

LAW

AMENDING, SUPPLEMENTING A NUMBER OF ARTICLES OF LAW ON
SECURITIES

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10;
The National Assembly promulgates the Law Amending, Supplementing a number of Articles of Law on Securities No.70/2006/QH11.

Article 1. Amending, supplementing a number of Articles of the Law on Securities.

1. Article 1 is amended, supplemented as follows:

“Article 1. Scope of application

This Law provides for activities of securities offering, listing, transaction, trading and investment, securities services and securities market.”

2. Clause 1 Article 3 is amended, supplemented as follows:

“1. Activities of securities offering, listing, transaction, trading and investment, securities services and securities market shall be applicable to this Law and other relevant laws.”

3. Amending, supplementing clause 1, 5, 13, 20, 22, 23 and 26; supplementing clause 8a, 12a and 27a Article 6 as follows:

“1. *Securities* mean evidence confirming its owners' legitimate rights and benefits to the assets or capital shares of issuing organizations. Securities are shown under the form of certificates, book entries or electronic data, including the following types:

- a) Stocks, bonds, fund certificates;
- b) Rights to buy shares, warrants, call option, put option, futures, securities classes or indexes;
- c) Investment capital contribution contracts;
- d) Other securities are provided by the Ministry of Finance.”

“5. *Rights to buy shares* mean a security issued by Shareholding Company aiming at entitling existing holders to buy new shares according to conditions defined.”

“8a. *Investment capital contribution contract* means capital contribution contract in money or by

assets between investors and contract issuing organization aiming at gaining profits and permitted to convert into other securities.”

“12a. *Non-public offering of securities* means organization offers securities to less than 100 investors, not including professional security investors and not use mass media or Internet.”

“13. *Issuing organizations* mean organizations implement the offering of securities.”

“20. *Securities brokerage* means an operation acting as an intermediary to buy for or sell securities to customers.”

“22. *Securities issuance underwriting* means a commitment made with an issuing organization to carry out procedures before the securities offering, undertaking to buy whole or part of the securities amount of the issuing organization for resale or to buy the amount of unsold securities of the issuing organization or to assist the issuing organization in distributing securities to the public.”

“23. *Securities investment consultancy* means the supply of analysis results, the publicity of analysis reports and securities-related recommendations to investors.”

“26. *Securities portfolio management* means the management that is upon each investor’ trust in the securities purchase, sale or holding securities and other assets.”

“27a. *Real estate investment fund* means securities investment fund which is invested mainly in real estate.”

4. Supplementing clause 5 Article 9 as follows:

“5. Implementing the work of securities business when has not yet granted permit or approved by the State Securities Commission.”

5. Amending name of Chapter II as follows:

“Chapter II

OFFERING OF SECURITIES”

6. Supplementing Article 10a right after Article 10 as follows:

“Article 10a. Non-public offering of securities

1. Non-public offering of securities of issuing organization that is not public company shall be implemented according to regulations of the Law on Enterprise and other regulations of relative law.

2. Conditions for non-public offering of securities of public company include:

a) Having decision of shareholders' general assembly or management board to pass the plan of offering and the use of the generated amount from the offering phase; defining clearly objects, quantity of investors;

b) The assignment of shares, non-public offering convertible bonds is restricted for selling at least 01 year, since the date of completing offering phase, except for the case of non-public offering according to the program of selection for laborers in the company, assignment of individual's shares to professional securities investor, securities assignment between professional securities investors according to court's decision or inheriting under regulations of law;

c) Offering phases of shares, non-public offering convertible bonds must be 06 months away each other.

3. The Government provides specifically dossiers, procedures for non-public securities offering.”

7. Supplementing point d clause 1 Article 12 as follows:

“d) Public company registering the securities offering to the public must commit to send securities into organized stock market to transact within 01 year since the date of ending offering phase passed by shareholders' general assembly.”

8. Point d clause 1 Article 14 is amended, supplemented as follows:

“d) The decision of the shareholders' general assembly passing the issuance plan and the plan on use of generated capital and commitment of sending securities into organized stock market for transaction”

9. Clause 1 Article 24 is amended, supplemented as follows:

“1. Issuing organizations that have completed the stocks offering to the public, becoming public companies and, therefore, have to fulfill the obligations of a public company specified in Clause 2, Article 27 of this Law. Dossiers for registration of securities offering to the public shall be regarded as public company dossiers and issuing organizations are not required to submit its dossiers defined in Clause 1, Article 26 of this Law to the State Securities Commission.

Issuing organizations that are public companies must implement the commitment of sending offered securities into organized stock market for transaction as provided in point d clause 1 Article 12 of this Law.”

10. Article 28 is amended, supplemented as follows:

“Article 28. Public companies governance

1. The public companies governance must comply with regulations of this Law, the Law on Enterprise and other regulations of relative law.

2. The principles of public companies governance include:

a) Ensuring suitable governing structure; ensuring the operation efficiency of the management board, the inspection committee;

b) Ensuring shareholders’ benefits, relative persons;

c) Ensuring fair treatment between shareholders;

d) Publicizing, being clear every activity of the company.

3. The Ministry of Finance provides specifically this Article.”

11. Article 32 is amended, supplemented as follows:

“Article 32. Public bid

1. The following cases are subject to public bid:

a) Bids for voting stocks, the closed fund certificates which lead to the ownership of twenty five percent or more of outstanding stocks, the closed fund certificates of a public company, closed fund;

b) Organizations, individuals and relative persons hold from twenty five percent or more of voting stocks, fund certificates of a public company, closed fund that continue to buy from 10% or more of voting stocks, outstanding fund certificates of a public company, closed fund;

c) Organizations, individuals and relative persons hold from twenty five percent or more of voting stocks, fund certificates of a public company, closed fund that continue to buy from 5% to less than 10% of voting stocks of a public company, closed fund in a period of less than one year since the date of ending previous public offering phase.

2. The following cases are not required to offer publicly:

a) Buying newly published stocks, fund certificates which lead to the ownership of twenty five percent or more of voting stocks, fund certificates of a public company, closed fund according to issuing plan passed by shareholders' general assembly of public company, representative board of the closed fund;

b) Receiving the assignment of voting stocks, fund certificates which lead to the ownership of twenty five percent or more of voting stocks, fund certificates of a public company, the closed fund passed by shareholders' general assembly of public company, representative board of the closed fund;

c) The assignment of stocks between companies in the enterprise held under model of parent-subsubsidiary Company;

d) Giving, inheriting stocks;

đ) Assigning capital according to decision of the courts;

e) Other cases which are decided by the Ministry of Finance.

3. The Government provides specifically the public offering of stocks of a public company, closed fund.”

12. Amending, supplementing clause 1 and supplementing clause 4 Article 33 as follows:

“1. Stock exchange shall organize a securities trading market for securities that are qualified for listing at such stock exchange; the organization of other stock trading market shall comply with regulations of the Government.”

“4. Stock exchange is implemented to joint with other countries’ Stock exchange according to decision of the Prime Minister.”

13. Clause 3 Article 40 is amended, supplemented as follows:

“3. The Government shall specify the conditions, dossiers and procedures for listing securities of the Vietnam issuing organizations, the foreign issuing organizations at stock exchanges or securities trading centers of Vietnam; to specify the conditions, dossiers and procedures for listing securities of the Vietnam issuing organizations at foreign stock exchanges.”

14. Clause 3 Article 60 is amended, supplemented as follows:

“3. Apart from the securities business operation provided in clause 1 of This Article, securities companies are entrusted to manage the securities trading accounts of individual investors, provide financial advisory services and other financial services in accordance with regulations of the Ministry of Finance.”

15. Clause 1 Article 61 is amended, supplemented as follows:

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

a) Management of securities investment funds;

- b) Management of securities portfolios;
- c) Consulting securities investment”

16. Article 74 is amended, supplemented as follows:

“Article 74. Provision on financial safety and warning

Securities companies and fund management companies must ensure financial safety criteria in accordance with regulations of the Ministry of Finance; if financial safety criteria may not be ensured, such companies shall be put under warning status or applicable to safety ensuring measures.”

17. Point d clause 1 Article 92 is amended, supplemented as follows:

“d) Investing more than ten percent of the total asset value of a the closed fund in real estate except for the case of being the real estate investment fund; investing capital of an opened fund in real estate;”

18. Clause 1 and clause 3 Article 100 are amended, supplemented as follows:

“1. Issuing organizations, public companies, securities companies, fund management companies, securities investment companies, stock exchanges and securities trading centers, securities depository center and relative persons are obliged to disclose information sufficiently, accurately and timely.”

“3. The disclosure of information shall be conducted by legal representative or authorized persons and relative persons.”

19. Article 101 is amended, supplemented as follows:

“Article 101. Disclosure of information of public companies

1. Public companies must disclose information periodically for one of the following contents:

- a) Annual financial statements were audited, six-month financial statements were reviewed by an independent audit company or audit organization approved, quarterly financial statements;
- b) Resolution of the Annual Shareholders’ general assembly.

2. Public companies must disclose any irregular information as happening one of the following cases:

- a) Company's bank account is blocked or permitted to operate again after being blocked;

- b) Temporary suspension of business; being revoked certificates of business registration or license for establishment and operation or operation license;
- c) Passing decision of shareholders' general assembly according to provisions of the Law on Enterprise;
- d) The decision of management board on the reacquisition, resale of shares of the company; the date of exercising the right to buy shares of bondholders with rights to purchase shares or the date of conversion of convertible bonds into stocks and decisions relating to the offering as prescribed in clause 2 Article 108 of the Enterprise Law; strategies, medium term development plan and annual business plans of the company; establishment of subsidiaries, joint companies; closing, opening branches, representative offices, changing the name and address of company headquarters; capital contribution valued at ten percent or more of total assets of the company into an other organization; capital contribution valued at fifty percent or more of total capital of companies receiving capital;
- đ) Decision to change applicable accounting methods; excepted opinion or declining to express an opinion of the audit organization for financial statement, the change of audit firms;
- e) When any change to members of management board, inspection committee, General Director, Deputy Director General or Director, Deputy Directors, Chief Accountant; having the decision to prosecute members of management board, Director General, Deputy Director General or Director, Deputy Directors, Chief Accountant of the company; having the verdict, the court's decision related to the operation of the company; having conclusions of the tax agencies for company's tax law violations;
- g) Buying, selling assets valued at more than fifteen percent of the company's total assets per balance sheet of latest audit;
- h) Decision on borrowing or issuing bonds valued at thirty percent of equity at the time of the latest report or more;
- i) The company received notice of the Court that they accepted the petition for bankruptcy procedures;
- k) Being lost property valued at ten percent of equity or more;
- l) Having events that affect seriously business operations or management situation of the listing organizations;
- m) Upon happening one of events seriously affect the lawful interests of investors, the stock price increased or decreased continuously during a certain time and the sustainable development of stock markets at the proposal of the State Securities Commission.

3. The Ministry of Finance shall specify specifically the contents, timing of information

disclosure for each type of public companies.”

20. Clause 3 Article 104 is amended, supplemented as follows:

“3. Securities companies must disclose information at headquarters, branches for the changes relating to addresses of headquarters, branches; the contents relating to the transaction method, placing orders, deposits, time of payment, transaction fees, provision services and list of persons operating securities of the company.”

21. Article 136 is amended, supplemented as follows:

“Article 136. Detailing and guiding the implementation

The Government detailing and guiding the implementation of Articles, clauses assigned in law; guiding other necessary contents of this law to meet requirement on state management.”

Article 2. Annuling Article 103 and clause 2 Article 106 of the Law on Securities No.70/2006/QH11

Article 3. This Law takes effect on July 01, 2011.

This Law was passed on November 24, 2010, by the 12th National Assembly of the Socialist Republic of Vietnam at its 8th session.

**THE NATIONAL
ASSEMBLY
CHAIRMAN**
(signed)

Nguyen Phu Trong