Committee shall convene the investors' congress to adopt the plan on dissolution of the securities investment fund.

3. The securities fund management company and the supervisory bank shall complete the liquidation and division of the fund's assets to the investors under the plan adopted by the investors' congress.

4. The proceeds from the liquidation of the securities investment fund's assets and assets remaining after subtracting dissolution expenses shall be settled in the following order:

- a) To fulfill financial obligations toward the State;
- b) To pay amounts payable to the securities fund management company and the supervisory bank, other payables;
- c) The rest shall be divided to investors in proportion to their capital contributions to the fund.

5. Within 05 days after the completion of the dissolution of the securities investment fund, the securities fund management company and the supervisory bank shall report to the State Securities Commission on the result of the dissolution of the securities investment fund.

#### **Article 105. Merger of securities investment funds**

A securities investment fund shall be merged with another securities investment fund of the same type in accordance with the decision of the investors' congress of this securities investment fund. The member fund after being merged must not comprise more than 99 members.

#### **Article 106. The determination of net asset value of securities investment funds**

1. The determination of the net asset value of a securities investment fund shall be conducted by the securities fund management company and certified by the supervisory bank; the confirmation of the net asset value of member funds shall be made by the supervisory bank or the depository bank;

2. The determination of the net asset value of a securities investment fund must adhere to the following principles:

a) For securities listed or registered for trading, their prices shall be determined to be the closing prices or the average price of the trading day preceding the date of valuation;

b) For assets being securities as defined at Point a of this Clause but having no transactions lasting more than 15 days till the date of valuation; or for assets other than securities as specified at Point a of this Clause, the determination of their value must be based on the procedures and method of asset valuation clearly stated in the Charter of the securities investment fund. The procedures and method of valuation must be certified by the supervisory bank and approved by the fund's Representative Committee or the investors' congress. Parties taking part in the asset valuation must be independent from the securities fund management company and the supervisory bank or the depository bank;

c) Monetary assets include dividends, bonds and interests calculated in accordance with their booked values at the time of valuation.

3. The net asset value of the securities investment fund must be periodically and publicly notified in accordance with provision of Clause 1, Article 124 of this Law.

#### **Article 107. Reports on securities investment funds**

The securities fund management company shall periodically or extraordinarily report to the State Securities Commission on the investment portfolio, investment activities and financial status of the securities investment fund.

## SECTION 2 PUBLIC FUNDS AND MEMBER FUNDS

## **Article 108. The mobilization of capital for establishment of public funds**

1. The mobilization of capital of a public fund shall be conducted by the securities fund management company within ninety days after the Certificate of public offering of fund certificates takes effect. A public fund shall be established when it satisfies the following conditions:

a) Having at least 100 investors, not including professional securities investors who buy fund certificates, except exchange trade funds;

b) The total value of fund certificates sold is at least VND 50 billion.

2. Total capital amount contributed by investors must be frozen at a separate account controlled by the supervisory bank and must not be used until the capital mobilization completes. The securities fund management company shall report to the State Securities Commission on capital mobilization results certified by the supervisory bank within 10 days after the completion of the capital mobilization.

3. In cases where the public fund's capital mobilization fails to satisfy the condition specified in Clause 1 of this Article, the securities fund management company shall refund all contributed amounts to investors within fifteen days after the completion of the capital mobilization. The fund management company shall bear all expenses and fulfill financial obligations arising from the capital mobilization.

## **Article 109. The Representative Committee of the public fund**

1. The Representative Committee of the public fund shall represent the benefits of investors and shall be elected by the investors' congress of the securities investment fund. The rights and obligations of the Representative Committee of the public fund shall be provided in the Charter of the securities investment fund.

2. Decisions of the Representative Committee of the public fund are adopted by voting at its meetings, gathering its members' written opinions or by other modes prescribed in the securities investment fund charter. Each member of the Representative Committee of the public fund has 01 vote.

3. The Representative Committee of the public fund consists of between 03 and 11 members, of which at least two-thirds are independent members who are not affiliated persons of the securities fund management company and the supervisory bank.

4. Term of office, criteria, number, appointment, dismissal, removal from office and addition of members of the public fund's Representative Committee, the Chairman of the public fund's Representative Committee, conditions and mode of meeting and adoption of decisions of the public fund's Representative Committee shall be provided in the Charter of the securities investment fund.

## **Article 110. Limitations of public funds**

1. The fund management company may not use the capital and assets of the public fund for the following activities:

- a) Investing in fund certificates of the very public fund;
- b) Investing in securities of an issuing organization in excess of 10 % of the total value of outstanding securities of such organization, except Government bonds;
- c) Investing more than 20% of the total asset value of the public fund in outstanding securities of an issuing organization, except Government bonds;
- d) Investing more than 10% of the total asset value of a closed fund in real estate; except cases of being real estate investment funds or investing openend funds in real estate;
- dd) Investing more than 30% of the total asset value of the public fund in companies of the same group which have ownership interrelations, which fall into the following cases: parent company and subsidiary; companies owning more than 35% of the stocks or capital contribution of each other; groups of subsidiaries which have the same parent company;
- e) Providing loans or guarantees for any loans.
- g) Investment limits of other securities investment funds and for each specific type of fund shall comply with regulations defined by the Minister of Finance.

2. The fund management company may not borrow loans to finance activities of the public fund, except for short-term loans, under law provisions on banking, to pay necessary expenditures of the public fund or to conduct payment for fund certificate transactions with investors. The total value of short-term loans of the public fund must not exceed 5% of its net asset value at any time and the maximum loan term is 30 days.

3. The investment structure of the public fund must only exceed the investment limits in cases specified at Point b, c, d, dd and g, Clause 1 of this Article for the following reasons:

- a) Fluctuations in the market prices of assets in the fund's investment portfolio;
- b) Conducting payments of the fund in accordance with the law;
- c) Conducting the unification or merger of the issuing organization;
- d) A new fund, which is licensed for establishment, or is established due to segregation, unification, or merger of funds, but its operation duration has not exceeded 06 months from the date on which it receives the Certificate of registration for establishing a new fund;
- dd) The fund is in the process of dissolution.

4. The securities fund management company is obliged to report to the State Securities Commission and disclose information on the excesses of investment limits prescribed in Clause 1 of this Article. Within 03 months after such excesses arise, the securities fund management company shall readjust the investment portfolio to assure the investment limits specified in Clause 1 of this Article.

#### **Article 111. Open-end funds**

1. A securities fund management company shall, on behalf of the open-end fund, buy back the open-end fund's certificates and conduct additional issuance of open-end fund's certificates within the fund's maximum paid-in capital. The frequency and specific time of such activity shall be provided in detail in the fund's Charter.

2. The fund management company is not required to redeem open-end fund certificates on the fund's behalf upon the occurrence of one of the following events:

a) It is unable to redeem open-end certificates due to force majeure events;

b) It is unable to determine the net asset value of the open-end fund in the date of fixing redemption prices due to the decision to suspend securities transactions in the fund's investment portfolio;

c) Other events specified in the Charter of the securities investment fund.

3. The securities fund management company shall report to the State Securities Commission within 24 hours after the occurrence of any of the events defined in Clause 2 of this Article and shall continue the redemption of open-end fund certificates after such event terminates.

#### **Article 112. Closed funds**

1. The increase of the capital of a closed fund must be approved by the State Securities Commission and satisfy the following conditions:

a) The Charter of the securities investment fund provides for the increase of its capital;

b) The fund's profit in the year preceding the year of request for capital increase is in positive figures;

c) The fund management company has not been sanctioned for administrative violations in the securities field and securities market within 02 year up to the time of request for capital increase;

d) The plan on the additional issuance of closed fund certificates is adopted by the investors' congress.

2. Closed fund certificates shall only be issued to the fund's existing investors by means of distribution of the rights to buy transferrable closed fund certificates. In cases where the fund's

existing investors do not buy all the rights to buy such certificates, the rest shall be issued to outside investors.

3. Any changes in the operation duration of closed funds must be approved by the State Securities Commission and must satisfy the following conditions:

- a) The concerned change in the fund's operation duration has been adopted by the investors' congress;
- b) In case of extending the operation duration, the net asset value of the fund at the latest valuation period before the time of submitting the dossier for extension must not be lower than VND 50 billion.

#### **Article 113. The establishment of member funds**

1. A member fund shall be established by capital-contributing members on the basis of a capital contribution contract.

2. The establishment of a member fund must satisfy the following conditions:

- a) The fund's minimum contributed capital is VND 50 billion;
- b) There are between 02 and 99 capital-contributing members, and only include members who are professional securities investors;
- c) The fund is managed by 01 fund management company;
- d) The fund's assets are deposited at a depository bank independent from the fund management company.

### SECTION 3 SECURITIES INVESTMENT COMPANIES

#### **Article 114. Securities investment companies**

1. Securities investment company is a securities investment fund organized in the form of joint stock company for securities investment. Securities investment companies shall be categorized into 02 types: private securities investment company and public securities investment company.

2. The State Securities Commission shall grant establishment and operation licenses of securities investment companies. After being granted such licenses, securities investment companies shall conduct enterprise registration in accordance with the Law on Enterprises.

#### **Article 115. The establishment and operation of securities investment companies**



1. Conditions for grant of establishment and operation license of a securities investment company shall include:

- a) Having a minimum capital of VND 50 billion;
- b) The General Director (or Director) and staffs working in the professional division must possess securities practice certificates in case the securities investment company manage its own investment capital.

2. Securities investment companies shall comply with the following regulations:

- a) The Investment limits specified in Article 110 of this Law;
- b) The contents related to the asset valuation and reporting regime in Articles 106 and Article 107 of this Law;
- c) The obligations of public companies specified at Points a, b, c, Clause 1 and Clause 2, Article 34 of this Law;
- d) Assets of a securities investment company must be deposited at 01 supervisory bank.

#### SECTION 4 SUPERVISORY BANKS

##### **Article 116. Supervisory banks**

1. Supervisory banks are commercial banks possessing Certificates of registration of securities depository activities issued by the State Securities Commission, and providing depository services and supervising the management of public funds and securities investment companies.
2. A supervisory bank shall supervise activities of a securities fund management company within the relevant scope to the public fund and to the securities fund management company which the bank provides supervisory service to. Supervisory banks shall have the following obligations:
  - a) To perform the obligations specified in Clause 3 of Article 5 and Article 6 of this Law;
  - b) To keep in depository assets of public funds or securities investment companies; to manage assets of public funds or securities investment companies independently from its own assets;
  - c) To supervise and ensure that the fund management companies manage the public funds, the General directors (or directors) of securities investment companies manage the company's assets in compliance with this Law and the Charter of securities investment funds or the Charter of securities investment companies;
  - d) To conduct revenue and expenditure, payment, and money and securities transfer activities related to operation of public funds or securities investment companies upon lawful requests of the

fund management companies or General directors (or directors) of securities investment companies;

dd) To certify reports made by the fund management companies or securities investment companies related to public funds or securities investment companies;

e) To supervise the observance of the reporting and information disclosure regime by the fund management companies or securities investment companies in accordance with this Law;

g) To report to the State Securities Commission on detected violations of law or violations of charters of securities investment funds or securities investment companies committed by the securities fund management companies, securities investment companies or concerned organizations or individuals;

h) To coordinate with securities fund management companies or securities investment companies in periodically comparing accounting books, financial statements and trading activities of public funds or securities investment companies;

i) Other obligations prescribed by the law and specified in charters of securities investment funds or securities investment companies.

#### **Article 117. Limitations on supervisory banks**

1. Supervisory banks, members of Boards of Directors, executive officers and staff members of supervisory banks supervising the operation of and preserving fund assets of public funds and securities investment companies must not be affiliated persons of, or persons having the ownership, borrowing or lending relations with, securities fund management companies or securities investment companies or vice versa.

2. Supervisory banks, members of Boards of Directors, executive officers and staff members of supervisory banks supervising the operation of and preserving fund assets of public funds and securities investment companies must not be trading partners in transactions of buying or selling assets of public funds or securities investment companies.

### **CHAPTER VII DISCLOSURE OF INFORMATION**

#### **Article 118. Subjects of information disclosure**

1. Subjects of information disclosure shall include:

a) Public companies;

b) Issuing organizations conducting public offerings of corporate bonds;

c) Listing organizations of corporate bonds;

- d) Securities companies, securities fund management companies, branches of securities companies or foreign securities fund management companies in Vietnam;
- dd) The Stock Exchange of Vietnam and its subsidiaries, and the Securities Depository and Clearing Corporation;
- e) Majority shareholders, and affiliated persons owning at least 5% or more of voting stocks of a public company; investors and affiliated persons owning at least 5% or more of a closed fund's certificates;
- g) Founding shareholders during the time of restricted transfer of public companies or public securities investment companies;
- h) Insiders of public companies, public funds and public securities investment companies specified in Clause 4, Article 4 of this Law and persons related to such insiders;
- i) Groups of relevant foreign investors owning at least 5% or more of voting stocks of 01 issuing organization or owning at least 5% or more of a closed fund's certificates.
- k) Other subjects as prescribed by the Minister of Finance.

2. The Minister of Finance shall prescribe in detail the information disclosure by each subject defined at Clause 1 of this Article.

3. For a public company that is a specially controlled credit institution, the disclosure of information shall comply with the requirements of the State Bank of Vietnam in accordance with the objective of ensuring the safety of the credit institution system.

#### **Article 119. Principles for information disclosure**

1. The disclosure of information must be in a sufficient, accurate and timely manner.

2. Information disclosure subjects must take legal responsibility for the contents of information disclosed. In case of changing any contents of the information that has been disclosed, the information disclosure subjects must publicly announce the adjusted content and the reason for this adjustment compared to the previously disclosed information - in a sufficient and timely manner.

3. When disclosing information, the subjects specified in Article 118 of this Law shall concurrently report on disclosed information contents to the State Securities Commission and the organization where the securities are listed.

4. The disclosure of information shall be conducted by legal representatives or authorized persons. The disclosure of personal information shall be conducted by individuals themselves or by their authorized organizations or individuals.

5. Information disclosure subjects shall be responsible for preserving and storing the disclosed information and reporting such information in accordance with the law.

#### **Article 120. Disclosure of information of public companies**

1. Public companies shall disclose periodical information on one or several of the following contents:

a) Annual financial statements audited and biannual financial statements examined by accredited audit organizations and quarterly financial statements;

b) Annual reports;

c) Reports on the corporate governance situation;

d) Resolutions of annual Shareholders' General Meetings;

dd) Other information as prescribed by the law.

2. A public company shall disclose extraordinary information upon the occurrence of any of the following events:

a) Its bank account in a bank or in a branch of a foreign bank is frozen at the request of competent agencies or when the payment service provider detects signs of frauds or violations of laws related to this payment account; or the company's bank account is permitted to resume its operation after being frozen in any cases prescribed at this Point;

b) It suspends its business operation, or changes contents of the business registration; or has its business registration certificate revoked; amends and supplements the establishment and operation license or the operation license; or has its establishment and operation license or its operation license revoked;

c) Its extraordinary Shareholders' General Meeting's decisions are adopted under the law;

d) There are decisions on the redemption of its stocks; or decisions on the date of exercise of the right to buy stocks of bond owners or the date of conversion of convertible bonds into stocks and decisions related to the offering and issuance of securities;

dd) There are decisions on the re-structuring or dissolution of the company; on the medium-term development policy and plan, and the annual business plan of the company; on the establishment or dissolution of subsidiaries, associated companies and transactions making one company either become or no longer be a subsidiary or an associated company; on the establishment and shutdown of branches or representative offices;

- e) There are decisions on changing accounting period, applied accounting policies; on the retrospective adjustment of financial statements; on the opinion which is not an opinion fully accepted by the auditing organization regarding financial statements; on the selection or change of audit firms;
- g) There are changes or new appointments of insiders;
- h) There are decisions on trading assets or conducting transactions with value of more than 15% of the total assets of the company based on the audited financial statement of the latest year or the financial statement of the nearest 06 months which is reviewed.
- i) There are decisions on sanctioning violations of the law on tax, rulings, and decisions of the Court related to the company's operation which have taken effect; notice of the Court on the acceptance of its application for opening of business bankruptcy procedures.
- k) There are decisions to initiate lawsuits against the company and the company's insiders;
- l) The company is approved for listing or delisting at foreign Stock Exchanges;
- m) Other events prescribed by the Minister of Finance;

3. Public companies must disclose information at the request of the State Securities Commission, The Stock Exchange of Vietnam and its subsidiaries when any of the following events takes place:

- a) There appears information which severely affects the legitimate benefits of investors;
- b) There appears information related to the company, which greatly impacts securities prices and needs to be verified.

**Article 121. Disclosure of information of issuing organizations which conducts public offering of corporate bonds**

1. Issuing organizations that conducts public offering of corporate bonds shall disclose periodical information on the following contents:

- a) Annual financial statements audited by accredited audit organizations;
- b) Annual reports;
- c) Resolutions of annual Shareholders' General Meetings, for issuing organizations being joint stock companies;
- d) Reports on the use of capital earned from the audited public offering.
- dd) Other information as prescribed by the law.

2. Issuing organizations that conducts public offering of bonds shall disclose extraordinary information upon the occurrence of any event specified in Clause 2, Article 120 of this Law.

3. Issuing organizations that conducts public offering of bonds must disclose information upon request as prescribed in Clause 3, Article 120 of this Law.

#### **Article 122. Disclosure of information of corporate bond listing organizations**

1. Corporate bond listing organization is a public company which conduct information disclosure in accordance with regulations in Article 120 of this Law;

2. Corporate bond listing organizations not being the subject prescribed in Clause 1 of this Article shall conduct information disclosure as follows:

a) Periodically publicizing annual financial statements audited by accredited audit organizations and annual reports;

b) Disclosing extraordinary information as prescribed in Clause 2, Article 120 of this Law;

c) Disclosing information upon request as prescribed in Clause 3, Article 120 of this Law;

#### **Article 123. Disclosure of information of securities companies, securities fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam**

Securities companies, securities fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall conduct periodical disclosure of information on the following contents:

a) Annual financial statements audited and biannual financial statements examined by accredited audit organizations and quarterly financial statements;

b) Financial safety ratio reports reviewed on June 30 and audited by accredited audit organizations on December 31;

c) Annual reports;

d) Reports on the corporate governance situation;

dd) Resolutions of annual Shareholders' General Meetings for securities companies, and securities fund management companies being joint stock companies;

e) Other information as prescribed by the law.

2. Securities companies, securities fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall conduct extraordinary

disclosure of information as prescribed in Clause 2, Article 120 of this Law upon the occurrence of any of the following events:

- a) There are decisions issued by the State Securities Commission on the sanctioning of administrative violations in the domain of securities and securities market for companies, branches or securities practitioners of companies or branches; The General Director (Director), Deputy General Directors (Deputy Directors) are temporarily deprived of the right to use securities business practice certificates or have their securities business practice certificates revoked;
- b) There are decisions of the State Securities Commission to place the companies under warning, control or special control or to remove them from being under warning, control or special control; to suspend their operation, to temporarily suspend their operation or to terminate their suspension of operation or their temporary suspension of operation;
- c) Such companies are approved by the State Securities Commission to establish or close branches, representative offices in the country and abroad, or to make indirect investment in foreign countries.

3. Securities companies must conduct disclosure of information on contents related to modes of trading, placing orders and paying deposits for trading, time for payment, trading fee, services provided and a list of securities practitioners of the company - at their headquarters, branches and transaction offices. In cases of providing margin trading services, securities companies must notify conditions for providing such including service, including requirements on margin ratio, loan interest rate, loan term, modes of issuing additional margin calls, and lists of securities conducting margin trading.

4. Securities companies, securities fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall disclose information at the request of the State Securities Commission, the Stock Exchange of Vietnam and its subsidiaries when there arises information related to the companies and their branches, which severely affects the legitimate benefits of investors;

#### **Article 124. Disclosure of information on public funds**

1. Securities fund management companies shall disclose periodical information on the following contents of public funds:

- a) Annual financial statements audited and biannual financial statements examined by accredited audit organizations and quarterly financial statements;
- b) Reports on changes of net assets value;
- c) Reports on investment activities;
- d) Summary report on fund management activities.

2. Securities fund management companies shall disclose extraordinary information on public funds upon the occurrence of one of the following events:

- a) Adoption of decisions of investors' congress;
- b) Decision to change charter capital of the closed fund;
- c) Revocation of Certificate of public offering of fund certificates;
- d) Suspension, cancellation of public offering of fund certificates; unsuccessful public offering of fund certificates;
- dd) Amendment to the Charter, Prospectus;
- e) Changing or appointing new insiders of the public fund; decision to initiate lawsuit against insiders of the public fund;
- g) Decisions of unification, mergence, separation, segregation, dissolution, or change of operation duration and liquidation of assets of the public fund;
- h) Other events as prescribed by the Minister of Finance.

3. When requested by the State Securities Commission, the Stock Exchange of Vietnam and its subsidiaries, a fund management company shall disclose information on a public fund upon the occurrence of any of the following events:

- a) A related information that affects the offering and price of the public fund's certificates;
- b) An abnormal fluctuation of price and trading volume of the public fund's certificates.

#### **Article 125. Disclosure of information on public securities investment companies**

1. Securities fund management companies shall disclose periodical information on the following contents of public securities investment companies:

- a) Contents prescribed at Points a, b, c, Clause 1, Article 124 of this Law;
- b) Summary reports on management activities of public securities investment companies;
- c) Resolutions of annual Shareholders' General Meetings;

2. Securities fund management companies shall disclose extraordinary information on public securities investment companies upon the occurrence of one of the following events:

- a) Suspension or cancellation of the public securities investment company's public offering of stocks;



- b) Temporary suspensions of stock transactions of the public securities investment company;
  - c) Events specified at Points a, c, e and m, Clause 2, Article 120 and at Points dd, e and g, Clause 2, Article 124 of this Law.
3. Securities fund management companies shall disclose information on public securities investment companies at the request of the State Securities Commission, the Stock Exchange of Vietnam and its subsidiaries under regulations in Clause 3, Article 120 of this Law.

**Article 126. Disclosure of information on the Stock Exchange of Vietnam and its subsidiaries and the Securities Depository and Clearing Corporation of Vietnam**

1. The Stock Exchange of Vietnam and its subsidiaries must disclose the following information:
- a) Information on the organization and operation of the Stock Exchange of Vietnam and its subsidiaries;
  - b) Information on organizations whose securities are listed or registered for trading; information on members of the Stock Exchange of Vietnam and its subsidiaries;
  - c) Information on securities transactions
  - d) Other information as prescribed by the Minister of Finance.
2. The Securities Depository and Clearing Corporation of Vietnam disclose the following information:
- a) Information on the organization and operation of the Securities Depository and Clearing Corporation of Vietnam;
  - b) Information related to the management and supervision of members of the Securities Depository and Clearing Corporation of Vietnam;
  - c) Information about securities registration and depository activities;
  - d) Other information as prescribed by the Minister of Finance.

**Article 127. Disclosure of information of majority shareholders, and groups of persons owning at least 5% or more of voting stocks of a public company; investors and groups of persons owning at least 5% or more of a closed fund's certificates; groups of relevant foreign investors owning at least 5% or more of voting stocks of 01 issuing organization or owning at least 5% or more of a closed fund's certificates.**

1. Relevant organizations, individuals, groups of people and groups of relevant foreign investors must disclose information when they become or no longer are majority shareholders of public companies, public securities investment companies.

2. Relevant organizations, individuals, groups of people and groups of relevant foreign investors being majority shareholders must disclose information when there are changes in the number of stocks owned exceeding the threshold of 1% of voting stocks of public companies or public securities investment companies.

3. Provisions in Clause 1 and Clause 2 of this Article shall not apply to the following cases:

a) Changes in the ownership ratio of voting stocks arising because public companies buy back their own stocks or issue additional stocks;

b) The Exchange Traded Fund conducts swap transactions;

c) Other cases as prescribed by the law.

4. Relevant investors and groups of people, groups of relevant foreign investors must disclose information when they own at least 5% or more or no longer own at least 5% or more of a closed fund's certificates.

5. Relevant investors and groups of people, groups of relevant foreign investors owning at least 5% or more of a closed fund's certificates must disclose information when there are changes in the ownership ratio exceeding the threshold of 1% of a closed fund's certificates.

#### **Article 128. Disclosure of information of insiders and related people to the insiders**

1. Insiders of public companies, public securities investment companies, public funds and related people to those people must disclose information before and after transactions or when there are changes in the ownership of stocks, the right to buy stocks, convertible bonds, the right to buy convertible bonds, fund certificates, the right to buy fund certificates or guaranteed warrants based on stocks of public companies, public securities investment companies, and public funds.

2. The provisions of Clause 1 of this Article shall not apply to cases where the Exchange Traded Fund conducts swap transactions or where the value of trading securities has yet to reach the minimum value to conduct information disclosure and other cases as prescribed by the law.

### **CHAPTER IX INSPECTION, HANDLINGS OF VIOLATIONS, SETTLEMENT OF DISPUTES AND PAYMENT OF DAMAGE**

#### **Article 129. Securities inspectorate**

1. The securities inspectorate is a specialized inspectorate in the domain of securities and securities market.

2. The securities inspectorate is composed of the chief inspector, the deputy chief inspector and inspectors.

3. The securities inspectorate shall be subject to the professional direction of the Finance Ministry's inspectorate and shall work in accordance with the inspection law and this Law.

4. Securities inspectorates shall have the following duties and obligations:

a) To inspect and examine the compliance with law provisions on securities and securities market;

b) To conduct sanctions for administrative violations within their powers or request the Chairman of the State Securities Commission to decide on the sanctioning of administrative violations in accordance with law provisions on the handling of administrative violations;

c) To coordinate with relevant agencies and units in preventing, detecting, suppressing and handling violations of the law on securities and securities market;

d) To perform other duties and obligations as prescribed by the law.

**Article 130. Rights and obligations of the State Securities Commission in inspecting, examining and handing violations of the law on securities and securities market**

1. Apart from rights and obligations prescribed in the inspection law, law provisions on sanctions for administrative violations and other relevant law provisions, the State Securities Commission - in inspecting, examining, and handling violations of the law on securities and securities market - shall have the following rights and obligations:

a) To request organizations, and individuals who possess information, documents and data related to the inspection and supervision contents, to provide these information, documents and data; or to request organizations, and individuals to clarify or come to work about the inspection and supervision contents;

b) To request credit institutions and branches of foreign banks to provide information related to account transactions of customers in cases where there are signs of conducting prohibited acts defined in Article 12 of this Law. The procedures and formalities for requesting and providing such information shall comply with law provisions on banking;

c) To request tele-communication enterprises to provide names, addresses, calling numbers, dialed numbers, calling time for the verification and handlings of prohibited acts as defined in Article 12 of this Law. The procedures and formalities for requesting and providing such information shall comply with law provisions on tele-communication.

2. Any requests for agencies, organizations, and individuals to provide information, documents and data, to clarify or to come to work as prescribed in Clause 1 of this Article must be approved

by the Chairman of the State Securities Commission and must be stated in written forms, clearly stating the purpose, basis, content and the scope of the request.

3. Any information, documents and data provided by credit institutions, branches of foreign banks, and tele-communication enterprises as prescribed in Clause 1 of this Article must be kept confidential in accordance with the law and must only be allowed to be used for purposes of inspection, supervision and handling of violations of law committed by related organizations and individuals.

4. On supervising, detecting and handling violations on securities which are cross-border and related to the Vietnam's securities market, the State Securities Commission shall coordinate in inspecting, investigating, verifying, collecting and sharing information with securities market surveillance agencies of other countries.

Article 131. Coordination responsibilities of agencies, organizations and individuals in inspecting, supervising and handling violations of law on securities and securities market

1. Agencies, organizations and individuals must be responsible for providing information, documents and data, clarifying and coming to work at the request of the State Securities Commission under regulations at Point a, Clause 1, Article 130 of this Law.

2. Credit institutions, branches of foreign banks, and telecommunication enterprises must be for providing information at the request of the State Securities Commission under regulations at Point b and at Point c, Clause 1, Article 130 of this Law.

3. Business registration agencies shall coordinate and send information on enterprise registration and business registration of public companies, securities companies, securities fund management companies and branches of foreign securities companies and foreign fund management companies in Vietnam, related enterprises and other information at the request of the State Securities Commission.

4. Tax authorities shall be responsible for coordinating to provide information of public companies on tax registration, closure of tax identification number, re-opening of tax identification number, suspension of operation, temporary suspension of business operation, not working at registered venues, and outcomes of handling of tax violations, decisions to enforce tax debts, other information at the request of the State Securities Commission.

5. Agencies, organizations and individuals, within their scope of rights and obligations, shall be responsible for providing information, documents and data they are keeping and managing, in a sufficient and timely manner, to the State Securities Commission upon the request of such Commission. Agencies, organizations and individuals shall have the right to refuse to provide information, documents and data if they have grounds to believe that the request is in contravention of the Article 130 of this Law, or the requested information, documents and data are not related to the inspection and supervision subjects, or subjects with signs of violations of law. In cases where it is unable to provide information, documents and data, such agencies, organizations and individuals must issue a written notice to the State Securities Commission and clearly state the reasons.

## **Article 132. Handlings of violations**

1. Organizations and individuals that commit acts of violating the provisions of this Law and other laws concerning securities activities and securities market shall, depending on the nature and severity of their violations, be disciplined, administratively sanctioned or examined for penal liability. If causing damage, they shall pay compensation therefor in accordance with law.
2. The sanctioning of administrative violations shall comply with provisions of this Law and the law on handling of administrative violations.
3. The maximum amount of fine in sanctioning administrative violations for violations specified in Clauses 2 and 3, Article 12 of this Law shall be 10 times as the amount of illegal revenue earned from such violations. In case there is no illegal revenue or the fine calculated according to the illegal revenue lower than the maximum fine specified in Clause 4 of this Article, the maximum fine specified in Clause 4 of this Article shall apply. The Minister of Finance shall prescribe the method of calculating illegal revenues earned from the commission of violations of the law on securities and securities market.
4. The maximum amount of fine in sanctioning administrative violations for other violations in the field of securities shall be VND 03 billion.
5. The maximum fine levels specified in Clause 3 and Clause 4 of this Article shall apply to organizations; individuals committing the same violation shall pay a maximum fine which is half of the maximum fine imposed on an organization.
6. The Chairman of the State Securities Commission, the Chief Inspector and the Head of the securities specialized inspection team shall be competent to sanction administrative violations in the field of securities.
7. The Government shall specify the competence, sanction levels and sanctioning forms for each act of administrative violation in the field of securities.

## **Article 133. Dispute settlement and payment of damage**

1. In cases where the legitimate rights and interests of organizations and individuals in activities in securities and securities market are infringed upon, or in cases where there arise disputes in securities activities and securities market in Vietnam – the protection of legitimate rights and interests or settlement of disputes shall be conducted through negotiation, conciliation or by requesting Arbitrators or the Court to settle in accordance with the law.
2. Any entity that infringes upon the legitimate rights and interests of organizations or individuals in securities activities and securities market, which causes damage, must pay compensation and perform other civil liabilities in accordance with the agreement, provisions of the Civil Code and other relevant provisions of the law.

3. The competence and procedures to protect legitimate rights and interests of organizations and individuals or to settle disputes arising in securities activities and securities market shall comply with law provisions.

## **CHAPTER X IMPLEMENTATION PROVISIONS**

### **Article 134. Effect**

1. This Law takes effect from January 01, 2021. 2. The Law on Securities No.70/2006/QH11 and the Law No. 62/2010/QH12 on amending and supplementing a number of Articles of the Law on Securities shall be annulled from the date on which this Law takes effect.

### **Article 135. Transitional provisions**

1. Within 02 years from the date on which this Law takes effect, securities companies, securities fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam which have been granted licenses before the effective date of this Law must satisfy the following licensing conditions:

a) Securities companies shall ensure their satisfaction with licensing conditions as prescribed in Clause 1, Point c and Point d of Clause 2, Clause 4, Clause 5, Article 75 of this Law;

b) Securities fund management companies shall ensure their satisfaction with licensing conditions as prescribed in Clause 1, Point b and Point c of Clause 2, Clause 4, and Clause 5, Article 75 of this Law;

c) Branches of foreign securities companies in Vietnam shall ensure their satisfaction with licensing conditions as prescribed at Point b and Point c, Article 76 of this Law;

d) Branches of foreign securities fund management companies in Vietnam shall ensure their satisfaction with licensing conditions as prescribed at Points c, d and dd, Clause 2, Article 76 of this Law;

2. Within 02 years from the date on which this Law takes effect, securities companies, securities fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam which have been granted licenses before the effective date of this Law, and which comply with regulations in Clause 1 of this Article shall conduct enterprise registration or business registration in accordance with provisions in Article 71 of this Law and shall not conduct procedures for re-granting Licenses for establishment and operation of securities business, unless otherwise requested. After 02 years from the date on which this Law takes effect, securities companies, securities fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam which have been granted licenses before the effective date of this Law but fails to comply with regulations in Clause 1 of this Article shall be suspended from operation and shall have their licenses revoked by the State Securities Commission under regulations of this Law;

3. Except cases defined in Clause 1 and Clause 2 of this Article, other organizations and individuals who have been licensed by the State Securities Commission, the Stock Exchange of Vietnam, and the Vietnam Securities Depository Center before the effective date of this Law shall not be required to conduct procedures for licensing or re-approval as prescribed by this Law; In cases where organizations or individuals who have submitted application dossiers for licenses and approvals to the State Securities Commission, the Stock Exchange of Vietnam and the Vietnam Securities Depository Center before the effective date of this Law but until the effective date of this Law, they have yet to be granted or approved - such organizations or individuals must comply with regulation of this Law;

4. Public companies - whose stocks have been listed or registered for trading before the effective date of this Law, and which still satisfy the conditions prescribed in the Law on Securities No. 70/2006 /QH11 with a number of articles being amended and supplemented in the Law No. 62/2010/QH12 and legal documents detailing the implementation – shall not be disqualified as public companies, shall not be delisted, or have their registrations for trading cancelled, unless otherwise decided by the Shareholders’ General Meeting.

5. Public companies - whose stocks have yet to be listed or registered for trading before the effective date of this Law, and which fail to comply with provisions at Point a, Clause 1, Article 32 of this Law – shall be disqualified as public companies.

6. Within 02 years from the date on which this Law takes effect, the Stock Exchange of Vietnam, and the Vietnam Securities Depository Center shall operate under regulations of this Law; Stock Exchanges and Securities Depository Centers which are established and operated before the effective date of this Law shall continue organizing and operating under regulations of the Law on Securities No. 70/2006 /QH11 with a number of articles being amended and supplemented in the Law No. 62/2010/QH12 until the Stock Exchange of Vietnam, and the Vietnam Securities Depository Center come into operation in accordance with provisions of this Law;

7. The Government shall prescribe in details this Article; This Law was passed on November 26, 2019, by the XIVth National Assembly of the Socialist Republic of Vietnam at its 8th session.

**CHAIRWOMAN OF THE NATIONAL ASSEMBLY**

*Nguyen Thi Kim Ngan*