

**THE NATIONAL  
ASSEMBLY**

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No. 54/2019/QH14

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence - Freedom - Happiness**

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*Hanoi, November 26, 2019*

**LAW**  
**ON SECURITIES**

*Pursuant to the Constitution of Socialist Republic of Vietnam;*

*The National Assembly promulgates the Law on Securities.*

**Chapter I**

**GENERAL PROVISIONS**

**Article 1. Scope**

This Law provides for securities activities and the securities market; rights and obligations of organizations and individuals in the securities market; organization of the securities market; state management of securities and the securities market.

**Article 2. Regulated entities**

1. Vietnamese and foreign organizations and individuals that invest in securities and operate in the securities market of Vietnam.
2. Securities authorities.
3. Other organizations and individuals involved in securities activities and the securities market.

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

Provisions of this Law and relevant laws shall apply to securities activities; rights and obligations of organizations and individuals in the securities market; organization of the securities market; state management of securities and the securities market.

**Article 4. Definitions**

For the purpose of this Law, the terms below are construed as follows:

1. “securities” include the following assets:

- a) Shares, bonds, fund certificates;
- b) Warrants, secured warrants, pull options, depository receipts;
- c) Derivatives;
- d) Other kinds of securities defined by the Government.

2. Shares are securities that certify their holders' lawful rights and interests to a portion of share capital of the issuer.

3. *Bonds are securities that certify their holders' lawful rights and interests to part of the debt of the issuer.*

4. *Fund certificates are securities that certify their holders' ownership of a stake in a securities investment fund.*

5. *Warrants are the securities that are issued together with bonds or preference shares and bestow upon their holders the right to buy a certain amount of common shares at a specified price over a specific period of time.*

6. Secured warrants are securities secured by collateral and issued by a securities company. They allow their holders to have the right to buy (call option) or the right to sell (put option) the securities to their issuer at a specified strike price prior to or on a specified date, or receive the difference between the strike price and the underlying security price at that time.

7. Call option is a type of securities which is issued a joint-stock company and bestows upon the existing shareholders the right to buy new shares under specific conditions.

8. Depository receipts are the securities issued on the basis of securities of an organization that is lawfully established in Vietnam.

9. Derivatives are financial instruments in the form of contracts, options, futures, forwards that determine rights and obligations of the parties to pay money and transfer a specific quantity of underlying assets at a specified strike price prior to or on a specified date in the future.

10. *Underlying assets are securities, securities indexes or other assets prescribed by the Government upon which the derivative price is based.*

11. Options are derivatives that certify the buyer's right and the seller's obligation to:

- a) Buy or sell a specific quantity of underlying assets at a specified strike price prior to or on a specified date in the future;
- b) Pay the difference between the value of the underlying assets determined upon contract conclusion and the value determined prior to or on a specified date in the future.

12. *“futures” are listed derivatives that certify the parties’ agreement to:*

- a) Buy or sell a specific quantity of underlying assets at a predetermined price on a specified date in the future;
- b) Pay the difference between the value of the underlying assets determined upon contract conclusion and the value determined on a specified date in the future.

13. Forwards are derivatives that certify the parties’ agreement to buy or sell a specific quantity of underlying assets at a predetermined price on a specified date in the future.

14. *Securities activities include offering, listing, trading, investing in securities, providing securities-related services, disclosing information, public company administration and other activities provided for in this Law.*

15. Securities investment means the purchase, sale and holding of securities by investors on the securities market.

16. *Investors are organizations and individuals that make investments in the securities market.*

17. Strategic investors are the investors selected the General Meeting of Shareholders according to their financial capacity, technological capacity and commitment to cooperate with the building work for at least 03 years.

18. A major shareholder means a shareholder that holds at least 5% of the voting shares of an issuer.

19. Public offering means the offering of securities:

- a) Through mass media;
- b) To at least 100 investors, not including professional investors; or
- c) To unidentified investors.

20. Private placement means the offering of securities in cases other than those specified in Point a Clause 19 of this Article and:

- a) The securities are offered to fewer than least 100 investors, not including professional investors;
- b) The securities are only offered professional investors.

21. An issuer means an organization that that offers, issues securities.

22. An accredited audit organization means an independent audit organization on the list of audit organizations accredited by State Securities Commission (SSC) in accordance with this Law and independent audit laws.
23. Prospectus means a physical or electronic document that contains accurate and objective information about the offering or listing of securities by an issuer.
24. Listing means the admission of eligible securities to trading on a system for trading of listed securities.
25. *Registration means the admission of securities to trading on a system for trading of unlisted securities.*
26. Securities trading systems include the systems for trading of listed securities and the systems for trading of unlisted securities, organized and run by Vietnam Stock Exchange (VSE) and its subsidiaries.
27. Securities market refers to a location or method of information exchange for trading securities.
28. Securities trading include brokerage, proprietary trading, securities underwriting, securities investment consulting, securities investment fund management, securities portfolio management and provision of securities-related services in accordance with Article 86 of this Law.
29. *Securities brokerage means the brokerage of sale and purchase of securities.*
30. Proprietary trading refers to a securities company that buys securities from or sells securities to itself.
31. Securities underwriting means an underwriter's commitment to the issuer to buy part or all of the issuer's securities for reselling, or to buy the unsold securities, or to put the best efforts to sell as much as possible of a securities offering.
32. Securities investment consulting means the provision of analysis result, analysis report to the client and giving recommendations regarding the purchase, sale or holding of securities.
33. Securities registration means the registration of information about the issuer, its securities and holders.
34. Securities depository services include the depositing, storage, transfer of securities for clients, assisting the clients in exercising their rights relevant to the deposited securities.
35. Securities portfolio management means the management of an investor's sale, purchase and holding of securities and other assets of the investor under an agreement.

36. Securities investment fund management means management of the sale, purchase and holding of securities and other assets of the securities investment fund.

37. A securities investment fund is a fund established through capital contribution by investors to make investment in securities or other assets, including real estate. Investors do not have the right to daily control the investment decisions of the fund.

38. A public fund is a securities investment fund that publicly offer fund certificates.

39. An open-end fund is a public fund whose publicly offered fund certificates have to be redeemed at the request of the investors.

40. *An close-end fund is a public fund whose publicly offered fund certificates cannot be redeemed at the request of the investors.*

41. A private fund means a securities investment fund that has 02 - 99 capital contributors who are all professional investors.

42. An exchange-traded fund (ETF) is an open-end fund that is established on the basis of receipt of exchange of securities for fund certificates. The ETF certificates shall be listed and traded on the systems for trading of listed securities.

43. A real estate investment fund is a securities investment fund that primarily makes investments in real estate and securities issued by real estate enterprises at least 65% of revenue of which comes from ownership and trade in real estate according to their latest annual financial statements.

44. Internal information is information about a public company, listed organization, registered organization, public fund, public investment company which may considerably affect its securities price if published.

45. Internal actors are persons holding important positions in the management of an enterprise, public fund or public investment company. To be specific:

a) Internal actors of an enterprise include the President of the Board of Directors or the Chairperson of the Board of members or the company president or members of the Board of members, legal representative, general director (director), deputy general director (deputy director), financial director, chief accountant and persons holding equivalent positions elected or by the General Meeting of Shareholders or designated by Board of Directors, the Board of members or the company president; The chief and members of the Board of Controllers, members of the internal audit boards, secretaries, administrators and authorized spokespersons;

b) Internal actors of a public fund or public investment company are members of the representative board of the public fund or members of the Board of Directors of the public investment company, executives of the public fund or public investment company, or internal

actors of the securities investment fund management company (hereinafter referred to as “fund management company”).

46. Relevant persons are:

b) An enterprise and its internal actors; a public fund or public investment company and its internal actors;

b) An enterprise and any organization or individual that holds more than 10% of voting shares or stakes of such enterprise;

c) Any organization or individual that directly or indirectly supervises or is directly or indirectly supervised by another organization or individual; two organizations or individuals under the management of the same entity;

d) An individual and his/her biological parent, adoptive parent, father- or mother-in-law, spouse, biological child, son- or daughter-in-law, sibling, brother- or sister-in-law;

dd) A fund management company and the securities investment funds or investment companies under its management;

e) An organization or individual that is the representative of another organization or individual in a contract;

g) Other organizations and individuals that are relevant persons as defined by the Law on Enterprises.

*47. A certified securities professional is a person who has the securities professional certification granted by SSC and works for a securities company, fund management company, foreign branch in Vietnam of a foreign securities company or foreign fund management company (hereinafter referred to as “foreign securities company”) or a securities investment company.*

*48. A listed organization or registered organization is an organization whose securities are listed or registered on the securities trading system.*

## **Article 5. Rules for securities activities**

1. Respect of ownership and other rights to assets in securities activities; freedom to trade, invest and provide information about securities of organizations and individuals.

2. Fairness, openness, transparency.

3. Protection of investors’ the lawful rights and interests.

4. Accept risks.

## **Article 6. Policies on development of the securities market**

1. The State shall introduce policies facilitating Vietnamese and foreign organizations and individuals to invest and operate in the securities market in order to mobilize medium-term and long-term capital.
2. The State shall introduce management and supervision policies to ensure the fairness, openness, transparency, safety and effectiveness of the securities market.
3. The State shall introduce policies on investment in modernization of infrastructure and information technology serving the operation of the securities market, develop human resources for the securities industry, provide basic knowledge about securities and the securities market.

## **Article 7. Measures for assurance of security and safety of the securities market**

1. Measures for assurance of security and safety of the securities market include:
  - a) Supervision of security and safety of the securities market;
  - b) Response to and recovery from events that adversely affect the safety, stability and integrity of the securities market;
  - c) Suspension of certain listed or registered securities from trading on the system;
  - d) Suspension of some or all transactions of VSE and its subsidiaries;
  - dd) Partial or full suspension or restoration of securities registration, depositing, offsetting, payment functions of Vietnam Securities Depository and Clearing Corporation (VSDCC);
  - e) Temporarily or permanently prohibition from holding certain positions in securities companies, fund management companies, branches of foreign securities companies, investment companies; prohibition from securities activities due to commission of securities offences;
  - g) Freezing the securities account; requesting a competent person to freeze a deposit account involved in a securities fraud.
2. The Government shall provide for implementation of securities market safety measures mentioned in Clause 1 of this Article.

## **Article 8. State management of securities and the securities authorities**

1. The Government shall uniform state management of securities and the securities authorities.
2. The Ministry of Finance shall be responsible to the Government for state management of securities and the securities market, and have the following duties and entitlements:

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

b) Promulgate or propose promulgation of legislative documents on securities and the securities market;

c) Direct SSC to implement the strategies, plans, schemes and policies on development of the securities market and legislative documents on securities and the securities market.

3. Other ministries and ministerial agencies, within the scope of their duties and entitlements, shall cooperate with the Ministry of Finance in state management of securities and the securities market.

4. The People's Committees at all levels, within the scope of their duties and entitlements, are responsible for state management of securities and the securities market in their administrative divisions.

#### **Article 9. State Securities Commission (SSC)**

1. SSC is affiliated to the Ministry of Finance and is responsible for advising and assisting the Minister of Finance in state management of securities and the securities market, organizing implementation of regulations of law on securities and the securities market as authorized by the Minister of Finance, and has the following duties and entitlements:

a) Propose legislative documents on securities and the securities market, strategies, plans, schemes and policies on development of the securities market to the Minister of Finance or a competent authority for promulgation;

b) Organize and develop the securities market; directly manage and supervise securities activities; manage services related to securities and the securities market in accordance with regulations of law;

c) Issue, reissue, renew, revise, revoke licenses, securities professional certifications, certificates related to securities activities; revise, suspend and revoke decisions relevant to securities activities;

d) Manage, inspect, supervise operations of VSE, its subsidiaries and VSDCC; consider approving regulations of VSE, its subsidiaries and VSDCC; request VSE, its subsidiaries and VSDCC to revise their regulations; revise, suspend and revoke decisions relevant to operations of VSE, its subsidiaries and VSDCC; direct VSE, its subsidiaries and VSDCC to fulfill duties to protect the lawful rights and interests of investors;

dd) Consider approving new securities; change and apply new transaction methods;

e) Manage and supervise operations related to securities and the securities market of organizations and individuals;



g) Carry out inspections; settle complaints and denunciations; impose administrative penalties against securities-related offences;

g) Submit reports to the Ministry of Finance on the securities market developments. Submit a report to the Ministry of Finance, the Government and the Prime Minister on any adverse event that considerably affect the security and safety of the securities market in order to stabilize the market and maintain financial security and safety;

i) Implement or request a competent authority to implement measures for assurance of securities market safety and security;

k) Produce statistics and forecasting about securities activities and the securities market; modernize information technology serving securities activities and the securities market;

l) Provide or cooperate with relevant organizations in providing training for securities officials and certified securities professionals; spread knowledge about securities and the securities market in the public.

m) Issue instructional documents and other documents under the management of SSC;

n) Supervise securities-related socio-professional organizations implementing their charters and guidelines;

o) Prepare and submit reports on securities trading and securities market as prescribed by law;

p) Promote international cooperation and coordinate implementation of securities-related international agreements to which Vietnam is a signatory;

q) Other duties and entitlements provided for in this Law and relevant laws.

2. Functions, tasks, entitlements and organizational structure of SSC shall be specified by the Prime Minister.

3. Officials and public employees of SSC, in performance of their duties, shall ensure truthfulness and confidentiality of information, compliance with regulations on securities and the securities market and relevant laws.

#### **Article 10. Securities-related socio-professional organizations**

1. Securities-related socio-professional organizations shall be established and run in accordance with regulations of law on associations, comply with regulations of law on securities and the securities market, and be supervised by SSC.

2. Each securities-related socio-professional organization shall issue its own code of professional ethics after it is approved by SSC; cooperate with securities authorities in disseminate knowledge about securities and the securities market among its members.

## **Article 11. Professional investors**

1. Professional investors are investors that have adequate financial capacity or securities qualifications, including:

a) Commercial banks, foreign branch banks (FBB), finance companies, insurers, securities companies, fund management companies, securities investment funds, international financial institutions, off-budget financial funds, state-owned financial institutions permitted to buy securities as prescribed by relevant laws;

b) Any company whose contributed charter capital exceeds 100 billion VND; every listed or registered organization;

c) Holders of securities professional certifications;

d) Any individual holding a quantity of listed or registered securities that is worth at least 02 billion VND as confirmed by the securities company;

dd) Any individual whose taxable income in the latest year is at least 01 billion according to his/her submitted tax return or tax deduction documents of his/her income payer.

2. The Government shall elaborate this Article.

## **Article 12. Securities-related offences**

1. Direct or indirect commission of frauds, forgery of documents, provision or disclosure of false information to conceal true information or omit necessary information in a manner that causes misunderstanding, adversely affects the offering, listing, trading, investment of securities and provision of securities-related services.

2. Use of internal information to buy or sell securities to oneself or another person; revelation or provision of internal information; advising another person to buy or sell securities based on internal information.

3. Use of one or several accounts of oneself or another person, trading securities in a manner that creates artificial demand or supply; collaborating with another person in trading securities to manipulate securities prices; use of other methods, with or without false information, to manipulate securities prices.

4. Engaging in securities trade or provision of securities-related services without a license, certification or approval from SSC.

5. Use of a client's account or asset without the client's authorization or against the law; abuse of trust to appropriate a client's assets.

6. Allowing another person to borrow the account to trade securities, hold securities in the name of another person for the purpose of manipulating securities prices.

7. Organizing the securities market against regulations of this Law.

## **Chapter II**

### **OFFERING SECURITIES**

#### **Section 1. PUBLIC OFFERING**

##### **Article 13. Face values of securities**

1. Face values of securities offered within Vietnam's territory shall be expressed as VND.
2. The face value of a publicly offered share or fund certificate shall be 10 thousands VND. The face value of a publicly offered bond shall be a multiple of 100 thousands VND.
3. In case the securities price of an issuer on the securities trading system is lower than the face value, the issuer may offer the securities at that lower price.

##### **Article 14. Types of public offering**

1. Public offerings include initial public offerings, follow-on offerings of shares or pull options, and other types of offerings.
2. The Government shall elaborate this Article.

##### **Article 15. Requirements for public offering**

1. A joint-stock company (the issuer) shall satisfy the following requirements to offer its shares publicly:
  - a) The contributed charter capital is at least 30 billion VND on the offering date according to the accounting books;
  - b) The company has profit over the last 02 years and has no accumulated loss on the offering date;
  - c) There is a plan for issuance and use of capital generated by the offering ratified by the General Meeting of Shareholders;
  - d) At least 15% of its voting shares have been sold to at least 100 non-major shareholders. If the issuer's charter capital is 1.000 billion VND or above, the ratio shall be 10%.

dd) Before the offering date, the major shareholders have made a commitment to hold at least 20% of the issuer's charter capital for at least 01 year from the end of the offering;

e) The issuer is not undergoing criminal prosecution and does not have any unspent conviction for economic crimes;

g) The offering is consulted by a securities company, unless the issuer is already a securities company;

h) The issuer has a commitment to have its shares listed or registered on the securities trading system after the end of the offering;

i) The issuer has an escrow account to receive payments for the offered shares.

2. In order to make follow-on offering, a public company (the issuer) shall satisfy the following requirements:

a) The requirements specified in Points a, c, e, g, h and i Clause 1 of this Article;

b) The company has profit in the preceding year and has no accumulated loss on the offering date;

c) The value of the new shares does not exceed the total value of shares outstanding at their face value, unless there is a commitment to buy all of the shares of the issuer for reselling or to buy all of the unsold shares of the issuer, shares issued to raise more capital from equity, shares issued for swapping, consolidation or acquisition of enterprises;

d) If the public offering is meant to raise capital to execute a project of the issuer, at least 70% of the offered shares must be sold to the investors. The issuer shall have a plan to make up for the shortage in case the capital generated by the offering is inadequate.

3. In order to make a public offering of bonds, an enterprise (the issuer) shall satisfy the following requirements:

a) The contributed charter capital is at least 30 billion VND on the offering date according to the accounting books;

b) The issuer has profit in the preceding year and has no accumulated loss on the offering date; there is no debt that is overdue for more than 01 year;

c) There is a plan for issuance, use and repayment of the capital generated by the offering ratified by the General Meeting of Shareholders, Board of Directors, the Board of members or the company president;

d) The issuer has a commitment to fulfill its obligations to the investors in terms of conditions for issuance, payment, assurance of the lawful rights and interests of investors and other conditions;

dd) The offering is consulted by a securities company, unless the issuer is already a securities company;

a) All of the requirements specified in Point e Clause 1 of this Article are satisfied;

g) The issuer has a credit rating if required by the Government;

h) The issuer has an escrow account to receive payments for the offered bonds;

i) The issuer has a commitment to have its shares listed on the securities trading system after the end of the offering.

4. Requirements for public offering of convertible bonds are the same as those specified in Clause 2 and Point d Clause 3 of this Article.

5. Requirements for initial public offering of fund certificates:

a) The total value of the offered fund certificates is 50 billion VND;

b) There is a plan for issuance and use of capital generated by the offering as prescribed by this Law;

c) The offering is supervised by a supervisory bank as prescribed by this Law;

d) The publicly offered fund certificates are listed on the securities trading system after the end of the offering, except open-end fund certificates.

6. The Government shall specify the requirements and the application for public offering to convert state-owned enterprises, wholly state-owned single-member limited liability companies, public service agencies into joint-stock companies; offering of shares at lower prices than face values; public offering by shareholders of public companies, strictly controlled credit institutions; overseas offering and other cases of offering and issuance.

## **Article 16. Public offering registration**

1. Before a public offering, issuers and shareholders of public companies shall register with the SSC, except for the cases specified in Clause 2 of this Article.

2. Public offering registration is not required in the following cases:

a) Offering of debt instruments of the Government, Government-backed bonds issued by policy banks, and municipal bonds;

- b) Offering of bonds issued by international financial institutions approved by Vietnam's Government;
- c) Public offering to convert state-owned enterprises, wholly state-owned single-member limited liability companies, public service agencies into joint-stock companies;
- d) Sale of securities under an effective court judgment or decision or under an arbitral decision; sale of securities of the asset manager or recipient in case of bankruptcy or insolvency.

#### **Article 17. Requirements for underwriting public offering**

1. A securities company or an organization shall satisfy the following requirements to underwrite a public offering:

- a) The securities underwriting is licensed by SSC in accordance with this Law;
- b) Financial safety criteria are satisfied as prescribed by law;
- c) The underwriter is not a related person of the issuer.

2. If underwriter opts to purchase of part or all of the issuer's securities, the total value of securities purchased must not exceed the equity and 15 times the difference between the short-term assets and short-term debts according to the latest financial statement.

#### **Article 18. Application for registration of public offering**

1. An application for registration of public offering consists of:

- a) The application form;
- b) The prospectus;
- c) The issuer's charter;
- d) The decision of the General Meeting of Shareholders to ratify the plan for issuance and the plan for use of capital generated by the offering, and the commitment to have the shares listed or registered on the securities trading system;
- dd) The commitment to comply with the regulations in Point d and Point e Clause 1 Article 15 of this Law;
- e) The major shareholders' written commitment to hold at least 20% of the company's charter capital for at least 01 year from the end of the offering;
- g) The contract with a securities company for public offering consulting;

g) A bank's or FBB's confirmation on opening of an escrow account to receive payments for the offered shares;

i) The public offering underwriting agreement (if any).

2. An application for follow-on offering consists of:

a) The application form;

b) The documents specified in Points b, c, d, g, h and i Clause 1 of this Article and the written commitment mentioned in Point e Clause 1 Article 15 of this Law;

c) A competent authority's decision to approve the project and the plan for making up for shortage of capital in the event mentioned in Point d Clause 2 Article 15 of this Law;

d) The statement on use of capital generated by the latest offering which must be audited within 02 years from the date of application, unless the audited statement has detailed descriptions of the use of capital generated by the latest offering.

3. An application for registration of public offering of bonds consists of:

a) The application form;

b) The documents specified in Point b and Point c Clause 1 of this Article the written commitment mentioned in Point e Clause 1 Article 15 of this Law;

c) The decision of the General Meeting of Shareholders, Board of Directors, the Board of members or company owner to ratify the plan for issuance and the plan for use and repayment of capital generated by the offering, and the commitment to have the bonds listed on the securities trading system;

d) The commitment to fulfill its obligations to the investors in terms of conditions for issuance, payment, assurance of the lawful rights and interests of investors and other conditions;

dd) The credit rating report prescribed in Point g Clause 3 Article 15 of this Law;

e) The contract with a securities company for public offering consulting;

g) A bank's or FBB's confirmation on opening of an escrow account to receive payments for the offered bonds;

h) The public offering underwriting agreement (if any).

4. An application for registration of public offering of convertible bonds consists of:

a) The application form;

b) The documents specified in Points b, c, d, g, h and i Clause 1, Point d Clause 2 of this Article and the written commitment mentioned in Point e Clause 1 Article 15 of this Law;

c) The decision of the General Meeting of Shareholders to ratify the plan for issuance and the plan for use of capital generated by the offering, and the commitment to have the bonds listed or registered on the securities trading system;

d) The commitment to fulfill its obligations to the investors in terms of conditions for issuance, payment, assurance of the lawful rights and interests of investors and other conditions;

dd) Other documents relevant to the conversion of bonds into shares;

e) The public offering underwriting agreement (if any).

5. An application for registration of public offering of fund certificates consists of:

a) The application form;

b) The prospectus;

c) The draft charter of the securities investment fund;

d) The principle contract on supervision by the supervisory bank and the fund management company; the principle contract on distribution; principle contracts with relevant service providers (if any);

dd) The public offering underwriting agreement (if any).

6. An application for public offering of shares or bonds shall be enclosed with the decision of the Board of Directors or the Board of members or the company president to approve the application. The application for public offering of shares of a credit institution shall have the SBV's written approval for change of its charter capital. In case the public offering of an insurer leads to change in its charter capital, the application shall be enclosed with the Ministry of Finance's written approval for change of the insurer's charter capital.

7. In case any of the documents in the application for public offering is certified by a relevant entity, the issuer shall send the written certification to SSC.

8. Information in the application for public offering shall be accurate, truthful, unequivocal and includes important information that affects investors' decision.

9. When the issuer submits the application for public offering to SSC, an application for listing or registration of securities prescribed in Clause 4 Article 48 of this Law shall also be submitted, except for offering of open-end fund certificates.

## **Article 19. The prospectus**



1. In case of public offering of shares and bonds, the prospectus shall contain the following information:

- a) Summary of the issuer, including its organizational structure, business operations, assets, financial status, Board of Directors, the Board of members or the company owner, General Director (Director), Deputy General Director (Deputy Director), chief accountant and shareholders (if any);
- b) Information about the offering and the offered securities, including: offering conditions, risk factors, estimated profit and dividends of the nearest year after the issuance, the issuance plan and the plan for use of capital generated by the offering;
- c) The issuer's financial statements of the last 02 years as prescribed in Article 20 of this Law;
- d) Other information prescribed in the model prospectus.

2. In case of public offering of fund certificates, the prospectus shall contain the following information:

- a) The type and scale of the securities investment fund;
- b) Investment targets, strategy, method and procedures; investment limits and risk factors of the securities investment fund;
- c) Summary of the draft charter of the securities investment fund;
- d) The plan for issuance of fund certificates and instructions on making investment in the securities investment fund;
- dd) Summary of the fund management company and the supervisory bank, regulations on trading with their related persons;
- e) Other information prescribed in the model prospectus.

3. Signatures in the prospectus:

- a) In case of public offering of shares and bonds, the prospectus shall bear the signatures of the Chairperson of the Board of Directors, the Chairperson of the Board of members, the company's President; General Director (Director); CFO or chief accountant of the issuer; legal representative of the consulting organization or underwriter (if any). A letter of authorization is required in case of authorized signing;
- b) In case of public offering of fund certificates, the prospectus shall bear the signatures of the Chairperson of the Board of Directors, the Chairperson of the Board of members, the company's President; General Director (Director) of the fund management company; legal representative of the underwriter (if any). A letter of authorization is required in case of authorized signing.

4. The Minister of Finance shall promulgate the model prospectus.

#### **Article 20. Financial statements**

1. Financial statements shall be prepared in accordance with accounting laws.

2. If the issuer is a parent company, it shall submit a consolidated financial statement in accordance with accounting laws.

3. The annual financial statement shall be audited by an accredited audit organization. The financial statement shall receive unqualified opinion. If the financial statement receives qualified opinion without affecting the offering conditions, the issuer shall provide justification certified by the auditing organization.

4. If the application is submitted within 60 days from the end of the annual tax period, the annual financial statement of the previous year is not required to be audited, provided the audited financial statements of the 02 preceding years are enclosed therewith.

5. If the application is submitted after 90 days from the end of the annual tax period, the issuer shall prepare a supplementary financial statement of the latest month or quarter.

#### **Article 21. Accredited audit organizations and auditors**

1. SSC shall consider granting approval and publish the list of accredited audit organizations and auditors to audit public interest entities in the securities industry.

2. Public interest entities in the securities industry include public companies, listed organizations, registered organizations, organizations making public offering, securities companies, fund management company, securities investment companies and securities investment funds.

3. The accredited audit organization that audits a public interest entity shall comply with independent audit laws and has the obligations to:

a) Submit a report to SSC within 10 days from the day on which the name, headquarters location, business lines, list of auditors is changed in a manner that it is no longer accredited;

b) Provide explanation, information and data about the audit for the public interest entity at the request of SSC.

After providing the audit report to the audited entity, if the audit organization finds material errors due to failure to comply with laws, the audit organization shall send a written notification to SSC;

d) Protect confidentiality of information as prescribed by law.

4. The Government shall elaborate this Article.

## **Article 22. Revising the application for registration of public offering**

1. While the public offering application is being considered, if the issuer finds inaccurate, inadequate or misleading information, the issuer shall revise the application.
2. While the application is being considered, SCC is entitled to request the issuer to revise it in order to make sure the published information is accurate and adequate, and the lawful rights and interests of investors are protected.
3. If new information has to be published after SSC issues the certificate of registration of public offering, the issuer shall disclose such information within 07 working days following the procedures in Clause 3 Article 25 of this Law and revise the application.
4. The revised application shall contain the signatures of the persons whose signatures are contained in the initial application, or signatures of the persons holding the same positions as those of the persons whose signatures are contained in the initial application.
5. The time limit for processing an application in the circumstances specified in Clause 1 and Clause 2 of this Article begins when SSC receives the valid revised application.

## **Article 23. Responsibilities of organizations and individuals relevant to the public offering**

1. The issuer shall be legally responsible for the accuracy, truthfulness and adequacy of the application.
2. The counseling organization, the underwriter, the accredited audit organization, the persons who sign the audit report and any organization or individual that certifies the application shall bear legal responsibility for performance of their tasks.

## **Article 24. Information before public offering**

While the application is being considered by SCC, the issuer, the counseling organization, the underwriter, relevant organizations and individuals may accurately use information in the prospectus submitted to SSC for the purpose of market survey. It is mandatory to emphasize that the issuance date and securities price are only estimated.

## **Article 25. Issuance of certificate of registration of public offering**

1. Within 30 days from the receipt of the satisfactory public offering application, SSC shall decide whether to issue the certificate of registration of public offering, or reject the application and provide explanation.
2. A certificate of registration of public offering issued by SSC is a certification that the public offering application is conformable with law.

3. Within 07 working days from the issuance date of the certificate of registration of public offering, the issuer shall announce the issuance on 01 online newspaper or 03 issues of a physical newspaper.

4. Securities may only be publicly offered after an announcement is made in accordance with Clause 3 of this Article.

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

1. Securities shall only be distributed after the issuer makes the prospectus publicly available at the locations specified in the issuance announcement.

2. The issuer, the underwriter or agent shall distribute securities fairly and openly; allow investors a minimum period of 20 days to subscribe. In case the offered securities are secured warrants, the time limit shall be specified in the issuance announcement.

In case the quantity of securities subscribed exceeds the permissible quantity, the issuer or underwriter shall distribute the permissible quantity of securities to investors in proportion to the ratio of securities subscribed by each investor.

3. All the payment for securities shall be deposited to an escrow account opened at a bank or FBB until the offering ends and a report is submitted to SSC.

4. The issuer shall complete the distribution of its securities within 90 days from the effective date of the certificate of registration of public offering. In case the issuer is not able to complete the distribution of within this time limit, SSC will consider extending the time limit for up to 30 more days. If the offering is divided into multiple waves, the interval between two waves shall not exceed 12 months.

5. The issuer or underwriter shall submit a report on the offering result to SSC within 10 days from the end of the offering together with a confirmation of the total revenue from the offering issued by the bank or FBB where the escrow account is opened.

6. The issuer shall complete the distribution of its securities within 30 days from the effective date of the certificate of registration of public offering.

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

1. SSC is entitled to suspend a public offering for up to 60 days in the following circumstances:

a) The public offering application contains inaccurate or inadequate information that might affect investors' decisions and cause damage to investors;

b) The securities are not distributed in accordance with Article 26 of this Law.

2. Within 07 working days from the suspension date, the issuer shall announce suspension in accordance with Clause 3 Article 25 of this Law, withdraw the issued securities if requested by the investors, and refund the payment to the investors within 15 days from the day on which the request is received.

3. After the causes of the suspension have been rectified, SSC shall issue a notice to lift the suspension.

4. Within 07 working days from the issuance date of the notice of lifted suspension, the issuer shall announce it in accordance with Clause 3 Article 25 of this Law.

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

1. SSC shall issue a decision to cancel a public offering in the following cases:

a) If the causes of the suspension are not rectified by the deadline mentioned in Clause 1 Article 27 of this Law, the public offering shall be cancelled;

b) The quantity of voting shares being sold to at least 100 non-major shareholders of the issuer is below the ratio specified in Point d Clause 1 Article 15 of this Law;

c) The follow-on offering fails to raise adequate capital to execute the issuer's project as prescribed in Point d Clause 2 Article 15 of this Law.

2. The public offering is cancelled under an effective court judgment or decision, arbitral decision or decision of a competent authority in cases other than those specified in Clause 1 of this Article.

3. Within 07 working days from the cancellation date, the issuer shall announce cancellation in accordance with Clause 3 Article 25 of this Law, withdraw the issued securities if requested by the investors, and refund the investors within 15 days from the cancellation date. If the investors are not refunded by this deadline, the issuer shall pay damages as agreed with the investors.

### **Article 29. Obligations of the issuer**

1. The issuer that has successfully made a public offering and thus become a public company as prescribed in Point b Clause 1 Article 32 of this Law is not required to submit the application for public company registration to SSC as prescribed in Clause 1 Article 33 of this Law.

2. The successful issuer shall complete the application for listing or registration within 30 days from the ending date of the public offering.

3. The successful issuer has the obligation to disclose information in accordance with this Law.

## **Section 2. PRIVATE PLACEMENT**

### **Article 30. Private placement by issuers other than public companies**

The Law on Enterprises and relevant laws shall apply to private placement by issuers other than public companies.

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

1. In order to make a private placement of shares, convertible bonds, warrant-linked bonds, a public company shall satisfy the following requirements:

a) There is a decision of the General Meeting of Shareholders to ratify the plan for issuance and the plan for use of capital generated by the private placement with specific criteria and quantity of investors;

b) The private placement is only available to strategic investors and professional investors;

c) The transfer of privately placed shares, convertible bonds and warrant-linked bonds is limited to 03 years for strategic investors and 01 year for professional investors from the ending date of the private placement, except for transfer between professional investors, transfer under an effective court judgment or decision, arbitral decision, and transfer due to inheritance as prescribed by law;

d) There is an interval of at least 06 months between two private placements of shares, convertible bonds, warrant-linked bonds;

dd) The ratio of holding of shares, conversion of bonds into shares and execution of warrants by foreign investors is conformable with law.

2. In order to make a private placement of bonds in cases other than those specified in Clause 1 of this Article, a public company shall satisfy the following requirements:

a) There is a decision of the General Meeting of Shareholders or the Board of Directors to ratify the plan for issuance and the plan for use of capital generated by the private placement with specific criteria and quantity of investors;

b) The private placement is only available to professional investors;

c) The transfer of privately placed bonds is limited among professional investors, except for transfer under an effective court judgment or decision, arbitral decision, and transfer due to inheritance as prescribed by law;

d) The principal and interest of the offered bonds or mature debts over the last 03 years before the private placement (if any) have been fully paid, unless bonds are offered to creditors that are pre-selected financial institutions;

dd) The financial statement of the year preceding the year in which the bonds are issued is audited by an accredited audit organization;

e) The prudential ratios and operation safety ratios (if any) are maintained as prescribed by law.

3. In order to make private placement of shares, convertible bonds or warrant-linked bonds, a securities company or fund management company that is not a public company shall satisfy the requirements in Clause 1 of this Article.

4. In order to make a private placement of bonds in cases other than those specified in Clause 3 of this Article, a securities company or fund management company that is not a public company shall satisfy the following requirements:

a) There is a decision of the General Meeting of Shareholders or the Board of Directors or the Board of members or the company' owner to ratify the plan for issuance and the plan for use of capital generated by the private placement with specific criteria and quantity of investors;

b) All of the requirements specified in Points b, c, dd, e Clause 2 of this Article are satisfied.

5. In order to offer shares to existing shareholders according to their holdings, a securities company or fund management company that is not a public company shall satisfy the requirements in Point a and Point d Clause 1 of this Article.

6. The Government shall specifically provide for private placement by public companies, securities companies, fund management companies mentioned in this Article; private placement of other securities by public companies.

## **Chapter III**

### **PUBLIC COMPANIES**

#### **Section 1. GENERAL PROVISIONS**

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

1. A joint-stock company will become a public company in one of the following cases:

a) The company has a contributed charter capital of at least 30 billion VND and at least 10% of the voting shares are being held by at least 100 non-major shareholders;

b) The company has successfully made its IPO by registration with SSC as prescribed in Clause 1 Article 16 of this Law.

2. The joint-stock company mentioned in Point a Clause 1 of this Article shall submit the application for public company registration as prescribed in Clause 1 Article 33 of this Law to

SSC within 90 days from the day on which the requirements specified in Point a Clause 1 of this Article are fully satisfied.

3. Within 15 days from the receipt of the valid application from the joint-stock company mentioned in Point a Clause 1 of this Article, or from the receipt of the report on completion of the offering prescribed in Point b Clause 1 of this Article, SSC shall confirm the registration of the public company, publish the company's name, operations and other information on SSC's media.

### **Article 33. Application for public company registration**

1. An application for public company registration consists of:

- a) The application form;
- b) The company's charter;
- c) The certificate of enterprise registration;
- d) The information disclosure statement about the public company, including summary of the company's organizational structure, business operations, management, shareholders, assets, financial status and other information;
- dd) The latest annual financial statement audited by an independent audit organization. In case the company's charter capital is increased after the end of the latest fiscal year, an audited financial statement of the latest period is required;
- e) The list of shareholders.

2. The Minister of Finance shall promulgate the model information disclosure statement and provide for the application for public company registration after consolidation, merger or division.

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

1. After SSC confirms the public company registration, the public company shall have the following rights and obligations:

- a) Disclose information in accordance with this Law;
- b) Comply with regulations on company administration in this Law;
- c) Apply for share registration at VSDCC as prescribed in Clause 1 Article 61 of this Law;
- d) The public company mentioned in Point a Clause 1 Article 32 of this Law shall apply for trading shares on the trading system for unlisted securities within 30 days from the day on which



SSC confirms the public company registration. After 02 years from the first day of trading on the trading system for unlisted securities, the public company may apply for listing if whenever all listing requirements are satisfied;

dd) The public company mentioned in Point b Clause 1 Article 32 of this Law shall have its shares listed or registered within 30 days from the ending date of the public offering.

2. Apart from the rights and obligations specified in Clause 1 of this Article, a public company also has the rights and obligations specified in the Law on Enterprises and relevant laws.

### **Article 35. Tender offer**

1. In the following cases, tender offer is mandatory and has to be registered with SSC:

a) The purchase of voting shares or closed-end fund certificates by an organization or individual and their related persons defined in Points a, b, c, d, e and g Clause 46 Article 4 of this Law will directly or indirectly lead to ownership of at least 25% of the voting shares of a public company, or at least 25% of the outstanding fund certificates of a closed-end fund;

b) The organization or individual and their related persons defined in Points a, b, c, d, e and g Clause 46 Article 4 of this Law that are holding at least 25% of the voting shares of a public company, or at least 25% of the outstanding fund certificates of a closed-end fund wish to hold at least 35%, 45%, 55%, 65%, 75% of voting shares of a public company or outstanding fund certificates of a closed-end fund;

b) Unless all voting shares of a public company or outstanding fund certificates of a closed-end fund have been bid for, the organization or individual and their related persons defined in Points a, b, c, d, e and g Clause 46 Article 4 of this Law that are holding at least 80% of voting shares of a public company or outstanding fund certificates of a closed-end fund shall buy the shares or fund certificates being held by the remaining shareholders or investors within 30 days at the same offered price and with the same payment method in the tender offer.

2. Tender offer is not mandatory to the entities mentioned in Clause 1 of this Article in the following cases:

a) The purchase of shares or closed-end fund certificates results in the holdings specified in Clause 1 of this Article under an issuance plan approved by the General Meeting of Shareholders of the public company or the representative board of the closed-end fund;

b) The acquisition of voting shares or outstanding closed-end fund certificates results in the holdings specified in Clause 1 of this Article as approved by the General Meeting of Shareholders of the public company or the representative board of the closed-end fund, in which cases the General Meeting of Shareholders or representative board of the closed-end fund shall identify the transferors and transferees;

c) The transfer of shares between groups of companies, including business corporations, general companies, parent companies, subsidiaries does not result in cross ownership defined by the Law on Enterprises;

d) Shares are acquired through auction of publicly offered securities or offering upon transfer of state capital or a state-owned enterprise's stakes in another enterprise;

dd) Shares are acquired through division, acquisition or consolidation of enterprises;

e) Giveaway, inheritance of shares or closed-end fund certificates;

g) Transfer of shares or closed-end fund certificates under an effective court judgment, court decision or arbitral decision.

3. The Government shall elaborate tender offers of shares of public companies and closed-end fund certificates.

### **Article 36. Share repurchase by a public company**

1. In order to repurchase its own shares, a public company shall satisfy the following requirements:

a) There is a decision of the General Meeting of Shareholders to approve the share repurchase to reduce its charter capital and a repurchase plan which specifies the repurchase quantity, time and price;

b) The company has sufficient funds to repurchase its shares from the following sources: share premium, development investment funds, undistributed post-tax profits, other equity funds used for charter capital increase as prescribed by law;

c) A securities company is assigned to carry out the transaction, unless the repurchasing company is a member of VSE;

d) All conditions are satisfied if the public company has conditional business lines;

dd) It is not the case specified in Clause 3 of this Article.

2. The requirements specified in Points a, b, c, d Clause 1 of this are waived in the following cases:

a) The share repurchase is repurchased by the shareholders as prescribed by the Law on Enterprises;

b) The employees' shares are repurchased in accordance with the regulations on employee share ownership or under a scrip issue plan or share issuance from equity;

c) The share repurchase is meant to fix a transaction error or is an odd lot buyback.

3. A public company must not repurchase its own shares in the following cases:

a) The company has overdue debts according to the latest audited annual financial statement. In case the expected repurchase date is later than 06 months from the end of the fiscal year, overdue debts will be identified according to the latest audited or examined biannual financial statement, except for the case in Point c Clause 2 of this Article;

b) Shares are being offered or issued to raise additional capital, except for the cases specified in Point c Clause 2 of this Article;

c) The company's shares are being offered in a tender offer, except for the cases specified in Clause 2 of this Article;

d) There was a share repurchase or an additional share issuance to increase capital over the last 06 months, except for the cases in Clause 2 of this Article.

4. Unless shares are repurchased according to the investors' holdings in the company, under an effective court decision, court judgment or arbitral decision, or through order matching, a company must not repurchase shares from:

a) Internal actors and their related persons defined by this Law;

b) Holders of shares restricted from transfer as prescribed by law and the company's charter;

c) Major shareholders prescribed by this Law.

5. A public company that repurchases its own shares as prescribed in Clause 1 and Point a Clause 2 of this Article shall follow procedures for reducing its charter capital according to the total value of shares repurchased within 10 days from the day on which payment for the repurchased shares is fully made.

6. In case the employees' shares are repurchased in accordance with the regulations on employee share ownership:

a) The total quantity of employees' shares being repurchased by the company to reduce charter capital shall be reported at the annual General Meeting of Shareholders;

b) The company shall reduce its charter capital according to the total value of repurchased shares at their nominal value within 10 days from the day on which it is reported at the annual General Meeting of Shareholders as prescribed in Point a of this Clause.

7. A securities company or public company that repurchases its own shares may sell the shares right after they are repurchased in the following cases:

- a) The repurchase is meant to fix a transaction error or is an odd lot buyback;
  - b) The public company repurchases odd lot shares under a scrip issue or plan for share issue from equity;
  - c) The share repurchase is requested by the company's shareholders.
8. The Minister of Finance shall promulgate specific regulations on share repurchase by public companies.

**Article 37. Reporting share repurchase, disclosing information and execution of share repurchase**

1. A public company mentioned in Clause 1 Article 36 of this law, before repurchasing its own shares, shall send the following documents to SSC:

- a) A report on the share repurchase;
- b) A decision of the General Meeting of Shareholders to approve the share repurchase and the repurchase plan;
- c) The document confirming the transaction of the securities company, unless the repurchasing company is a member of VSE;
- d) A decision of the Board of Directors to approve the share repurchase plan;
- dd) The latest audited financial statement;
- e) Documents proving that the company has sufficient funds to repurchase shares;
- g) Documents proving fulfillment of all conditions for share repurchase if the repurchasing company has conditional business lines.

2. A report on the share repurchase shall contain:

- a) Purposes of the repurchase;
- b) Estimated repurchase quantity;
- c) Sources of funding for repurchase;
- d) Method of transaction;
- dd) Expected execution date;
- e) Pricing method.

3. Within 07 working days from the receipt of the documents specified in Clause 1 of this Article, SCC shall send a notice of receipt to the public company if the documents are adequate and valid, or a request for supplementation if the documents are not fully valid or adequate. The supplementation time shall not be included in the time limit specified in this Clause. In case of rejection, SCC shall send a written notice and provide explanation.
4. Within 07 working days from the date of the SSC's notice, the public company shall disclose the information specified in Clause 2 of this Article on its website and the media of SSC and VSE. The public company may initiate the share repurchase after 07 working days from the day on which information is disclosed.
5. Within 10 working days from the end of the share repurchase, the public company shall send a report to SSC and publicly disclose information. In case the public company does not repurchase all the expected quantity of shares, it shall submit a report and explanation.
6. The public company shall complete the share repurchase within the time limit specified in the information disclosure statement, which must not exceed 30 days from the beginning date.
7. Within 06 months from the end of the share repurchase, the public company must not offer its shares to increase charter capital, except conversion of convertible bonds into shares under commitments.

### **Article 38. Involuntary delisting**

1. The public company shall send SSC a notice enclosed with a list of shareholders provided by VSDCC within 15 days from the day on which the contributed charter capital is found to be under 30 billion VND according to the latest audited financial statement, or the composition of shareholders is found to be unconformable with Point a Clause 1 Article 32 of this Law according to confirmation of VSDCC.
2. In case a public company fails to fully satisfy the requirements for listing after 01 year from the day on which it no longer fully satisfies the requirements specified in Point a Clause 1 Article 32 of this Law, SSC shall consider delisting it.
3. The company shall fully comply with regulations on public companies until SSC issues a delisting notice.
4. Within 07 working days from the receipt of SSC's notice of delisting, the company shall announce the delisting on its website and the media of SSC and VSE, follow procedures for delisting or deregistration as prescribed by law.
5. The Minister of Finance shall promulgate regulations on delisting of public companies due to reorganization, dissolution and bankruptcy.

### **Article 39. Application for delisting**

In the case specified in Clause 2 Article 38 of this Law, the public company shall submit an application for delisting to SSC. An application for delisting consists of:

1. The certificate of enterprise registration;
2. The notice that the public company no longer fully satisfies the requirements in Point a Clause 1 Article 32 of this Law;
3. The list of shareholders provided by VSDCC;
4. The latest annual financial statement audited by an accredited audit organization. In case the company's charter capital is increased after the end of the latest fiscal year, an audited financial statement of the latest period is required.

## **Section 2. ADMINISTRATION OF PUBLIC COMPANIES**

### **Article 40. Rules for administration of public companies**

Administration of public companies shall comply with regulations of this Law, the Law on Enterprises, relevant laws and the following rules:

1. The administration structure shall be reasonable and effective;
2. Ensure effectiveness of the Board of Directors and the Board of Controllers; strengthen the accountability of the Board of Directors to the company and its shareholders;
3. Ensure the rights and equality of shareholders;
4. Ensure the roles of investors, the securities market and intermediate organizations in assisting the company administration;
5. Respect and protect the lawful rights and interests of the parties in company administration;
6. Punctually, adequately, accurately and transparently disclose information about the company's operation; ensure equal accessibility of information to all shareholders.

### **Article 41. Contents of public company administration**

1. Shareholders of a public company shall:
  - a) Have the right to equal treatment;
  - b) Have accessibility to information periodically and irregularly published by the company as prescribed by law;

c) Have their the lawful rights and interests protected; have the right to request suspension or cancellation of a Resolution or decision of the General Meeting of Shareholders or Board of Directors as prescribed by the Law on Enterprises;

d) Not take advantage of the major shareholder's status to influence rights and interests of the company and other shareholders as prescribed by law and the company's charter; disclose information as prescribed by law;

dd) Have other rights and obligations prescribed by law and the company's charter.

2. The General Meeting of Shareholders shall be convened and organized as follows:

a) The Board of Directors, the Board of Controllers and the convener shall follow the procedures for convening the General Meeting of Shareholders specified in the Law on Enterprises, the company's charter and the company administration regulations; prepare the place and set a reasonable time for the shareholders to attend the General Meeting of Shareholders;

b) The company administration regulations shall provide for application of information technology to enable shareholders to attend meetings online, vote electrically or through another method as prescribed by the Law on Enterprises and the company's charter;

c) The public company shall invite representatives of the accredited audit organization that audited its annual financial statement to attend the annual General Meeting of Shareholders in case the audit report contains qualified opinions;

d) Other regulations of law and the company's charter shall be complied with.

3. Composition and responsibilities of the Board of Directors:

a) There should be a balance between the number of executive members, non-executive members and independent members of the Board of Directors of a public company in order to ensure its independence;

b) The Board of Directors shall be accountable to the shareholders for the company's operation; ensure the company's compliance with law, its charter and internal regulations; develop the internal regulations on company administration and submit it to the General Meeting of Shareholders for approval; designate executive officers; and have other responsibilities prescribed by law and the company's charter;

c) The Board of Directors shall hold a meeting at least once per year following the procedures specified in the company's charter and the company's administration regulations. The organization, agenda and documents of a meeting of the Board of Directors shall be informed in advance to its members as prescribed by law and the company's charter.

4. Designation and nomination of members of the Board of Directors shall comply with the Law on Enterprises, relevant laws and the following regulations:

a) The public company shall disclose information about the candidates for members of the Board of Directors at least 10 days before its meeting date on the company's website;

b) In case the quantity of candidates is not sufficient as prescribed by the Law on Enterprises, the current Board of Directors may nominate additional candidates or hold a nomination as prescribed by the company's charter and the company's administration regulations.

5. Members of the Board of Directors shall:

a) Be provided with information and documents about the financial status and performance of the company and its units;

b) Perform their duties in a truthful and cautious manner for the best interests of the company and its shareholders;

c) Fully attend meetings of the Board of Directors and comment of the raised issues;

d) Fully and promptly inform the Board of Directors of the incomes from the subsidiaries, associate companies and other organizations;

dd) Report and disclose information when trading the company's shares as prescribed by law;

e) Have other rights and obligations prescribed by law and the company's charter.

6. A public company shall comply with the following regulations on transparency and prevention of conflict of interest:

a) Members of the Board of Directors, Controllers, the General Director (Director) and other executive officers shall disclose their related interests; must not use the information that is obtained due to their positions for selfish purpose or to serve other organizations or individuals;

b) The public company shall implement necessary measures to prevent members of the Board of Directors, Controllers, the General Director (Director), other executive officers, shareholders and related person from interfering with the company's operation, causing damage to the company; ensure compliance to regulations on transaction with shareholders, executive officers and their related persons; protect the lawful rights and interests of people with relevant interests;

c) The public company shall fully, accurately and promptly provide periodic and irregular information and about the company's business operation, finance and administration, and other information for the shareholders and the public if such information may affect the securities prices, shareholders' and investors' decision making;

d) The information disclosed and method of information disclosure shall comply with this Law, the company's charter and regulations on information disclosure.

7. The Government shall elaborate this Article.



## **Chapter IV**

### **SECURITIES MARKET**

#### **Article 42. Organizing the securities market**

1. VSE and its subsidiaries are entitled to organize a market for listed securities; securities of state-owned enterprises, wholly state-owned single-member limited liability companies; securities of other enterprises that are not qualified for listing; securities of startups; derivatives and other kinds of securities.
2. No other organizations and individuals than VSE may organize and operate the securities market.

#### **Article 43. Establishment and operation of VSE and its subsidiaries**

1. VSE is an enterprise that is established and operated in accordance with this Law, the Law on Enterprises. Over 50% of charter capital or voting shares of VSE shall be held by the State.
2. The Prime Minister shall issue decisions on establishment, dissolution, operating model, type of ownership, functions, tasks and powers of VSE, and establishment of its subsidiaries as proposed by the Minister of Finance.
3. VSE and its subsidiaries are under management and supervision of SSC.

#### **Article 44. Organizational structure of VSE**

1. The Prime Minister shall decide the organizational structure of VSE in accordance with this Law, the Law on Enterprises and relevant laws.
2. The Chairperson of the Board of members, the Chairperson of the Board of Directors, General Director (Director) of VSE shall be designated and dismissed by the Minister of Finance at the request of the Board of members or Board of Directors of VSE and according to comments of the President of SSC.
3. Rights and obligations of the Board of members, Board of Directors, General Director (Director), the Board of Controllers (Controllers) shall comply with regulations of law and the charter of VSE.

#### **Article 45. Charter of VSE**

1. The charter of VSE shall be approved, issued, amended by the Minister of Finance at the request of the Board of members or Board of Directors of VSE and according to comments of the President of SSC.
2. The Charter of VSE shall have the following contents:

- a) Names and addresses of the headquarters, subsidiaries and branches;
- b) Objectives, operating scope and available services;
- c) Charter capital; method for increasing, decreasing of charter capital and stake transfer;
- d) Names, addresses and basic information of the founding shareholders, capital contributors or owners;
- dd) Stakes or shares and capital contributed by the founding shareholders, capital contributors or owners;
- e) The legal representative;
- g) The organizational structure;
- h) Rights and obligations of VSE;
- i) Rights and obligations the shareholders, capital contributors or owners;
- k) Rights and obligations of the Board of members, Board of Directors, General Director (Director), the Board of Controllers (Controllers);
- l) Formalities for approving decisions of VSE;
- m) Formalities for amending the charter;
- n) Applied accounting and audit regulations;
- o) Establishment and use of funds; rules for use of profits, settlement of losses and other financial regulations;
- p) Rules for internal dispute settlement.

#### **Article 46. Rights and obligations of VSE**

1. VSE has the rights to:

- a) Issue its regulations on listing and trading securities, disclosing information, regulations on its members and other regulations on organization and operation of the securities market after they are approved by SSC;
- b) Organize and operate the securities market;
- c) Putting securities under alert, control and restriction in accordance with law and its SSC;

d) Suspend or terminate trading of certain securities in case of abnormal fluctuation in their prices or trading quantity without rectification by their issuers, which result in the securities being put under alert, control or restriction, or in case the suspension or termination is necessary to protect the investors' the lawful rights and interests and ensure the stability and safety of the securities market;

dd) Approve, change, cancel listing or registration of securities; supervise the fulfillment of conditions for listing of securities of listed organizations;

e) Grant and cancel membership of members of VSE;

g) Provide bidding services; services involving market information and information about listed or registered securities; technological infrastructure development services for the securities market, and other relevant services specified in its Charter;

h) Act as a mediator to settle securities-related disputes at the request of its members;

i) Carry out inspections and take actions against violations committed by its members, listed organizations and registered organizations in accordance with its regulations;

k) Request regulatory authorities to provide information about its members, listed organizations and registered organizations for information disclosure purposes as prescribed by law;

l) Other rights prescribed by law and its charter.

2. VSE has the obligations to:

a) Ensure the transparency, fairness, order, safety and efficiency of securities trading on the securities market;

b) Comply with regulations of law on accounting, audit, statistics, financial obligations, reporting, information disclosure;

c) Supervise the trading of securities and fulfillment of obligations of its members, information disclosure by listed organizations, registered organizations and the investors that have to disclose information as prescribed in Article 118 of this Law.

d) Issue criteria for supervision of transactions and trading indicators applied to its members after they are approved by SSC;

dd) Propose to SSC measures for responding to events that affect the safety, stability or integrity of the securities market; violations committed by investors, its members, listed organization or registered organizations;

e) Cooperate in dissemination of knowledge about securities and the securities market among investors;

g) Provide information for and cooperate with VSDCC in securities activities; cooperate with other authorities in investigations and taking of actions against violations against regulations of law on securities and the securities market;

h) Fulfill other obligations prescribed by law and its charter.

3. Executives and employees of VSE, in performance of their duties, shall comply with regulations of law on securities and the securities market, code of professional ethics, information confidentiality regulations and relevant laws.

4. The Prime Minister shall decide the entities responsible for the fulfillment of rights and obligations of VSE and its subsidiaries as prescribed by this Law and proposed by the Minister of Finance.

#### **Article 47. Members of VSE**

1. Members of VSE include:

a) Securities companies recognized as trading members by VSE;

b) Commercial banks, FBBs and other organizations recognized as special trading members by VSE.

2. Members of VSE have the rights to:

a) Use the securities trading system and services provided by Stock Exchange and its subsidiaries;

b) Receive market information from VSE and its subsidiaries;

c) Request VSE to act as a mediator to settle their securities-related disputes;

d) Raise issues relevant to securities trading by VSE and its subsidiaries;

dd) Other rights prescribed by law and the charter of VSE.

3. Members of VSE have the obligations to:

a) Have their securities trading and information disclosure supervised by VSE and its subsidiaries in accordance with regulations of VSE;

b) Disclose information in accordance regulations of law and VSE;

c) Assist other members in trading at the request of VSE and its subsidiaries where necessary;

d) Other rights prescribed by law and the charter of VSE.

4. The Government shall specify the requirements, documents and procedures for becoming a member of VSE.

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

1. Publicly offered securities, shares of public companies, closed-end fund certificates, ETF certificates, secured warrants, futures contracts and options approved by SSC shall be listed or registered on the securities trading system.

2. Debt instruments of the Government, Government-backed bonds and municipal bonds shall be listed on the securities trading system at the request of the issuers or authorized issues as prescribed by law.

3. The issuer shall submit an application for listing or registration and assume responsibility for the truthfulness and adequacy of the application. The counseling organization, the audit organization, the person who signs the audit report and any organization or individual that certifies the application shall bear legal responsibility for performance of their tasks.

4. The Government shall specify other kinds of securities that have to be listed or registered; classification of listed securities; conditions for listing securities; documents and procedures for listing and registering securities; change cancellation of listing and registration of securities by Vietnamese and foreign issuers; overseas listing of securities of Vietnamese issuers.

#### **Article 49. Suspension, termination, restoration of operations of VSE and its subsidiaries**

1. SSC will suspend, terminate some or all operations of Stock Exchange and its subsidiaries in case of:

- a) A war, natural disaster or major fluctuation of the economy, malfunction of the trading system or any other force majeure event that affects the normal operation of the securities market;
- b) Abnormal fluctuation of the securities market or it is necessary to protect the investors' the lawful rights and interests and ensure the stability and safety of the securities market.

2. SSC will restore some or all transactions of VSE and its subsidiaries when the causes of the suspension or termination have been rectified.

#### **Article 50. Securities trading**

1. Listed and registered securities shall be traded by order matching and other methods specified in the trading regulations of VSE.

2. Listed and registered securities shall not be traded outside the securities trading system organized by VSE and its subsidiaries, except for non-trading transactions or other transactions that cannot be carried out through the securities trading system.

3. The trading of new securities, changes of a trading method and application of a new trading method or inauguration of a new trading system are subject to approval by SSC.
4. The Minister of Finance shall promulgate specific regulations on securities trading, supervision of securities trading, identification of non-trading transactions and transactions that cannot be carried out through the securities trading system.
5. The Prime Minister shall consider securities trading with foreign securities exchanges at the request of the Minister of Finance.

#### **Article 51. Participation of foreign investors and foreign-invested business organizations in Vietnam's securities market**

1. Foreign investors and foreign-invested business organizations that participate in Vietnam's securities market shall comply with regulations of securities laws on foreign holdings, conditions and procedures for investment.
2. The Government shall provide for foreign holdings, conditions and procedures for participation of foreign-invested business organizations in Vietnam's securities market.

### **Chapter V**

#### **REGISTRATION, DEPOSITING, OFFSETTING AND PAYMENT OF SECURITIES**

#### **Article 52. Establishment and operation of Vietnam Securities Depository and Clearing Corporation (VSDCC)**

1. VSDCC is an enterprise that is established and operated in accordance with this Law, the Law on Enterprises. Over 50% of charter capital or voting shares of VSDCC shall be held by the State.
2. The Prime Minister shall issue decisions on establishment, dissolution, operating model, type of ownership, functions, tasks and powers of VSDCC, and establishment of its subsidiaries as proposed by the Minister of Finance.
3. VSDCC is under management and supervision of SSC.

#### **Article 53. Organizational structure of VSDCC**

1. The Prime Minister shall decide the organizational structure of VSDCC in accordance with this Law, the Law on Enterprises and relevant laws.
2. The Chairperson of the Board of members, the Chairperson of the Board of Directors, General Director (Director) of VSDCC shall be designated and dismissed by the Minister of Finance at the request of the Board of members or Board of Directors of VSDCC and according to comments of the President of SSC.

3. Rights and obligations of the Board of members, Board of Directors, General Director (Director), the Board of Controllers (Controllers) shall comply with regulations of law and the charter of VSDCC.

#### **Article 54. Charter of VSDCC**

1. The charter of VSDCC shall be approved, issued, amended by the Minister of Finance at the request of the Board of members or Board of Directors of VSDCC and according to comments of the President of SSC.

2. The Charter of VSDCC shall have the following contents:

a) Names, addresses of the headquarters and branches;

b) Objectives and operating scope;

c) Charter capital; method for increasing, decreasing of charter capital and stake transfer;

d) Names, addresses and basic information of the founding shareholders, capital contributors or owners;

dd) Stakes or shares and capital contributed by the founding shareholders, capital contributors or owners;

e) The legal representative;

g) The organizational structure;

h) Rights and obligations of VSDCC

i) Rights and obligations the shareholders, capital contributors or owners;

k) Rights and obligations of the Board of members, Board of Directors, General Director (Director), the Board of Controllers (Controllers);

l) Method for ratification of VSDCC's decisions;

m) Formalities for amending the charter;

n) Applied accounting and audit regulations;

o) Establishment and use of funds; rules for use of profits, settlement of losses and other financial regulations;

p) Rules for internal dispute settlement.

## **Article 55. Rights and obligations of VSDCC**

1. VSDCC has the rights to:

- a) Issue regulations on securities registration, depositing, offsetting and payment, and other operational regulations after they are approved by SSC;
- b) Provide services including securities registration, depositing, offsetting and payment; registration of collateral for securities registered at VSDCC upon request of clients; provide other services specified in VSDCC's charter;
- c) Issue domestic ticker symbols and international securities identifying numbers to securities registered at VSDCC;
- d) Approve, change, cancel registration of securities at VSDCC;
- dd) Grant and cancel membership of depository members of VSDCC; suspend depository members from providing securities depository services;
- e) Use various sources to assist payment in case a member of VSDCC is temporarily insolvent as prescribed by law;
- g) Other rights prescribed by law and VSDCC's charter.

2. VSDCC has the obligations to:

- a) Ensure availability of premises and equipment serving the registration, depositing, offsetting and payment of securities;
- b) Comply with regulations of law on accounting, audit, statistics, financial obligations, reporting, information disclosure;
- c) Supervise the registration, depositing, offsetting and payment of securities, holdings of foreign investors, and fulfillment of obligations of VSDCC's members;
- d) Establish the process and risk management for each operation;
- dd) Implement necessary measures to protect the data, retain original documents about the registration, depositing, offsetting and payment of securities in accordance with regulations of law on accounting and statistics;
- e) Provide information about holders of securities of the issuers and competent authorities as prescribed by law;
- g) Protect confidentiality of information about clients' holdings; refuse to freeze, hold, transfer asset, provide or copy information about clients' holdings without their consensus, unless it is



requested by a competent authority or the auditor that audits the financial statement of VSDCC or a depository member;

h) Cooperate in dissemination of knowledge about securities and the securities market among investors;

i) Provide information for and cooperate with VSE in securities activities; cooperate with other authorities in investigations and taking of actions against violations against regulations of law on securities and the securities market;

k) Separately manage assets of clients and VSDCC; assets of compensation funds, offsetting funds, risk management funds as prescribed by law;

l) Pay compensation to clients if the failure to fulfill VSDCC's obligations cause damage to the lawful rights and interests of clients, except in force majeure events;

m) Operate in the interests of depositors and securities owners;

n) Fulfill other obligations prescribed by law and VSDCC's charter.

3. Executives and employees of VSDCC, in performance of their duties, shall comply with regulations of law on securities and the securities market, code of professional ethics, information confidentiality regulations and relevant laws.

## **Article 56. Members of VSDCC**

1. Members of VSDCC include:

a) Depository members include securities companies, commercial banks, FBBs licensed to provide securities depositing services by SSC and accepted by VSDCC as depository members;

b) Offsetting members include securities companies, commercial banks, FBBs licensed to provide securities offsetting and payment services by SSC and accepted by VSDCC as offsetting members.

2. Depository members have the rights to:

a) Provide securities depositing and payment services for clients;

b) Exercise other rights prescribed by law and VSDCC's charter.

3. Depository members have the obligations to:

a) Fulfill the obligations specified in Points b, d, dd, g, h, i, l, m Clause 2 Article 55 of this Law;

b) Ensure availability of premises and equipment serving the securities depositing and payment;

- c) Contribute to the compensation fund as prescribed by law;
- d) Separately manage assets of clients and assets of depository members; promptly and accurately record assets, rights to assets and interests relevant to assets deposited by clients;
- d) Maintain fulfillment of conditions for provision of securities depository services;
- e) Report and fulfill other obligations prescribed by law and VSDCC's charter.

4. Offsetting members have the rights to:

- a) Provide offsetting and payment services for derivatives and other kinds of securities. Offsetting members that are commercial banks and FBBs may only offset and pay for their own derivatives;
- b) Request investors to fully and punctually pay the deposits; use deposited assets of investors to fulfill the obligations to VSDCC;
- c) Close positions, liquidate open positions of investors; use deposited assets to pay for open positions of insolvent investors;
- d) Exercise other rights prescribed by law and VSDCC's charter.

5. Offsetting members have the obligations to:

- a) Fully and punctually make deposits to VSDCC; contribute to the offsetting fund and risk management fund as prescribed by law;
- b) Establish and maintain the internal control and risk management system; separately manage assets and positions of investors;
- c) Fulfill other obligations prescribed by law and VSDCC's charter.

6. The Government shall promulgate regulations on provision of securities offsetting and payment services by VSDCC and its members; conditions and procedures for becoming members of VSDCC.

**Article 57. Requirements for securities depository registration**

1. A commercial bank or FBB may apply for securities depository registration when it:

- a) has the license for establishment and operation in Vietnam which allows provision of securities depository services;
- b) has satisfactory capital adequacy ratios prescribed by banking laws and has profit in the last year; and

c) has the premises and equipment serving the depositing and payment of securities.

2. A securities company may apply for securities depository registration when it is licensed for securities brokerage.

#### **Article 58. Application for securities depository registration**

1. A commercial bank's or FBB's application for securities depository registration shall consist of:

a) The application form;

b) The applicant's license for establishment and operation;

c) The description of the applicant's premises and equipment serving the depositing and payment of securities;

d) Documents proving the applicant's satisfactory capital adequacy ratios prescribed by banking law;

dd) The latest audited annual financial statement.

2. A securities company's application for securities depository registration shall consist of the documents specified in Point a and Point c Clause 1 of this Article.

#### **Article 59. Time limit for issuance of the certificate of securities depository registration**

1. Within 15 days from the receipt of the satisfactory application, SSC shall decide whether to issue the certificate of securities depository registration, or reject the application and provide explanation in writing.

2. Within 12 months from the issuance date of the certificate, the certificate holder shall complete the procedures for depository member registration at VSDCC and initiate the securities depository operation.

#### **Article 60. Suspension of securities depository operation, revocation of the certificate of securities depository registration**

1. VSDCC will suspend a depository member for up to 90 days if such member:

a) Regularly fails to fulfill its obligations specified in this Law and VSDCC's charter; or

b) Causes heavy damage to its clients.

2. SSC will revoke the certificate of securities depository registration from a securities company, commercial bank or FBB if:

- a) The certificate holder fails to rectify the violations mentioned in Clause 1 of this Article by the end of the suspension period;
  - b) The securities depository operation is not initiated within 12 months from the issuance date of the certificate;
  - b) The certificate holder's has its license for establishment and operation revoked;
  - d) The certificate holder no longer exists or is converted as prescribed by the Law on Enterprises;
  - dd) The certificate holder wishes to terminate its securities depository operation and the termination is accepted by SSC;
  - e) The requirements for registration of securities depository operation specified in Article 57 of this Law are not fully satisfied.
3. After the certificate of securities depository registration is revoked, the depository member shall finalize its securities depository account in accordance with regulations of VSDCC.

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

1. Securities of public companies and other organizations listed or registered on the securities trading system shall be registered at VSDCC.
2. Securities of other issuers the transfer of which is brokered VSDCC under authorization shall be registered at VSDCC.
3. Public companies and issuers mentioned in Clause 1 and Clause 2 of this Article shall register their information, securities and securities holders with VSDCC.
4. VSDCC shall compile a register of holders of securities registered at VSDCC.
5. VSDCC shall compile a list and grant access to securities holders according to their holdings as informed by the public companies and issuers. Only the holders on the latest register will be entitled to the interests of the securities they are holding.

#### **Article 62. Securities depositing**

1. Securities of public companies and other organizations listed or registered on the securities trading system shall be deposited at VSDCC before they can be traded, unless otherwise prescribed by the Minister of Finance.
2. VSDCC shall separately manage securities of each depository member.
3. VSDCC shall register collateral for the securities registered at VSDCC in accordance with regulations of the Government.

4. The Minister of Finance shall promulgate regulations on provision of securities depository services, transfer of deposited securities for issuance of depository receipts, and listing of securities in foreign securities markets.

### **Article 63. Securities offsetting and payment**

1. Offsetting and determination of the liability to pay money and securities shall be carried out through VSDCC.

2. Securities payment shall be made on the system of depository accounts of VSDCC; money payment for securities shall be made through clearing banks and concurrent with the transfer of securities.

3. The Minister of Finance shall specify measures in case a member of VSDCC is temporarily unable to maintain its solvency for securities trading.

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

1. The establishment and transfer of ownership and other rights to the securities registered at VSDCC shall be carried out with regulations of law on securities and the securities market.

2. The transfer of ownership of securities deposited at VSDCC shall be effective on the date of the entry on the securities depository account at VSDCC.

3. For securities mentioned in Clause 1 Article 61 of this Law that are not deposited at VSDCC, their transfer of ownership shall be effective on the date of the entry on VSDCC's register.

### **Article 65. Protection of clients' assets**

1. Securities and other assets of clients under management of VSDCC and its members, deposits in clearing banks for securities trading of depository members are assets of their owners and are not assets of VSDCC, its members or clearing banks.

2. VSDCC, its members and clearing banks must not use the securities and assets mentioned in Clause 1 of this Article to pay their debts.

### **Article 66. Compensation fund**

1. The compensation fund is contributed to by depository members to pay on behalf of the depository members that are temporarily unable to pay for their securities transactions.

2. The compensation fund shall be managed by VSDCC. Assets of the compensation fund and assets of VSDCC shall be separately managed.

3. Methods of contributions, contribution amounts, management and use of the compensation fund shall comply with regulations of the Minister of Finance.

## **Article 67. Offsetting fund**

1. The offsetting fund is contributed to by depository members to pay damages and settle transactions of the depository members or investors that are insolvent.
2. The offsetting fund shall be managed by VSDCC. Assets of the offsetting fund and assets of VSDCC shall be separately managed.
3. Methods of contributions, contribution amounts, management and use of the offsetting fund shall comply with regulations of the Minister of Finance.

## **Article 68. Suspension, termination, restoration of securities registration, depositing, offsetting, payment functions of VSDCC**

1. SSD shall decide partial or full suspension or termination of the securities registration, depositing, offsetting, payment functions of VSDCC in the following cases:
  - a) In case of a war, natural disaster or major fluctuation of the economy, malfunction of the registration, depositing, offsetting, payment system or any other force majeure event that affects the securities registration, depositing, offsetting, payment functions of VSDCC;
  - b) The suspension or termination is necessary to protect the investors' the lawful rights and interests and ensure the stability and safety of the securities registration, depositing, offsetting, payment system.
2. SSC shall decide partial or full restoration of the securities registration, depositing, offsetting, payment functions of VSDCC when the causes of the suspension or termination have been eliminated.

## **Article 69. Clearing banks**

1. Clearing banks include SBV and commercial banks that provide payment services for securities transactions on the securities transaction system.
2. In order to be appointed as a clearing bank by SSC, a commercial bank shall have:
  - a) The license for establishment and operation in Vietnam prescribed by law;
  - b) A charter capital of over 10.000 billion VND;
  - c) Profit in the last 02 years;
  - d) Satisfactory capital adequacy ratios prescribed by banking laws;
  - d) Technical facilities qualified for payment transactions and connected to the system of VSDCC;

- e) A payment and offsetting system connected to the payment and offsetting system of SBV; and
- g) Technical facilities capable of retention of transaction information for at least 10 years and provision of such information for SSC or VSDCC within 48 hours upon request.

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

- a) Separate payments for securities transactions on the securities transaction system from other payments of the bank in accordance with regulations of law on securities and the securities market;
- b) Comply with reporting regulations and fill other obligations prescribed by law;
- c) Maintain fulfillment of the conditions specified in Clause 2 of this Article.

4. The Government shall specify the documentation and procedures for registration of clearing banks.

## **Chapter VI**

### **SECURITIES COMPANIES, FUND MANAGEMENT COMPANIES**

#### **Section 1. SECURITIES TRADING LICENSE**

##### **Article 70. Power to issue, reissue, revise, revoke the securities trading license**

SSC has the power to issue, reissue, revise, revoke the securities trading license of securities companies, fund management companies, branches in Vietnam of foreign securities companies and fund management companies.

##### **Article 71. Enterprise registration, business registration**

1. After being granted the securities trading license, the license holder that is a securities company or fund management company shall apply for enterprise registration in accordance with the Law on Enterprises, the license holder that is a branch in Vietnam of a foreign securities company or fund management company shall apply for business registration at a business registration authority.

2. Securities companies and fund management companies shall be limited liability companies or joint-stock companies as prescribed by the Law on Enterprises.

3. The Government shall elaborate this Article.

##### **Article 72. Operations of securities companies**

1. A securities company shall be licensed to perform one, some or all of the following operations:

- a) Securities brokerage;
- b) Proprietary trading;
- c) Securities underwriting;
- d) Securities investment consultancy.

2. A securities company shall only be licensed for proprietary trading when it is licensed for securities brokerage.

3. A securities company shall only be licensed for securities underwriting when it is licensed for proprietary trading.

### **Article 73. Operations of fund management companies**

1. Operations of a fund management company include:

- a) Securities investment fund management;
- b) Securities investment fund management;
- c) Securities investment consultancy.

2. The licensing of the operations mentioned in Clause 1 of this Article shall be included in the securities trading license of the fund management company.

### **Article 74. Requirements for issuing the securities trading license to a securities company**

1. The capital contributed shall be VND. The minimum charter capital for each operation of the securities company is conformable with regulations of the Government.

2. Shareholders and contributing members:

- a) Shareholders and contributing members that are individuals are qualified for establishment and management of enterprises in Vietnam as prescribed by the Law on Enterprises;
- b) Shareholders and contributing members that are organizations shall be lawfully operating juridical persons that have profitable business in 02 years prior to the year in which the license is applied for; the latest annual financial statement has been audited and received unqualified opinions;



c) Shareholders and contributing members holding at least 10% of charter capital of 01 securities company; their related persons (if any) do not hold more than 5% of charter capital of another securities company;

d) Shareholders and contributing members that are foreign investors shall satisfy the requirements specified in Article 77 of this Law.

### 3. Quantities of shareholders and contributing members:

a) At least 02 founding shareholders and contributing members shall be organizations. The owner of the securities company that is a single-member limited liability company shall be an insurer or commercial bank or foreign organization that satisfies the requirements specified in Clause 2 Article 77 of this Law.

b) Total capital contributed by organizations shall be at least 65% of charter capital; capital contributed by insurers and commercial banks shall be at least 30% of charter capital.

### 4. Infrastructural requirements:

a) The premises are adequate for securities trading;

b) Available equipment and technologies are adequate for securities trading processes.

### 5. Personnel requirements:

There is a General Director (Director), at least 03 employees having suitable securities trading certifications for the licensed operations, and at least 01 employee in charge of compliance management. The General Director (Director) shall:

a) Not be facing criminal prosecution, serving an imprisonment sentence or being banned from securities trading as prescribed by law;

b) Have at least 02 years' experience of working in specialized departments of finance, securities, banking, insurance organizations or in finance, accounting, investment departments of other organizations;

c) Have the practising certificate for financial analysis or asset management;

g) Not incur any administrative penalties for securities-related offences in the last 06 months prior to the application date.

The Deputy General Directors (Deputy Directors) in charge of specific operations shall satisfy the requirements specified in Points a, b, d of this Clause and have practising certificates suitable for their operation.

### 6. A draft charter conformable with Clause 1 Article 80 of this Law.

## **Article 75. Requirements for issuing the securities trading license to a fund management company**

1. The capital contributed shall be VND. The minimum charter capital for each operation of the fund management company is conformable with regulations of the Government.

2. Shareholders and contributing members:

a) Shareholders and contributing members shall satisfy the requirements specified in Point a and Point b Clause 2 Article 74 of this Law;

b) Shareholders and contributing members that are foreign investors shall satisfy the requirements specified in Article 77 of this Law;

c) Shareholders and contributing members holding at least 10% of charter capital of 01 fund management company; their related persons (if any) do not hold more than 5% of charter capital of another fund management company.

3. Quantities of shareholders and contributing members:

a) At least 02 founding shareholders and contributing members shall be organizations. The owner of the fund management company that is a single-member limited liability company shall be an insurer or commercial bank or foreign organization that satisfies the requirements specified in Clause 2 Article 77 of this Law;

b) Total capital contributed by organizations shall be at least 65% of charter capital; capital contributed by insurers and commercial banks shall be at least 30% of charter capital.

4. Infrastructural requirements:

a) The premises are adequate for securities trading;

b) Available equipment and technologies are adequate for securities trading processes.

5. Personnel requirements:

There is a General Director (Director), at least 05 employees having asset management certifications, and at least 01 employee in charge of compliance management. The General Director (Director) shall:

a) Not be facing criminal prosecution, serving an imprisonment sentence or being banned from securities trading as prescribed by law;

b) Have at least 04 years' experience of working in specialized departments of finance, securities, banking, insurance organizations or in finance, accounting, investment departments of other organizations;

c) Have the practising certificate for asset management or equivalent as prescribed by the Government;

g) Not incur any administrative penalties for securities-related offences in the last 06 months prior to the application date.

The Deputy General Directors (Deputy Directors) in charge of specific operations shall satisfy the requirements specified in Points a, b, d of this Clause and have practising certificates suitable for their operation.

6. A draft charter conformable with Clause 1 Article 80 of this Law.

#### **Article 76. Requirements for issuing the securities trading license to branches in Vietnam of foreign securities companies and foreign fund management companies**

1. A foreign securities company may establish a branch in Vietnam when the following requirements are satisfied:

a) The company fully satisfies the requirements specified in Clause 2 Article 77 of this Law and is not holding more than 49% of charter capital of any securities company or fund management company in Vietnam;

b) The capital provided for the branch in Vietnam satisfies the requirements in Clause 1 Article 74 of this Law;

c) The branch in Vietnam satisfies the infrastructural and personnel requirements specified in Clause 4 and Clause 5 Article 74 of this Law.

2. A foreign fund management company may establish a branch in Vietnam when the following requirements are satisfied:

a) It is licensed for management of public funds by the home country's securities authority;

b) The home country's licensing authority and SSC has entered into a mutual or multilateral agreement on information exchange, management, inspection, supervision of securities activities and securities market with a remaining operating of at least 05 years;

c) The foreign company is not holding more than 5% charter capital of 01 fund management company in Vietnam, whether directly or indirectly, with or without related persons;

d) The capital provided for the branch in Vietnam satisfies the requirements in Clause 1 Article 75 of this Law;

dd) The infrastructural and personnel requirements specified in Clause 4 and Clause 5 Article 75 are satisfied by the branch in Vietnam;

a) All of the requirements specified in Point c Clause 2 Article 77 of this Law are satisfied.

3. Each foreign securities company or fund management company may establish 01 branch in Vietnam.

#### **Article 77. Foreign investment in securities companies and fund management companies**

1. Foreign investors may contribute capital, buy shares and stakes in securities companies and fund management companies as follows:

a) A foreign investor that is an organization satisfying the requirements specified in Clause 2 of this Article and its related persons may hold up to 100% of charter capital of a securities company or fund management company. In case the requirements in Clause 2 of this Article are not fully satisfied, the foreign investor that is an organization and its related person may only hold up to 49% of charter capital of a securities company or fund management company.

b) A foreign investor that is an individual and his/her related persons may hold up to 49% of charter capital of a securities company or fund management company;

c) Foreign investors shall comply with regulations in Point c Clause 2 Article 74 and Point c Clause 2 Article 75 of this Law.

2. In order to hold 100% charter capital of a securities company or fund management company by contributing capital or buying shares/stakes, a foreign organization shall:

a) Be licensed and has been continuously operating in the field of banking, securities, insurance for 02 years before the year in which capital is contributed or shares/stakes are purchased.

b) The home country's licensing authority and SSC has entered into a mutual or multilateral agreement on information exchange, management, inspection, supervision of securities activities and securities market;

c) The organization's business has profit in 02 years prior to the year in which capital is contribute or shares/stakes are purchased, and the latest annual financial statement has been audited and received unqualified opinions.

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

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

1. A foreign securities company or foreign fund management company may establish a representative office in Vietnam when:

a) It is licensed and has been lawfully operating in this home country;

b) The home country's licensing authority and SSC has entered into a mutual or multilateral agreement on information exchange, management, inspection, supervision of securities activities and securities market, or the company has been managing investment funds in Vietnam; the remaining operating period is at least 01 years.

2. The representative office in Vietnam of a foreign securities company or fund management company has one, some or all of the following activities:

a) Communication office and market research;

b) Facilitate development of projects for cooperation in securities and securities market in Vietnam;

c) Expedite and supervise implementation of agreements between the company and Vietnamese business organizations;

d) Expedite and supervise execution of the projects in Vietnam funded by the company.

3. Representative offices of foreign securities companies and foreign fund management companies must not trade securities.

4. SSC shall issue certificates of registration; manage and supervise operation of representative offices in Vietnam of foreign securities companies and foreign fund management companies.

#### **Article 79. Documentation and procedures for issuance, reissuance, revision, revocation of the securities trading license and the certificate of registration**

1. The Government shall specify the documentation, procedures for issuance, reissuance, revision, revocation of the securities trading license of securities companies, fund management companies, branches in Vietnam of foreign securities companies and fund management companies; the certificate of registration of representative offices in Vietnam of foreign securities companies and fund management companies.

2. Within 30 days from the receipt of the satisfactory application, SSC shall decide whether to issue the securities trading license or the certificate of registration. In case of rejection, SCC shall send a written notice and provide explanation.

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

1. The charter of securities companies and fund management companies must not contravene regulations of this Law and the Law on Enterprises.

2. Securities companies and fund management companies shall upload their charters to their websites.

#### **Article 81. Contents of the securities trading license**

1. The securities trading license of a securities company or fund management company shall have the following contents:

- a) The company's name;
- b) Addresses of the headquarters;
- c) Business operations;
- d) Charter capital;
- dd) The legal representative.

2. The securities trading license of the branch of a foreign securities company or foreign fund management company shall have the following contents:

- a) Name, address and operations of the branch;
- b) The parent company's name;
- c) The parent company's address;
- d) Capital provided for the branch;
- dd) The branch manager.

3. Changes to the securities trading license mentioned in Clause 1 and Clause 2 of this Article are subject to approval by SSC.

4. Within 10 days from the day on which SSC approves the changes mentioned in Clause 3 of this Article, the license holder shall inform the changes to the business registration authority in accordance with enterprise laws.

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

1. Names of securities companies and fund management companies shall comply with regulations of the Law on Enterprises, Clause 2 and Clause 3 of this Article.

2. The Vietnamese name of a securities company consists of the following elements from left to right:

- a) The type of business;
- b) The phrase “chứng khoán” (“securities”);
- c) The company's proper name.

3. The Vietnamese name of a fund management company consists of the following elements from left to right:

- a) The type of business;
- b) The phrase “quản lý quỹ” (“fund management”);
- c) The company’s proper name.

4. A organization that is not a securities company or fund management company must not use the phrase “chứng khoán” or “quản lý quỹ” in its name, or any other phrases and terms that may create a false impression that it is a securities company or fund management company.

### **Article 83. Declaration of operation**

Securities companies and fund management companies, branches and representative offices of foreign securities companies and fund management companies shall declare their operation through the media of SSC and 01 online newspaper or 03 continuous issues of a printed newspaper at least 30 days before its expected inauguration date. Declared information includes:

1. The securities trading license or the certificate of registration issued by SSC;
2. The official inauguration date.

### **Article 84. Official inauguration date**

1. Securities companies, fund management companies, branches and representative offices of foreign securities companies and fund management companies shall inaugurate within 12 months after they are licensed.

2. Securities companies, fund management companies, branches and representative offices of foreign securities companies and fund management companies must not trade securities before their official inauguration dates.

3. A securities company or fund management company may start to operate after:

- a) It has been granted enterprise registration as prescribed in Article 71 of this Law;
- d) It has processes for operation, risk management, internal control;
- c) The charter has been approved by General Meeting of Shareholders, the Board of members or the owner.

4. The branch of a foreign securities company or fund management company may start to operate after the requirements in Point a and Point b Clause 3 of this Article are satisfied.

5. The licensed securities companies, securities investment fund management companies, branches in Vietnam of foreign securities companies and asset management companies shall send a notice of their fulfillment of requirements in Clause 3 and Clause 4 of this Article to SSC at least 15 days before their official inauguration date. SSC will suspend operation of the securities companies, securities investment fund management companies, branches in Vietnam of foreign securities companies and asset management companies that fail to fully satisfy the requirements in Clause 3 and Clause 4 of this Article.

## **Section 2. OPERATION OF SECURITIES COMPANIES AND FUND MANAGEMENT COMPANIES**

### **Article 85. Maintenance of fulfillment of requirements for issuance of the securities trading license**

1. Maintenance of fulfillment of requirements for issuance of the securities trading license:

a) Securities companies shall maintain fulfillment of the licensing requirements specified in Clause 1, Point c and Point d Clause 2, Clause 4 and Clause 5 Article 74 of this Law;

b) Branches in Vietnam of foreign securities companies shall maintain fulfillment of the licensing requirements specified in Point b and Point c Clause 1 Article 76 of this Law;

c) Fund management companies shall maintain fulfillment of the licensing requirements specified in Clause 1, Point b and Point c Clause 2, Clause 4 and Clause 5 Article 75 of this Law;

d) Branches in Vietnam of foreign fund management companies shall maintain fulfillment of the licensing requirements specified in Points c, d and dd Clause 2 Article 76 of this Law.

2. Within 30 days from the day the requirements mentioned in Clause 1 of this Article are no longer satisfied or the equity falls below the minimum charter capital, the Board of Directors, the Board of members or the owner of the securities company, fund management company, branch of the foreign securities company or fund management company shall approve the rectification plan and send a report to SSC. The time limit for rectification shall be 06 months for equity and 03 months for other requirements from the day on which the requirements are no longer fulfilled.

3. During the rectification period, :

a) a securities company must not: expand its business; distribute profit; repurchase shares except employees' shares under the employees' shares issuance regulations or for correction of error correction;

b) a fund management company must not: add new securities activities; distribute profits; raise capital to establish funds; establish investment companies; increase charter capital of closed-end funds, private funds and investment companies under its management; sign new investment management contracts; extend or receive additional capital from existing clients; establish branches or representative offices; make overseas investment;



c) a branch in Vietnam of a foreign securities company or fund management company must not transfer its profit overseas.

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

1. A securities company licensed to provide securities brokerage services may:

a) Receive and manage securities trading accounts of individuals; distribute securities or act as securities distribution agent; manage securities trading account; manage other enterprises' lists of securities holders;

b) Provide online securities trading services; provide or cooperate with credit institutions granting loans for purchase of securities or securities lending; provide or cooperate with credit institutions in advancing payment for securities; securities depository; offset and pay securities; provide other derivative-related services.

2. A securities company licensed for proprietary trading may trade securities on its proprietary trading account, make investment, contribute capital, issue and offer financial products.

3. A securities company licensed for securities underwriting may provide securities offering consultancy services; perform pre-offering procedures; act as an agent for securities depository, payment, transfer; provide consultancy on restructuring, consolidation, acquisition, rearrangement of enterprises; provide consultancy of enterprise administration, business strategies; provide consultancy on offering, listing, registration of securities; provide consultancy on enterprise equityization.

4. A securities company licensed to provide securities investment consultancy services may provide services for its clients in accordance with Clause 32 Article 4 of this Law.

5. In addition to the services specified in Clause 1, 2, 3, 4 of this Article, a securities company may only provide other finance services conformable with regulations of law after a written report is submitted to SSC. SSC is entitled to suspend or terminate provision of other financial services of a securities company if it is not conformable with law or poses a risk to the securities market system.

6. A fund management company may mobilize and manage foreign funds in Vietnam; manage voluntary pension funds in accordance with relevant laws; provide online securities trading services.

7. The branch in Vietnam of a foreign securities company may only provide securities investment consultancy services. The branch in Vietnam of a foreign fund management company may only provide asset management services for capital raised overseas.

8. The Minister of Finance shall promulgate specific regulations on operation of securities companies, fund management companies, branches and representative offices in Vietnam of foreign securities companies and foreign fund management companies; permitted services; suspension and termination of other financial services of securities companies specified in Clauses 1, 2, 3, 4, 5 of this Article.

#### **Article 87. Operations subject to approval by SSC**

1. A securities company or fund management company shall obtain a written approval of SSC before initiating the following operations:

- a) Suspension of operation, except for force majeure events;
- b) Offering and listing securities of the company overseas;
- c) Making indirect outward investments;
- d) Establishing, closing a branch or representative office in Vietnam or overseas; establishing an overseas subsidiary; changing business operations at the branch; establishing or closing a transaction office;
- dd) Changing the name or location of a branch, representative office or transaction office;
- e) Provision of the services mentioned in Point b Clause 1 Article 86 of this Law.

2. Suspension of the branch in Vietnam of a foreign securities company or fund management company in the cases specified in Point a Clause 1 of this Article is subject to written approval by SSC.

3. The Government shall specify the requirements, documentation and procedures for approving the operations specified in this Article.

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

1. Clients' assets under management of a securities company include securities trading deposits, securities that are deposited or stored at the company, and relevant rights. These assets are owned by the clients and are not considered assets of the securities company.

2. Assets entrusted by a client on the depository account of a fund management company are under ownership of the client and not considered assets of the fund management company.

3. In case a securities company or fund management company is dissolved or goes bankrupt, clients' assets shall be returned to the clients after deducting the clients' liabilities to the company.

4. The Minister of Finance shall elaborate the management of clients' assets in securities companies and fund management companies.

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

1. Establish systems for internal control, risk management, supervision and preventing of conflict of interests within the company and in transactions with relevant persons.

2. Make sure employees in specialized departments have appropriate securities professional certifications.

3. Separately manage assets of each client, assets of clients and assets of the company.

4. Sign written service provision contracts with clients; provide adequate and accurate information for clients.

5. Give priority to execution of clients' orders over the company's orders.

6. Collect information about financial status, investment purposes, risk tolerance of clients; make sure the recommendations and consultancy given by the company are appropriate for financial status, investment purposes, risk tolerance of each client, unless information is not provided or not fully and accurately provided by the client.

7. Update and fully information about the clients; documents about transactions of the clients and the company.

8. Comply with regulations of law on accounting, audit, statistics, financial obligations.

9. Disclose information and report fully, punctually and accurately as prescribed by law.

10. Develop a information technology system and backup database to ensure safe and continuous operation.

11. Supervise securities transactions in accordance with regulations of the Minister of Finance.

12. Perform other obligations prescribed by this Law and relevant laws.

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

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

2. Manage securities investment funds and securities portfolios in accordance with this Law, charters of the securities investment funds, contracts with trustors and contracts with supervisory banks.

3. Determine the net value of securities investment funds in accordance with Article 106 of this Law, charters of securities investment funds and contracts with trustors.

4. The fund management company shall deposit all trusted assets; separate assets of each trustor; separate assets of trustors and assets of the company.

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

1. Do not comment on or guarantee income or profit on the clients' investment; Do not make no-loss guarantee, except investment in fixed income securities.

2. Do not reveal information about a client unless the provision of information is agreed by the client or requested by a competent authority.

3. Do not make clients and investors confused about securities prices.

4. Founding shareholders and capital contributors during establishment of the securities company or fund management company must not transfer their shares or stakes for 03 years from the licensing date, except transfer between those shareholders or contributors.

5. Securities companies, fund management companies, branches and representative offices of foreign securities companies and foreign fund management companies shall provide their services in their own names; must use the names of others or allows others to use their names to provide securities services.

6. A securities company must not contribute capital or purchase shares/stakes of another securities company in Vietnam, unless the purchase results in:

a) Consolidation or acquisition of the latter;

b) Ownership or joint ownership (with related persons) of up to 5% of voting shares of a listed or registered securities company.

7. A fund management company must not contribute capital or purchase shares/stakes of another fund management company in Vietnam, unless the purchase results in:

a) Consolidation or acquisition of the latter;

b) Ownership or joint ownership (with related persons) of up to 5% of voting shares of a listed or registered fund management company.

## **Article 92. Financial safety**

1. Securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall maintain financial safety indicators.
2. The Minister of Finance shall specify the financial safety indicators of securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam, and measures to be taken when financial safety indicators are not maintained.

Companies that fail to maintain their financial safety indicators shall be put under alert, control or restriction by SSC and be subject to remedial measures accordingly.

## **Section 3. REORGANIZATION, SUSPENSION AND REVOCATION OF SECURITIES TRADING LICENSES**

### **Article 93. Reorganization of securities companies and fund management companies**

1. Reorganization of a securities company or fund management company is subject to approval by SSC. Within 30 days from the receipt of the complete and valid application, SSC shall decide whether to approve the reorganization of the securities company or fund management company. In case of rejection, SCC shall send a written notice and provide explanation.
2. After approval is granted by SSC as prescribed in Clause 1 of this Article, the company shall initiate the reorganization in accordance with the Law on Enterprises and the following regulations:
  - a) The reorganization must not affect the lawful rights and interests of clients; ensure continuity and safety of transactions;
  - b) The securities company or fund management company that is established after the reorganization shall inherit the rights and obligations of the reorganized company as prescribed by law;
  - c) The reorganized company shall disclose information to its clients in full.
3. The Government shall specify the requirements, documentation and procedures for approving reorganization of securities companies and fund management companies.
4. The company established after the reorganization shall apply for issuance or revision of the securities trading license in accordance with this Law.

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

1. SSC will suspend one, some or all of the operations of a securities company, fund management company, the branch of a foreign securities company or foreign fund management company in Vietnam in the following cases:

- a) The application for issuance or revision of the securities trading license contains false information;
- b) The issues mentioned in Article 92 of this Law are not resolved;
- c) The company operates against the license;
- d) The requirements specified in Clause 1 Article 85 of this Law or Clause 2 are not satisfied or the equity is still smaller than minimum charter capital after expiration of the time limit specified in Clause 2 Article 85 of this Law.

2. After 06 months from the effective date of the suspension decision, if the securities company fails to rectify the causes of the suspension specified in Point b or Point d Clause 1 of this Article, SSC will issue a decision to terminate the suspended operations.

3. During the suspension period, the company or branch shall:

- a) Not conclude new or renew contracts relevant to the suspended operations; finalize or convert accounts if requested by the clients;
- b) Prepare a rectification plan and report the implementation thereof at the request of SSC;
- c) In case proprietary trading is suspended, the securities company may only sell and must not make new investments, except for purchases for fixing transaction errors, odd lot transactions or exercise or rights of the securities it is holding as prescribed by law.

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

1. A securities company, fund management company, branch of a foreign securities company or foreign fund management company in Vietnam will have its securities trading license revoked in the following case:

- a) The company or branch does not officially come into operation within 12 months from the licensing date; fails to resume operation after the suspension is lifted by SSC; fails to perform the fund management function for 02 consecutive years;
- b) The company or branch submits a written request for revocation of the securities trading license;

c) All securities trading operations of the securities company are terminated according to Clause 2 Article 94 of this Law; the fund management company, branch of the foreign securities company or foreign fund management company fails to rectify the causes of suspension specified in Point b a Decree Point d Clause 1 Article 94 of this Law within 06 months from the suspension date;

d) The violations mentioned in Point a and Point c Clause 1 Article 94 of this Law are not rectified within 60 days from the suspension date;

dd) The company or branch undergoes dissolution, bankruptcy, consolidation, total division or acquisition.

2. In the cases specified in Point c and Point d Clause 1 of this Article, SSC is entitled to appoint another securities company or fund management company to complete the ongoing transactions and contracts of license holder, in which case the license holder and the appointed company are naturally in an authorization relationship.

3. When the license is revoked, the license holder shall:

a) Immediately terminate all operations in the license and make an announcement on 01 online newspaper or 03 consecutive issues of a printed newspaper;

b) Finalize assets of clients received and managed by the securities company, or assets on the depository account of the fund management company;

c) Submit a report to SSC after clients' assets are finalized.

4. SSC shall disclose information about revocation of licenses and request the business registration authorities to collect the certificate of enterprise registration and certificate of business registration.

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

1. Dissolution of securities companies, fund management companies, branches foreign securities companies and foreign fund management companies in Vietnam shall comply with regulations of this Law and the Law on Enterprises.

2. The Government shall specify the finalization of assets of clients specified in Point b Clause 3 Article 95 of this Law; documents and procedures for dissolution of securities companies, fund management companies, branches foreign securities companies and foreign fund management companies in Vietnam.

3. Bankruptcy laws shall apply to bankruptcy of securities companies and securities investment fund management companies.

## **Section 4. Securities professions**

### **Article 97. Securities professional certifications**

1. Securities professional certifications include:

- a) Securities broker certificate;
- b) Financial analyst certificate;
- c) Fund management certificate.

2. A securities professional certification will be granted to an individual who:

- a) has full legal capacity; is not facing criminal prosecution and is not being banned from securities practice as prescribed by law;
- b) has a bachelor's degree or above;
- c) has professional training in securities; and:
- d) passes the test for the securities professional certification. Foreigners who have securities qualifications and foreign certified securities professionals need to pass the test securities and securities market of Vietnam.

3. A securities professional certification will be revoked if its holder:

- a) no longer satisfies the requirements specified in Clause 2 of this Article;
- b) commits any of the offences specified in Article 12 or Clause 2 Article 98 of this Law; or
- c) fails to work as a certified securities professional for 03 consecutive years.

4. The securities professional certification will not be reissued once revoked in the case specified in Point b Clause 3 of this Article.

5. The Government shall specify the requirements, documentation and procedures for issuance, reissuance and revocation of securities professional certifications, management and supervision of certified securities professionals.

### **Article 98. Responsibilities of certified securities professionals**

1. Holders of securities professional certifications shall operate as representatives of securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies, or investment companies.



2. A certified securities professional must not:

a) Simultaneously work for 02 or more securities companies, fund management companies, branches foreign securities companies or foreign fund management companies in Vietnam, or investment companies;

b) Open, manage securities trading accounts at the securities company for which he/she works, unless it does not provide securities brokerage services;

c) Act beyond the authorization of the company for which he/she works.

3. Certified securities professionals shall attend training courses in securities and securities market, systems for trading of new securities organized by SSC, VSE and its subsidiaries, and VSDCC.

4. Securities companies, fund management companies, branches foreign securities companies and foreign fund management companies in Vietnam, and investment companies are responsible for operation of their certified securities professionals.

## **Chapter VII**

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

#### **Section 1. GENERAL REGULATIONS ON SECURITIES INVESTMENT FUNDS**

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

1. Securities investment funds include public funds and private funds.

2. Public funds include open-end funds and closed-end funds.

##### **Article 100. Establishment and operation of securities investment funds**

1. The establishment of and public offering of fund certificates of public funds by fund management companies shall comply with Article 108 of this Law and have to be registered with SSC.

2. The establishment of private funds by fund management companies shall comply with Article 113 of this Law and have to be registered with SSC.

3. The Government shall specify the requirements, documentation and procedures for offering, establishment, reorganization and dissolution of the securities investment funds mentioned in Article 99 and Article 114 of this Law..

4. Operations of the types of funds specified in Article 99 and Article 114 of this Law shall comply with regulations of the Minister of Finance and relevant laws.

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

1. Investors have the rights to:

- a) Benefits from investments of the securities investment fund in proportion to their contributions;
- b) Interests and assets lawfully distributed from liquidation of assets of the securities investment fund;
- c) Request the fund management company to repurchase open-end fund certificates;
- d) File lawsuits against the fund management company, supervisory bank or relevant organizations if they violate their the lawful rights and interests;
- dd) Execute their rights through the General Meeting of Investors;
- e) Transfer fund certificates in accordance with the fund's charter;
- g) Exercise other rights prescribed by law and the fund's charter.

2. Investors have the obligations to:

- a) Implement decisions of the General Meetings of Investors;
- b) Fully pay for the fund certificates;
- c) Fulfill other obligations prescribed by law and the charter of the securities investment fund.

#### **Article 102. General Meeting of Investors of securities investment funds**

1. General Meeting of Investors consists of all investors and is the supreme decision-making body of a securities investment fund.

2. The General Meeting of Investors has the following rights and obligations:

- a) Elect, dismiss the chairperson and members of the representative board of the securities investment fund;
- b) Decide the wages and operating cost of the representative board;

c) Decide fundamental changes in investment policies, profit distribution and investment objectives of the fund; decide change of the fund management company and supervisory bank; change of payment to the fund management company and supervisory bank;

d) Decide revisions to the fund's charter;

dd) Decide division, consolidation, merger, dissolution of the securities investment fund; change of the charter capital or operating period of the securities investment fund;

e) Request the fund management company and supervisory bank to present transaction documents at the meeting;

g) Approve annual reports on the fund's finance, assets and operation; select accredited audit organization to audit the fund's annual financial statements;

h) Take actions against violations committed by the fund management company, supervisory bank and representative board if they cause damage to the fund;

i) Exercise other rights and obligation prescribed by law and the fund's charter.

3. General Meetings of Investors of securities investment funds shall be convened on an annual and ad hoc basis.

4. The Minister of Finance shall specify the procedures for convening, conducting General Meetings of Investors of securities investment funds and procedures for approving decisions thereof.

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

1. The charter of a securities investment fund shall be drafted by the fund management company and ratified by the General Meeting of Investors.

2. The charter of a securities investment fund shall contain the following information:

a) Names of the fund, the fund management company and the supervisory bank;

b) Establishment date of the fund;

c) Objectives; investment fields; operating period of the fund;

d) Decide revisions to the fund's charter;

dd) Rights and obligations of the fund management company and supervisory bank; cases of change of the fund management company and supervisory bank; regulations on authorizing the fund management company to sign the supervision contract with the supervisory bank;

- e) Regulations on representative board and General Meeting of Investors of the fund;
  - g) Limits on investments of the fund;
  - h) Regulations on registration of fund certificate ownership and storage of investor register of the fund;
  - i) Regulations on selection of the supervisory bank; selection and change of the accredited audit organization;
  - k) Regulations on transfer, issuance, repurchase of open-end fund certificates; regulations on listing of closed-end fund certificates;
  - l) Costs and incomes of the fund; payments and extra payments to the fund management company and the supervisory bank; cases of and methods for distributing the fund's income among investors;
  - m) Method for determination of net asset value of the fund and of each fund certificate;
  - n) Regulations on settlement of conflict of interest;
  - o) Reporting regulations;
  - p) Regulations on dissolution of the fund;
  - q) Commitment of the supervisory bank and fund management company to fulfill their obligations to the fund and investors, and to comply with the fund's charter;
  - r) Formalities for revising the fund's charter.
3. The Minister of Finance shall provide the model charter of securities investment funds.

#### **Article 104. Dissolution of securities investment funds**

1. A securities investment fund shall be dissolved in the following cases:
- a) The operation period written in the fund's charter expires;
  - b) The General Meeting of Investors decides to dissolve the fund ahead of schedule;
  - c) The fund management company has its securities trading license revoked or is dissolved or goes bankrupt and a substitute fund management company is not appointed by the representative board of the fund within 02 months from the event;
  - d) The supervisory bank has its certificate of securities depository registration revoked or is dissolved or goes bankrupt, or the supervision contract between the supervisory bank and the

fund management company is terminated and a substitute supervisory bank is not appointed by the fund management company within 02 months from the event;

dd) The net asset value of the fund is under 10 billion VND for 06 consecutive months;

e) Other cases specified in the fund's charter.

2. Within 03 months before the dissolution date in the cases specified in Point a and Point b Clause 1 of this Article, or 30 days in the cases specified in Points, c, d, dd, e Clause 1 of this Article, the fund management company or supervisory bank and the fund's representative board shall convene a General Meeting of Investors to ratify the dissolution plan.

3. The fund management company and supervisory bank shall be responsible for liquidation of the fund's assets and distribution of the assets among investors in accordance with the plan ratified by the General Meeting of Investors.

4. The revenue from liquidation of the fund's assets and other assets minus (-) dissolution costs shall be used in the following order of priority:

a) Financial liabilities to the State;

b) Payables to the fund management company, the supervisory bank, and other payables;

c) Payments to investors in proportion to their capital contribution in the fund.

5. Within 05 working days from the completion of the dissolution, the fund management company and the supervisory bank shall submit a dissolution report to SSC.

#### **Article 105. Consolidation and acquisition of securities investment funds**

A securities investment fund may be consolidated into or acquired by another fund of the same type under the decision of the General Meeting of Investors. A private fund established after the consolidation or acquisition shall not have more than 99 members.

#### **Article 106. Determination of net asset value of securities investment fund**

1. The net asset value of a securities investment fund shall be determined by the fund management company and confirmed by the supervisory bank; the net asset value of the private fund shall be confirmed by the supervisory bank or depository bank.

2. The net asset value of securities investment fund shall be determined as follows:

a) Prices of listed and registered securities shall be closing price or average price of the latest trading date before the valuation date;

b) For securities mentioned in Point a of this Clause that are not traded for more than 15 days before the valuation dates, and securities other than those mentioned in Point a of this Clause, the valuation shall be based upon the valuation process and method specified in the fund's charter.

The valuation process and method must be confirmed by the supervisory bank, and approved by the fund's representative board and General Meeting of Investors. The valuating parties must be independent from the fund management company and the supervisory bank or depository bank;

c) Liquid assets including dividends and interests shall have the values written on the accounting books on valuation date.

3. The net asset value of a securities investment fund shall be periodically published in accordance with Clause 1 Article 124 of this Law.

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

The fund management company shall submit periodic and irregular reports on investment portfolio, investments and financial status of the securities investment fund to SSC.

### **Section 2. PUBLIC FUNDS AND PRIVATE FUNDS**

#### **Article 108. Raising capital to establish public funds**

1. The capital for establishment of a public fund shall be raised within 90 days from the effective date of the certificate of public offering of fund certificates. A public fund will be established if the following requirements are satisfied:

a) There are at least 100 investors, not including professional investors in fund certificates, except exchange traded fund (ETF);

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

2. The entire capital contributed by investors shall be transferred to a separate account under management of the supervisory bank and shall not be used until capital is fully raised. The fund management company shall submit SSC a capital raising report verified by the supervisory bank within 10 days from the completion date of capital raising.

3. In case the requirements specified in Clause 1 of this Article are not fully satisfied, the fund management company shall return the money to the investors in full within 15 days from the completion date of capital raising. The fund management company shall pay the costs and bear other financial obligations of the capital raising.

#### **Article 109. Representative board of public fund**

1. The representative board of a public fund represents the interests of the investors and shall be elected by General Meeting of Investors. Rights and obligations of the representative board shall be specified in the fund's charter.

2. Decisions of the representative board shall be ratified by voting at the meeting, questionnaire survey or another method specified in the fund's charter. Each member of the representative board of a public fund has 01 vote.

3. The representative of a public fund shall have 03 – 11 members, two thirds of whom shall be independent members who are not related persons of the fund management company and the supervisory bank.

4. The term of office, requirements, quantity, designation, dismissal, addition of members of the representative board, designation of the chairperson of the board, procedures for meeting and ratifying decisions of the board shall be specified in the fund's charter.

#### **Article 110. Limits on public funds?**

1. The fund management company must not use a public fund's capital and assets to:

a) Invest in fund certificates of the same public fund;

b) Invest in more than 10% of the total value outstanding securities of an issuer, except Government bonds;

c) Invest more than 20% of the public fund's total asset in outstanding securities of an issuer, except Government bonds;

d) Invest more than 10% of the closed-end fund in real estate, unless it is a real estate investment fund; invest the open-end fund's capital in real estate;

dd) Invest more than 30% total assets of a public fund in companies in the same group of: parent company-subidiaries; companies holding more than 35% of each other's shares/stakes ; subsidiaries of the same parent company;

e) Lend money or provide loan guarantees;

g) Other limits on investments in other securities investment funds and each type of fund shall be specified by the Minister of Finance.

2. A fund management company must not lend money to sponsor a public fund, except for short-term loans prescribed by banking laws for covering necessary costs of the public fund or pay for transactions of fund certificates with investors. The total value of short-term loans given by a public fund must not exceed 5% of its net asset value at any time and the loan term shall not exceed 30 days.

3. A public fund's investments may only exceed the limits specified in Points b, c, d, dd and g Clause 1 of this Article for the following reasons:

a) Price fluctuation of the assets in the fund's investment portfolio;

- b) Making payments of the funds as prescribed by law;
  - c) Consolidation or acquisition of the issuers;
  - d) The fund is newly established or established from a division, consolidation or acquisition of funds within the last 06 months from its licensing date;
  - dd) The fund is undergoing dissolution.
4. The fund management company shall submit reports to SSC and disclose information about the investments beyond the limits specified in Clause 1 of this Article. Within 03 months from the day on which the limits are exceeded, the fund management company shall adjust the investment portfolio within the limits in Clause 1 of this Article.

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

1. On behalf of the open-end fund, the fund management company shall repurchase open-end fund certificates from investors and issue additional open-end fund certificates within the maximum capital contribution at a frequency and time specified in the fund's charter.
2. The fund management company is not required to repurchase open-end fund certificates on behalf of the open-end fund in any of the following events:
  - a) The repurchase is not possible due to force majeure events;
  - b) It is impossible to determine the net asset value of the open-end fund on the date of valuation for repurchase due to suspension of trading of securities in the fund's investment portfolio;
  - c) Other events specified in the fund's charter.
3. The fund management company shall submit a report to SSC within 24 hours from the occurrence of any of the events mentioned in Clause 2 of this Article and repurchase open-end fund certificates after the end of the event.

### **Article 112. Closed-end funds**

1. A increase in capital of a closed-end fund is subject to approval by SSC and fulfilment of the following conditions:
  - a) The fund's charter allows increase in the fund's capital;
  - b) The fund's profit in the year preceding the year in which capital increase is proposed is a positive number;
  - c) The fund management company has not incurred any administrative penalties for securities-related offences in the last 02 years prior to the proposal date.



d) The plan for issuance of additional closed-end fund certificates is approved by General Meeting of Investors.

2. Closed-end fund certificates may only be issued to existing investors of the fund through issuance of call option for closed-end fund certificates. In case the existing investors do not buy all the call options, the fund certificates may be issued to external investors.

3. Change in operating period is subject to approval by SSC and fulfilment of the following conditions:

a) The change is approved by General Meeting of Investors;

b) The net asset value of the fund valued before the proposal date is not smaller than 50 billion VND.

### **Article 113. Establishment of private funds**

1. The private fund shall be established by members by contributing capital under a capital contribution contract.

2. The establishment of private fund is subject to fulfillment of the following conditions:

a) The contributed capital is not smaller than 50 billion VND;

b) There are 02 – 99 capital contributors who are all professional securities investors;

c) The fund is managed by a fund management company;

d) The private fund's assets are deposited at 01 depository bank that is independent from the fund management company.

## **Section 3. INVESTMENT COMPANIES**

### **Article 114. Investment companies**

1. A securities company is a securities investment fund that is reorganized into a joint-stock company to invest in securities. A securities company can be a private investment company or public investment company.

2. Investment companies shall be licensed by SSC. After being licensed by SSC, the investment company shall apply for enterprise registration in accordance with the Law on Enterprises.

### **Article 115. Establishment and operation of investment companies**

1. An investment company will be licensed if:

- a) It has a capital of at least 50 billion VND;
  - b) The General Director (Director) and employees in specialized departments have securities professional certifications if the company manages its own capital.
2. A public investment company shall comply with the following regulations:
- a) The investment limits specified in Article 110 of this Law;
  - b) Regulations on asset valuation and reporting in Article 106 and Article 107 of this Law;
  - c) Obligations of public companies specified in Points a, b, c Clause 1 and Clause 2 Article 34 of this Law;
  - d) The investment company's assets shall be deposited at 01 depository bank.

## **Section 4. SUPERVISORY BANKS**

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

1. A supervisory bank is a commercial bank that has the certificate of securities depository registration granted by SSC, provides depository services and supervises the management of public funds and investment companies.
2. Supervisory banks shall supervise operations of fund management companies that are relevant to the public funds and investment companies that are the banks' clients. A supervisory bank has the following obligations:
  - a) Fulfill the obligations specified in Clause 3 Article 56 of this Law;
  - b) Deposit assets of public funds and investment companies; separately manage assets of public funds, investment companies and assets of the bank;
  - c) Supervise to compliance of this law, charters of securities investment funds and charters of investment companies by fund management companies and their General Directors (Directors);
  - d) Manage revenues, expenses, payments and transfer of assets of public funds and investment companies at the request of the fund management companies or General Director (Director) of the investment companies;
  - dd) Verify reports prepared by fund management companies and investment companies that are relevant to the public funds or investment companies;
  - e) Supervise reporting and information disclosure by fund management companies and investment companies in accordance with this Law;

g) Report to SSC in case a fund management company, investment company, organization or individual commits violations against the law, the fund's charter or the investment company's charter;

h) In cooperation with fund management companies and investment companies, periodically examine accounting books, financial statements and transactions of public funds and investment companies;

i) Fulfill other obligations prescribed by law, the charter of the securities investment fund and investment company.

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

1. Supervisory banks, their Boards of Directors, executives and employees that supervise and manage assets of public funds and investment companies must not be related persons, owners, lenders or borrowers of the fund management companies or investment companies, and vice versa.

2. Supervisory banks, their Boards of Directors, executives and employees that supervise and manage assets of public funds and investment companies must not be buyers or sellers of assets of public funds and investment companies.

## **Chapter VIII**

### **INFORMATION DISCLOSURE**

#### **Article 118. Disclosing entities**

1. Disclosing entities include:

a) Public companies;

b) Organizations that publicly offer corporate bonds;

c) Organizations that have corporate bonds listed;

d) Securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam;

dd) VSE and its subsidiaries, VSDCC;

e) Major shareholders, groups of related persons holding at least 5% of voting shares of a public company; investors and groups of related persons holding at least 5% of fund certificates of a closed-end fund;

- g) Founding shareholders during transfer restriction of a public company or public investment company;
- h) Internal actors of public companies, public funds, public investment companies as prescribed in Clause 45 Article 4 of this Law, and their related persons;
- i) Groups of related foreign investors holding at least 5% of voting shares of an issuer or at least 5% of fund certificates of a closed-end fund;
- k) Other entities prescribed by the Minister of Finance.

2. The Minister of Finance shall promulgate specific regulations on information disclosure by each entity mentioned in Clause 1 of this Article.

3. Information disclosure by public companies that are credit institutions under special control shall comply with requests of SBV and ensure safety of the credit institution system.

#### **Article 119. Information disclosure rules**

1. Information disclosed must be adequate, accurate and timely.
2. The disclosing entities are legally responsible for the information they disclose. In case of changes to disclosed information, the disclosing entity shall promptly announce the changes and reasons for those changes.
3. When disclosing information, the disclosing entities mentioned in Article 118 shall simultaneously send an information disclosure report to SSC and the organization at which the securities are listed or registered.
4. An organization's information shall be disclosed by its legal representative or the authorized spokesperson. An individual's information shall be disclosed by himself/herself, or by an organization or individual authorized by the individual.
5. Disclosing entities shall retain the information disclosed as prescribed by law.

#### **Article 120. Disclosure of information of public companies**

1. A public company shall periodically disclose the following information:
  - a) Audited annual financial statements, biannual financial statements examined by accredited audit organizations; quarterly financial statements;
  - b) Annual reports;
  - c) Company administration reports;

d) Resolutions of Annual General Meetings of Shareholders;

dd) Other information prescribed by law.

2. A public company shall disclose information on an ad hoc basis in any of the following events:

a) The company's account at a bank or foreign branch bank (FBB) is frozen at the request of a competent authority or when the payment service provider suspects a fraud or illegal activities relevant to the account; the account is unfrozen;

b) Business suspension; changes to enterprise registration information; revocation of the certificate of enterprise registration; revision, suspension, revocation of the license for establishment and operation or operating license;

c) Ratification of decisions of an ad hoc General Meeting of Shareholders;

d) The company's decision to repurchase its shares; the date of exercising the right to buy shares of bondholders, or the date of conversion of convertible bonds into shares, and decisions relevant to the offering and issuance of securities;

dd) Decisions on the enterprise's reorganization or dissolution; strategies, medium-term development plans and annual business plans of the company; establishment, dissolution of subsidiaries and associate companies; any transaction that turns a company into a subsidiary or associate company or vice versa; establishment and closure of branches or representative offices;

e) Decisions on change of accounting period, accounting policies; retroactive adjustments to financial statements; qualified opinions of the audit organization in the financial statement; selection or change of an audit company;

g) Changes or addition of internal actors;

h) Decisions to buy or sell assets or any transaction whose value exceeds 15% of total asset of the company according to the latest audited annual financial statement or latest examined biannual financial statement;

i) Decisions on imposition of penalties for tax offences, effective court judgments or decisions that affect the company's operation; the court's notice of receipt of the company's bankruptcy petition;

k) Any charge against the company or its internal actor;

l) Approval or cancellation of listing at a foreign stock exchange;

m) Other events prescribed by the Minister of Finance.

3. Public companies shall disclose information at the request of SSC, VSE and its subsidiaries in any of the following events:

- a) Any event that seriously affect lawful interests of investors;
- b) There is information about the company that significantly affects the securities prices that has to be verified.

**Article 121. Information disclosure by organizations that publicly offer corporate bonds**

1. The organization that publicly offers corporate bonds shall periodically disclose the following information:

- a) Annual financial statements audited by accredited audit organizations.
- b) Annual reports;
- c) Resolutions of Annual General Meetings of Shareholders if the issuer is a joint-stock company;
- d) Audited reports on use of revenue from the offering;
- dd) Other information prescribed by law.

2. The corporate bond issuer shall disclose information on an ad hoc basis in any of the events specified in Clause 2 Article 120 of this Law.

3. The corporate bond issuer shall disclose information on request in accordance with Clause 3 Article 120 of this Law.

**Article 122. Information disclosure by organizations that have corporate bonds listed**

1. A listing organization that is a public company shall disclose information in accordance with Article 120 of this Law.

2. A listing organization other than those mentioned in Clause 1 of this Article shall disclose the following information:

- a) Annual financial statements audited by accredited audit organizations, and annual reports;
- b) Information to be disclosed on an ad hoc basis as prescribed in Clause 2 Article 120 of this Law;
- c) Information to be disclosed on request as prescribed in Clause 3 Article 120 of this Law.

**Article 123. Information disclosure by securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam**

1. Securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall disclose the following information:

a) Audited annual financial statements, biannual financial statements examined by accredited audit organizations; quarterly financial statements;

b) Prudential ratio reports examined on June 30 and audited on December 31 by accredited audit organizations;

c) Annual reports;

d) Company administration reports;

dd) Resolutions of Annual General Meetings of shareholders of joint-stock companies;

e) Other information prescribed by law.

2. Securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall disclose information on an ad hoc basis as prescribed in Clause 2 Article 120 of this Law and in any of the following events:

a) SSC imposes administrative penalties upon the company, branch or its certified securities professional for securities-related offences; The General Director (Director), Deputy General Director (Deputy Director) has his/her securities professional certification suspended or revoked;

b) SSC issues a warning or a decision to put the company under alert, control or special control, or revokes such decision; SSC issues a decision to suspend or terminate the company's operation or cancels such decision;

c) SSC approves the establishment or closure of a branch, transaction office, representative office in Vietnam or a foreign country, indirect outward investment.

3. A securities company shall disclose at its headquarters, branches and transaction offices information about transaction methods, order placement, depositing, payment time, transaction fees, services provided and list of the company's certified securities professionals. Conditions for provision of margin trading services, including margin ratio, loan interest, loan term, list of securities available for margin trading.

4. Securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam shall disclose information that seriously affect the lawful rights and interests of investors at the request of SSC, VSE and its subsidiaries.

## **Article 124. Disclosure of information about public funds**

1. The fund management company shall periodically disclose the following information about the public fund:

- a) Audited annual financial statements, biannual financial statements examined by accredited audit organizations; quarterly financial statements;
- b) Reports on changes to the net asset value;
- c) Investment reports;
- d) Summary report on fund management.

2. The fund management company shall disclose information on an ad hoc basis in any of the following events:

- a) Ratification of decisions of the General Meetings of Investors;
- d) Change to charter capital of the closed-end fund;
- c) Revocation of the certificate of public offering of public fund certificates;
- d) Suspension, cancellation of the public offering of public fund certificates; unsuccessful offering of public fund certificates;
- dd) Revision to the charter or prospectus;
- e) Changes or addition of internal actors of the public fund; charges against internal actors of the public fund;
- g) Decision on consolidation, merger, division, dissolution, change of operating period, liquidation of assets of the public fund;
- h) Other events prescribed by the Minister of Finance.

3. Asset management companies shall disclose information about public funds at the request of SSC, VSE and its subsidiaries in any of the following events:

- a) There is information that affects the offering and/or price of public fund certificates;
- b) There are unusual changes in the price or volume of trade of public fund certificates.

## **Article 125. Disclosure of information of public investment companies**



1. The fund management company shall periodically disclose the following information about the public investment company:

- a) The information specified in Points a, b, c Clause 1 Article 124 of this Law;
- b) Summary report on management of the public investment company;
- c) Resolutions of Annual General Meetings of Shareholders.

2. The fund management company shall disclose information on an ad hoc basis about the public investment company in any of the following events:

- a) The offering of shares the public investment company is suspended or cancelled;
- b) Shares of the public investment company are suspended from trading;
- c) Any of the events specified in Points a, c, e and m Clause 2 Article 120 and Points dd, e and g Clause 2 Article 124 of this Law.

3. Asset management companies shall disclose information about public investment companies at the request of SSC, VSE and its subsidiaries in accordance with Clause 3 Article 120 of this Law.

#### **Article 126. Information disclosure by VSE and its subsidiaries, and VSDCC**

1. VSE and its subsidiaries shall publish the following information:

- a) Information about the organization and operation of VSE and its subsidiaries;
- b) Information about organizations having their securities listed or registered; information about members of VSE and its subsidiaries;
- c) Information about securities transactions;
- d) Other information prescribed by the Minister of Finance.

2. VSDCC shall publish the following information:

- a) Information about the organization and operation of VSDCC;
- b) Information relevant to the management and supervision of members of VSDCC;
- c) Information about securities registration and depositing;
- d) Other information prescribed by the Minister of Finance.

**Article 127. Information disclosure by major shareholders, groups of related persons holding at least 5% of voting shares of a public company; investors and groups of related persons holding at least 5% of fund certificates of a closed-end fund; groups of related foreign investors holding at least 5% of voting shares of an issuer or at least 5% of fund certificates of a closed-end fund**

1. Organizations, individuals, groups of related persons, groups of related foreign investors shall disclose information when they become or are no longer major shareholders of a public company or public investment company.

2. Organizations, individuals, groups of related persons, groups of related foreign investors that are major shareholders shall disclose information every time their holdings vary by more than 1% of voting shares of the public company or public investment company.

3. Regulations in Clause 1 and Clause 2 of this Article do not apply in the following cases:

a) Changes in the holding of voting shares when the public company repurchases its own shares or issues additional shares;

b) Swap transactions in exchange traded funds (ETF);

c) Other cases prescribed by law.

4. Investors, groups of related persons, groups of related foreign investors shall disclose information when the amount of closed-end fund certificates they are holding reaches or falls below 5%.

5. Investors, groups of related persons, groups of related foreign investors holding at least 5% of fund certificates of a closed-end fund shall disclose information every time their holdings of closed-end fund certificates vary by 1%.

**Article 128. Information disclosure by internal actors and their related persons**

1. Internal actors of public companies, public investment companies, public funds and their related persons shall disclose information before and after their transactions, and when there are changes to the holding of shares, call options for shares, convertible bonds, call options for convertible bonds, fund certificates, call options for fund certificates or secured warrants of the public companies, public investment companies and public funds.

2. Regulations in Clause 1 of this Article do not apply to exchange traded funds that perform swap transactions or the value of securities traded is below the level at which information disclosure is mandatory, and other cases prescribed by law.

**Chapter IX**

## **INSPECTION, ACTIONS AGAINST VIOLATIONS, DISPUTE SETTLEMENT AND COMPENSATION FOR DAMAGE**

### **Article 129. Securities inspectorate**

1. The securities inspectorate is specialized in inspection in the field of securities and securities market.
2. The securities inspectorate has a chief inspector, deputy chief inspectors and inspectors.
3. The securities inspectorate works under management of President of SSC and instructions of Inspectorate of the Ministry of Finance, inspection laws and this Law.
4. The securities inspectorate has the following tasks and entitlements:
  - a) Inspect the compliance to regulations of law on securities and securities market;
  - b) Impose administrative penalties or request the President of SSC to impose administrative penalties as prescribed by law;
  - c) Cooperate with relevant agencies and units in preventing, detecting and taking actions against violations against regulations of law on securities and securities market;
  - d) Have other tasks and entitlements prescribed by law.

### **Article 130. Tasks and entitlements of SSC in inspection and handling of violations against regulations of law on securities and securities market**

1. In addition to the tasks and entitlements prescribed in inspection laws, administrative penalty laws and relevant laws, SSC also has the following tasks and entitlements:
  - a) Request the organizations and individuals that have information, documents and data relevant to the inspected issues to provide them, or request them to provide explanation or meet in-person to clarify the inspected issues;
  - b) Request credit institutions and FBBs to provide information relevant to transactions on the clients' accounts in case of suspected commission of the securities-related offences specified in Article 12 of this Law. Procedures for requesting and providing information shall comply with banking laws;
  - c) Request telecommunication companies to provide names, addresses, incoming and outgoing phone numbers to verify and take actions against the securities-related offences specified in Article 12 of this Law. Procedures for requesting and providing information shall comply with telecommunications laws.

2. The request for information, document, data, explanation or in-person meeting mentioned in Clause 1 of this Article are subject to approval by the President of SSC and has to be made in writing, specifying the purposes, basis and specifics of the request.
3. The information, documents and data provided by credit institutions, FBBs, telecommunication companies as prescribed in Clause 1 of this Article shall be kept confidential as prescribed by law and only be used for inspection purposes.
4. In case of transboundary violations relevant to Vietnam's securities market, SSC shall cooperate with securities market authorities of the foreign country in investigation and information exchange.

### **Article 131. Responsibility for cooperation of organizations and individuals during securities-related inspections**

1. Organizations and individuals shall provide information, document, data, explanation at the request of SSC as prescribed in Point a Clause 1 Article 130 of this Law.
2. Credit institutions, FBBs and telecommunication companies shall provide information at the request of SSC as prescribed in Point b and Point c Clause 1 Article 130 of this Law.
3. Business registration authorities shall operate and send information about registration of public companies, securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam, relevant enterprises, and other information at the request of SSC.
4. Tax authorities shall cooperate in providing information of public companies regarding their tax registration, opening and closing of taxpayer ID number, suspension, shutdown, whether they are operating at registered addresses, actions against tax offences, tax enforcement and other information requested by SSC.
5. Organizations and individuals, within the scope of their duties and entitlements, shall provide adequate and timely information, documents and data they are holding for SSC at its request. Organizations and individuals may refuse to provide information, documents and data on the grounds that the request is not conformable with Article 130 of this Law, or the requested information, document or data is not relevant to the inspected entities. In case provision of information, documents or data is not possible, the requested party shall send a written notice to SSC and provide explanation.

### **Article 132. Actions against violations**

1. Any organization or individual that violate regulations of this Law and other laws relevant to securities activities and securities market shall, depending on the nature and severity of the violations, face administrative penalties or face a criminal prosecution, and pay compensation for any damage caused.

2. Administrative penalties shall be imposed in accordance with this Law and administrative penalty laws.
3. The maximum fine for an offence mentioned in Clause 2 and Clause 3 Article 12 of this Law is 10 times the illegal revenue from commission of the violation. In case there is no illegal revenue or the fine based on the illegal revenue is smaller than the maximum fine mentioned in Clause 4 of this Article, the maximum fine mentioned in Clause 4 of this Article shall apply. The Minister of Finance shall provide the method for calculation of illegal revenue from commission of securities-related offences.
4. The maximum fine for other securities offences is 03 billion VND.
5. The maximum fines mentioned in Clause 3 and Clause 4 of this Article apply to organizations; the maximum fine imposed upon an individual who commits the same offence shall be a half ( $\frac{1}{2}$ ) of the maximum fine imposed upon an organization.
6. The President of SSC, Chief Inspectors and chiefs of specialized securities inspectorates are entitled to impose administrative penalties for securities-related offences.
7. The Government shall specify the jurisdiction, fine and penalty for each securities-related offence.

### **Article 133. Dispute settlement and compensation for damage**

1. Securities-related disputes that occur in Vietnam shall be settled through negotiation and mediation, or by Vietnam's arbitration or court proceeding as prescribed by law.
2. The entity who violate against the lawful rights and interests of another organization or individual in securities activities and causes damage shall pay compensation and fulfill other civil liabilities under agreement, in accordance with the Civil Code and relevant laws.
3. The jurisdiction and procedures for protection of the lawful rights and interests of organizations and individuals or settlement of securities-related disputes shall comply with regulations of law.

## **Chapter X**

### **IMPLEMENTATION CLAUSES**

#### **Article 134. Effect**

1. This Law comes into effect from January 01, 2021.
2. The Law on Securities No. 70/2006/QH11 and the Law No. 62/2010/QH12 on amendments to the Law on Securities cease to have effect from the effective date of this Law.

## **Article 135. Grandfather clause**

1. Within 02 years from the effective date of this Law, securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam that are licensed before the effective date of this Law shall fulfill the following licensing requirements:

a) For securities companies: the licensing requirements in Clause 1, Point c and Point d Clause 2, Clause 4, Clause 5 Article 74 of this Law;

b) For fund management companies: the licensing requirements in Clause 1, Point b and Point c Clause 2, Clause 4, Clause 5 Article 75 of this Law;

c) For branches of foreign securities companies: the licensing requirements in Point b and Point c Clause 1 Article 76 of this Law;

d) Branches in Vietnam of foreign fund management companies shall maintain fulfillment of the licensing requirements specified in Points c, d and dd Clause 2 Article 76 of this Law.

2. The securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam that are licensed before the effective date of this Law and fulfill the licensing requirements specified in Clause 1 of this Article may apply for enterprise registration or business registration in accordance with Article 71 of this Law, and are not required to apply for change of the securities trading license unless it is demanded.

The securities companies, fund management companies, branches of foreign securities companies and foreign fund management companies in Vietnam that are licensed before the effective date of this Law and fulfill the licensing requirements specified in Clause 1 of this Article within 02 years from the effective date of this Law may apply for enterprise registration or business registration in accordance with Article 71 of this Law, and are not required to apply for change of the securities trading license unless it is demanded.

3. Except for the cases in Clause 1 and Clause 2 of this Article, other organizations and individuals who have been licensed or approved by SSC, Stock Exchange or Vietnam Securities Depository (VSD) before the effective date of this Law are not required to submit another application for licensing or approval under this Law.

Regulations of this Law shall apply to the organizations and individuals that have submitted their applications to SSC, Stock Exchange and VSD before the effective date of this Law but have not had the applications granted.

4. Public companies that have had their shares listed or registered before the effective date of this Law and still satisfy the requirements in the Law on Securities No. 70/2006/QH11, which is amended by Law No. 62/2010/QH12, and elaborating documents, shall remain to be public

companies and shall not have their shares delisted or unregistered, unless otherwise decided by General Meetings of Shareholders.

5. Public companies that have not had their shares listed or registered before the effective date of this Law and do not satisfy the requirements mentioned in Point a Clause 1 Article 32 of this Law shall no longer be public companies.

6. Within 02 years from the effective date of this Law, VSE and VSDCC shall operate under regulations of this Law.

Stock Exchanges and securities depositories established before the effective date of this Law may keep operating under regulations of Law No. 70/2006/QH11 and Law No. 62/2010/QH12 until VSE and VSDCC starts to operate under regulations of this Law.

7. The Government shall elaborate this Article.

*This Law is ratified by the 14<sup>th</sup> National Assembly of Socialist Republic of Vietnam during its 8<sup>th</sup> session on November 26, 2019.*

**PRESIDENT OF THE NATIONAL ASSEMBLY**

**Nguyen Thi Kim Ngan**

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