

Hanoi, 19 January 2007

**DECREE**  
**PROVIDING DETAILED REGULATIONS FOR IMPLEMENTATION**  
**OF A NUMBER OF ARTICLES OF THE LAW ON SECURITIES**

**The Government**

Pursuant to the *Law on Organization of the Government* dated 25 December 2001;

Pursuant to the *Law on Securities* dated 29 June 2006;

On the proposal of the Minister of Finance;

**Decrees:**

Chapter I

**General Provisions**

**Article 1** *Governing scope*

This Decree provides detailed regulations for implementation of a number of articles of the *Law on Securities* on public offers of securities, listing of securities, and on securities companies, fund management companies and securities investment companies.

**Article 2** *Interpretation of terms*

1. *Representative of bondholders* means a member of a Securities Depository Centre authorized to hold bonds and which represents the interests of bondholders.
2. *Country of origin* means the country or territory of the place where a foreign legal entity was established.
3. *Net asset value of a fund* means the total value of the assets of the fund less the total value of debts payable of the fund.
4. *Investment management contract* means a contract entered into between a securities investment company or a domestic or foreign organization or individual [party A] with a fund management company entrusting the fund management company to manage investment of its [party A's] assets.

## CHAPTER II

### Public Offers of Securities

#### **Article 3** *Forms of public offers of securities:*

1. Initial public offers of shares [or] fund certificates, comprising:
  - (a) An initial public offer of shares [or] fund certificates to raise capital of the issuing organization;
  - (b) An initial public offer of shares in order to become a public company via a change of ownership structure but without increasing the charter capital of the issuing organization.
2. Additional public offers of shares [or] fund certificates, comprising:
  - (a) A public company offers additional shares to the public or offers share purchase rights to existing shareholders in order to increase charter capital;
  - (b) A public company makes a further public offer of shares in order to change the ownership structure but without increasing charter capital;
  - (c) A fund management company makes an additional public offer of closed fund certificates; [or] a securities investment company makes an additional public offer of shares.
3. Public offers of bonds.

#### **Article 4** *Conditions for an initial public offer of shares applicable to a number of types of enterprise*

1. An enterprise with one hundred (100) per cent State owned capital which converts to become a shareholding company in combination with making a public offer of shares shall do so in accordance with the law on conversion of State companies to shareholding companies.
2. An enterprise with foreign owned capital which converts to become a shareholding company in combination with making a public offer of shares must:
  - (a) Satisfy the conditions stipulated in sub-clauses (a) and (b) of article 12.1 of the *Law on Securities*;
  - (b) Have an issue plan and a plan for utilization of the proceeds earned from the offer tranche, passed by the owner of the enterprise with one hundred (100) per cent foreign owned capital or by the board of management of the joint venture enterprise;
  - (c) Have a securities consultancy company [advising] on formulation of the application file for the share offer.
3. An enterprise with foreign owned capital which has already converted to become a shareholding company must:
  - (a) Satisfy the conditions stipulated in article 12.1 of the *Law on Securities*;
  - (b) Satisfy the conditions stipulated in clause 2(c) of this article.

4. A newly established enterprise in the infrastructure sector must:
  - (a) Be an enterprise which is the investor in construction of infrastructure works belonging to the socio-economic development plan of a ministry [or] industry and of a province or city under central authority;
  - (b) Have an investment project which has been approved by the competent authority;
  - (c) There must be an undertaking from the board of management or founding shareholders to be jointly liable for the issue plan and plan for utilization of the proceeds earned from the offer tranche;
  - (d) There must be an underwriter for the issue;
  - (dd) There must be a bank supervising utilization of the proceeds earned from the offer tranche.
5. A newly established enterprise in the high-tech sector must:
  - (a) Be an enterprise operating in the high-tech sector for which the law encourages investment;
  - (b) Satisfy the conditions stipulated in sub-clauses (b), (c), (d) and (dd) of clause 4 of this article.
6. A securities investment company must conduct a public offer of securities in accordance with Chapter V of this Decree.

**Article 5** *Conditions for an offer of other types of securities*

1. A shareholding company which makes a public offer of convertible bonds, of bonds accompanied by securities rights or of securities rights accompanied by preference shares must satisfy the following conditions:
  - (a) The conditions stipulated in sub-clauses (a), (b) and (d) of article 12.2 of the *Law on Securities*;
  - (b) Have an issue plan, a plan for utilization of the proceeds earned from the offer tranche, and a plan for issuance of the requisite number of shares for conversion, passed by the general meeting of shareholders; and a conversion plan setting out the conditions of and period for conducting the conversion, the conversion ratio, the pricing method of the conversion, and any other provisions.
2. An issuing organization which makes a public offer of guaranteed bonds by either method of payment guarantee or utilization of assets for the guarantee must satisfy the following conditions:
  - (a) The conditions stipulated in article 12.2 of the *Law on Securities*;
  - (b) There must be an undertaking to guarantee payment accompanied by data proving the financial capability of the underwriter in a case where payment for the bonds is guaranteed or proving assets of sufficient value to pay for the bonds in a case where the guarantee is by the method of utilization of assets. The minimum value of the collateral assets must be equal to the total value of the bonds registered for the offer. Valuation of assets used as collateral must be conducted by an authorized valuer and a valuation shall only be valid for the 12 month period after the date of the valuation. Collateral assets must be registered with the competent body in accordance with the law on security transactions.

This provision shall not apply where the Government or the Ministry of Finance on behalf of the Government is the underwriter guaranteeing payment

- (c) The issuing organization must appoint a representative of bondholders to supervise compliance by the issuing organization with its undertakings. The following entities may not act as representative of bondholders:
    - The guarantor for payment of the debts of the issuing organization;
    - A major shareholder of the issuing organization;
    - An institution with a major shareholder which is the issuing organization;
    - An institution with a major shareholder which is also a major shareholder of the bond issuer;
    - An institution whose operator is also the operator of the issuing organization, or which is controlled by another entity which also controls the issuing organization.
3. An issuing organization which makes an overall public offer of shares or bonds in a number of tranches must satisfy the following conditions:
- (a) The conditions stipulated in clause 1 or clause 2 of article 12 of the *Law on Securities*;
  - (b) Have a need to raise capital via a number of tranches in conformity with an investment project or business and production plan which has been approved by the competent body;
  - (c) Have a plan for the overall issue specifying the proposed purchasers, volume [of shares or bonds] and duration of each issuing tranche.
4. An issuing organization which satisfies the conditions in clauses 3(a) and (c) of this article shall be registered for an overall public offer of bonds in a number of tranches over a twelve month period.

**Article 6** *Offers of securities overseas*

1. An issuing organization wishing to make an offer of securities overseas must satisfy the following conditions:
- (a) Not be on the list of businesses and trades in which participation by foreigners is prohibited and it must satisfy the percentage participation by foreigners as stipulated in regulations;
  - (b) Have a decision approving the offer of securities overseas and a plan for utilization of the proceeds, passed by the board of management or general meeting of shareholders (in the case of a shareholding company), by the member's council (in the case of a limited liability company with two or more members), by the company owner (in the case of a one member limited liability company), or by the representative of the State owner (in the case of a State company);
  - (c) Satisfy the conditions for the offer as regulated by the competent authority of the country where the issuing organization has registered such offer.

2. The issuing organization must send the State Securities Commission the following documents at least ten (10) days prior to lodging its application file for making the offer of securities overseas:
  - (a) Copy of the application file for registration of the offer with the competent authority of the country where the issuing organization has registered such offer;
  - (b) Documents proving satisfaction of the conditions stipulated in clause 1 of this article.
3. Within ten (10) days after the date on which the application file for registration of the offer overseas becomes effective, the issuing organization shall send the State Securities Commission a copy of such registration as approved overseas, and must make public disclosure of information about the offer tranche.
4. An issuing organization which makes an offer of securities overseas shall have the following obligations:
  - (a) To make public disclosure of information in accordance with the law of the foreign country and the law of Vietnam;
  - (b) If the issuing organization makes the offer of securities concurrently within Vietnam and overseas, its periodic financial statements must be prepared in accordance with international accounting standards or in accordance with both international accounting standards and Vietnamese accounting standards, accompanied by an explanation of the differences between the standards.
5. Within fifteen (15) days after the date of completion of the offer tranche, the issuing organization shall send a report on the offer to the State Securities Commission.
6. Procedures for remittance into Vietnam of money related to an offer tranche of securities overseas shall be conducted in accordance with the law on foreign exchange control.

**Article 7** *Offers of Vietnamese dong bonds by international financial institutions*

1. The following conditions shall apply to an offer of Vietnamese dong bonds by an international financial institution:
  - (a) The issuing organization must be an international financial institution of which Vietnam is a member;
  - (b) Have an issue plan and a plan for utilization of the proceeds earned from the public offer tranche of bonds by projects in which such organization is investing in Vietnam, approved by the Ministry of Finance;
  - (c) There must be an undertaking from the issuing organization to discharge obligations to investors regarding conditions of the issue and payment, ensuring the lawful rights and interests of investors and ensuring other conditions;
  - (d) There must be an undertaking to make disclosure of information in accordance with the law of Vietnam.
2. An application file for registration of a public offer of Vietnamese dong bonds by an international financial institution shall comprise:

- (a) Registration slip for the bonds offer;
- (b) Investment project including an issue plan and a plan for utilization of the proceeds earned from the offer tranche;
- (c) Undertaking from the issuing organization to discharge its obligations;
- (d) Other data requested by the Ministry of Finance.

## CHAPTER III

### Listing of Securities

#### Section 1

#### Listing of Securities on the Stock Exchange or on a Securities Trading Centre

##### **Article 8** *Conditions for listing securities on the Stock Exchange*

##### 1. Conditions for listing shares:

- (a) The shareholding company must, at the time of registration for listing, have a minimum amount of paid-up charter capital of eighty (80) billion Vietnamese dong calculated at the value recorded in the accounting books. Based on the developmental status of the market, the Ministry of Finance may increase or decrease this amount within a maximum range of thirty (30) per cent after seeking the opinion of the Prime Minister of the Government;
- (b) Business operations in the two consecutive years immediately preceding the year of registration for listing must have been profitable, and there must not be accumulated losses calculated up to the year of registration for listing;
- (c) There must not be overdue debts payable for which a reserve has not been made in accordance with law; and there must be public disclosure of all debts to the company owed by a member of the board of management or board of controllers, the director or general director, the deputy director or deputy general director, the chief accountant, a major shareholder or an affiliated person;
- (d) At least one hundred (100) shareholders must own at least twenty (20) per cent of the voting shares in the company;
- (dd) Shareholders being members of the board of management or board of controllers, the director or general director, the deputy director or deputy general director, and the chief accountant of the company must undertake to hold one hundred (100) per cent of the shares they own for a period of six (6) months from the date of listing and fifty (50) per cent of this number of shares for the following six (6) months, excluding any shares held by such individuals as representative of the State owner;
- (e) There is a valid application file for registration of listing shares as required by article 10.2 of this Decree.

2. Conditions for listing bonds:
  - (a) The shareholding company, limited liability company or State owned enterprise must, at the time of registration for listing, have a minimum amount of paid-up charter capital of eighty (80) billion Vietnamese dong calculated at the value recorded in the accounting books;
  - (b) Business operations in the two consecutive years immediately preceding the year of registration for listing must have been profitable, there must not be debts which have been overdue for more than one year, and all financial obligations to the State must have been discharged;
  - (c) Having at least 50 bondholders in any one issue tranche;
  - (d) There is a valid application file for registration of listing bonds as required by article 10.3 of this Decree.
3. Conditions for listing public fund certificates or shares of a public securities investment company:
  - (a) Being a closed investment fund with a minimum total value of issued fund certificates (calculated at par value) of fifty (50) billion Vietnamese dong; or being a securities investment company with, at the time of registration for listing, a minimum amount of paid-up charter capital of fifty (50) billion Vietnamese dong calculated at the value recorded in the accounting books;
  - (b) Founding shareholders and members of the committee of representatives of a securities investment fund; or members of the board of management or board of controllers, the director or general director, the deputy director or deputy general director, and the chief accountant of the securities investment company must undertake to hold one hundred (100) per cent of the certificates or shares they own for a period of six (6) months from the date of listing and fifty (50) per cent of this number of fund certificates or shares for the following six (6) months;
  - (c) There must be at least one hundred (100) owners of fund certificates in the public fund, or at least one hundred (100) shareholders who own shares in the public securities investment company;
  - (d) There is a valid application file for registration of listing public fund certificates or shares in a public securities investment company as required by article 10.4 of this Decree.
4. Any organization conducting new registration for listing securities on the Ho Chi Minh City Securities Trading Centre must satisfy the conditions stipulated in clauses 1, 2 and 3 of this article pending conversion of the Ho Chi Minh City Securities Trading Centre to a Stock Exchange pursuant to article 134.5 of the *Law on Securities*.

**Article 9** *Conditions for listing securities on a Securities Trading Centre*

1. Conditions for listing shares:
  - (a) The shareholding company must, at the time of registration for listing, have a minimum amount of paid-up charter capital of ten (10) billion Vietnamese dong calculated at the value recorded in the accounting books;

- (b) Business operations in the year immediately preceding the year of registration for listing must have been profitable, there must not be debts which have been overdue for more than one year, and all financial obligations to the State must have been discharged;
- (c) At least one hundred (100) shareholders must own voting shares in the company;
- (d) Shareholders being members of the board of management or board of controllers, the director or general director, the deputy director or deputy general director, and the chief accountant of the company must undertake to hold one hundred (100) per cent of the shares they own for a period of six (6) months from the date of listing and fifty (50) per cent of this number of shares for the following six (6) months, excluding any shares held by such individuals as representative of the State owner;
- (dd) There is a valid application file for registration of listing shares as required by article 10.2 of this Decree;
- (e) The conditions in clause 1(b) of this article are not required to be satisfied in the case of listing of shares in newly established enterprises in the infrastructure and high-tech sectors nor by enterprises with one hundred (100) per cent State owned capital converted into shareholding companies.

2. Conditions for listing enterprise bonds:

- (a) The shareholding company, limited liability company or State owned enterprise must, at the time of registration for listing, have a minimum amount of paid-up charter capital of ten (10) billion Vietnamese dong calculated at the value recorded in the accounting books;
- (b) All bonds in any one issuing tranche must have the same maturity date;
- (c) There is a valid application file for registration of listing bonds as required by article 10.3 of this Decree.

3. Government bonds, bonds guaranteed by the Government and local authority bonds shall be listed on a Securities Trading Centre at the request of the bond issuer.

4. Securities which satisfy the conditions for listing but which have not yet been listed on a Securities Trading Centre shall be permitted to be traded by securities companies which shall transfer trading results via a Securities Trading Centre in order to make payment via a Securities Depository Centre.

5. Classification of areas for listing [and] trading at a Securities Trading Centre shall be implemented in accordance with the Listing Rules of the Securities Trading Centre after they have been approved by the State Securities Commission.

6. The Ministry of Finance shall provide specific regulations on conditions for listing on a Securities Trading Centre applicable to other types of securities.

**Article 10** *Application files for registration for listing securities on the Stock Exchange and on Securities Trading Centres*

1. Institutions wishing to register for listing securities must lodge an application file for registration for listing with the Stock Exchange [or] Securities Trading Centre.



2. An application file for registration for listing shares shall comprise:
  - (a) Registration slip for listing the shares;
  - (b) Decision of the general meeting of shareholders on listing the shares;
  - (c) Register of shareholders of the institution applying for listing, as entered one month prior to the date of lodging the application;
  - (d) Prospectus as required by article 15 of the *Law on Securities*;
  - (dd) Undertaking of shareholders being members of the board of management or board of controllers, the director or general director, the deputy director or deputy general director, and the chief accountant of the company to hold one hundred (100) per cent of the shares they own for a period of six (6) months from the date of listing and fifty (50) per cent of this number of shares for the following six (6) months
  - (e) Contract for listing consultancy (if any);
  - (g) Certificate from the Securities Depository Centre confirming registration by the institution for central deposit of the shares.
  
3. An application file for registration for listing bonds shall comprise:
  - (a) Registration slip for listing the bonds;
  - (b) Decision on listing the bonds passed by the board of management or in a case of convertible bonds by the general meeting of shareholders (in the case of a shareholding company), by the member's council (in the case of a limited liability company with two or more members), by the company owner (in the case of a one member limited liability company), or by the authorized level (in the case of a State company);
  - (c) Register of bondholders of the institution registering listing;
  - (d) Prospectus as required by article 15 of the *Law on Securities*;
  - (dd) Undertaking from the institution registering listing to discharge obligations to investors including conditions of payment, debt/equity ratio, conditions for convertibility (in the case of listing convertible bonds) and other conditions;
  - (e) Undertaking to guarantee payment or minutes of valuation of collateral assets together with valid proof of lawful ownership of the assets and the insurance contract (if any) in the case of listing guaranteed bonds. Collateral assets must be registered with the competent body;
  - (g) Contract between the issuing organization and representative of bondholders;
  - (h) Certificate from the Securities Depository Centre confirming registration by the institution for central deposit of the bonds.
  
4. An application file for registration for listing public fund certificates or shares of a public securities investment company shall comprise:

- (a) Registration slip for listing the public fund certificates or registration slip for listing the shares of the public securities investment company;
  - (b) Decision on listing the public fund certificates passed by the general meeting of investors or decision passed by the general meeting of shareholders on listing the shares of the public securities investment company;
  - (c) Register of investors holding public fund certificates or register of shareholders of the public securities investment company;
  - (d) Charter of the public fund or of the public securities investment company on the form stipulated by the Ministry of Finance and the supervision contract passed by the general meeting of investors or by the general meeting of shareholders;
  - (dd) Prospectus as required by article 15 of the *Law on Securities*;
  - (e) List and summarized curriculum vitae of members of the committee of representatives of the fund, and undertakings from such members that they are independent of the fund management company and custodian bank;
  - (g) Undertaking of founding shareholders and of members of the committee of representatives of the securities investment fund or of shareholders being members of the board of management or board of controllers, the director or general director, the deputy director or deputy general director, and the chief accountant of the securities investment company to hold one hundred (100) per cent of the fund certificates or shares they own for a period of six (6) months from the date of listing and fifty (50) per cent of this number of fund certificates or shares for the following six (6) months;
  - (h) Results of investment by the fund and by the securities investment company up to the date of registration for listing as certified by the custodian bank;
  - (i) Certificate from the Securities Depository Centre confirming registration for central deposit of the public fund certificates or shares of the public securities investment company.
5. The institution registering listing must send the State Securities Commission a copy of the application file for registration after it has been approved by the Stock Exchange or Securities Trading Centre.
  6. The Ministry of Finance shall provide specific regulations on application files for listing applicable to other types of securities.

**Article 11** *Responsibilities of institutions applying for registration for listing and of [other] relevant organizations*

1. Institutions registering for listing shall be legally liable for the accuracy, truthfulness and completeness of their application files for registration. Listing consultants, auditors of financial statements, signatories of the audit reports of institutions applying for registration for listing and any other organization or individual certifying an application file for listing shall be liable within the scope relating to the application file for registration for listing.
2. The Stock Exchange or Securities Trading Centre shall have the right, while considering an application file, to require the institution registering for listing to amend or supplement the file to ensure information disclosed is accurate, truthful and complete and also to ensure the lawful rights and interests of investors.

3. If it is discovered that a file which was lodged with the Stock Exchange or Securities Trading Centre is incomplete or contains inaccurate information, or that there has been an occurrence which affects the contents in the lodged file, the institution registering for listing must notify the Stock Exchange or Securities Trading Centre in order to promptly amend or supplement such file.

**Article 12** *Procedures for registration for listing*

1. The Stock Exchange or Securities Trading Centre shall approve or refuse to approve an application for registration for listing within thirty (30) days from the date of receipt of a complete and valid application file, and in a case of refusal shall specify the reasons therefor in writing.
2. The Stock Exchange or Securities Trading Centre shall provide detailed guidelines on procedures for registration for listing in its Rules on Listing Securities.

**Article 13** *Change of registration for listing*

1. A listing institution must conduct procedures to change its registration in the following circumstances:
  - (a) A listing institution conducts a share split or share consolidation, issues additional shares to pay dividends or bonus shares or offers share purchase rights to current shareholders in order to increase charter capital;
  - (b) A listing institution undergoes a demerger or merger;
  - (c) Circumstances of a change in the number of other listed securities on the Stock Exchange or Securities Trading Centre.
2. An application file for a change in registration for listing to be lodged with the Stock Exchange or Securities Trading Centre shall comprise:
  - (a) Request for change in registration for listing specifying the reasons for the change and enclosing relevant data;
  - (b) Decision on change for listing of shares passed by the general meeting of shareholders, or decision on change for listing of bonds passed by the board of management or in a case of convertible bonds by the general meeting of shareholders (in the case of a shareholding company); decision on change for listing of bonds passed by the member's council (in the case of a limited liability company with two or more members) or by the company owner (in the case of a one member limited liability company), or by the owner's representative (in the case of a State company); decision on change for listing of securities investment fund certificates by the general meeting of investors or decision on change for listing of bonds passed by the general meeting of shareholders of the securities investment company.
3. Procedures for a change in registration for listing shall be implemented in accordance with the Listing Rules of the Stock Exchange or Securities Trading Centre.

**Article 14** *De-listing*

Securities shall be de-listed on the occurrence of any one of the following:

1. (a) The institution listing the securities on the Stock Exchange or Securities Trading Centre fails to satisfy the conditions for listing stipulated in clauses 1(a) and (d), clauses 2(a) and (c), clause

3(a) and (c) of article 8; and clauses 1(a) and (c) and clause 2(a) of article 9 of this Decree for a one year period;

- (b) The listing institution suspends its main business and production activities, or such activities are suspended, for a one year period or longer;
- (c) The business registration certificate or operational licence for the specialized industry or line of the listing institution is revoked;
- (d) There is no share trading on the Stock Exchange or Securities Trading Centre for a period of twelve (12) months;
- (dd) Business and production suffers a loss for three consecutive years and total accumulated losses in the most recent financial statements exceed equity;
- (e) The listing institution no longer exists as the result of a merger, consolidation, division, dissolution or bankruptcy; or the securities investment fund terminates its operation;
- (g) Bonds reach their maturity date or all listed bonds are redeemed by the issuing organization prior to maturity;
- (h) The auditors disagree with, or refuse to provide an opinion on, the most recent financial statements of the listing institution;
- (i) An institution receives approval for listing but fails to conduct listing procedures at the Stock Exchange or Securities Trading Centre within three months of the date of such approval;
- (k) The listing institution requests to be de-listed.

2. An application file from a listing institution for de-listing shall comprise:

- (a) Request to be de-listed;
- (b) Decision on de-listing shares passed by the general meeting of shareholders, or decision on de-listing bonds passed by the board of management or in a case of convertible bonds by the general meeting of shareholders (in the case of a shareholding company); decision on de-listing bonds passed by the member's council (in the case of a limited liability company with two or more members) or by the company owner (in the case of a one member limited liability company), or by the owner's representative (in the case of a State company); decision on de-listing securities investment fund certificates by the general meeting of investors or decision on de-listing shares passed by the general meeting of shareholders of the securities investment company.

3. Any institution whose securities are de-listed may only register for re-listing twelve (12) months after the date of de-listing and must satisfy the conditions stipulated in articles 8 and 9.1 of this Decree. Procedures and application files for re-listing shall be implemented in accordance with article 10 of this Decree.

4. Procedures for de-listing shall be implemented in accordance with the Listing Rules of the Stock Exchange or Securities Trading Centre.

## Section 2

### **Listing of Securities on Foreign Stock Exchanges**

#### **Article 15** *Conditions for listing securities on foreign Stock Exchanges:*

1. Satisfy the conditions stipulated in article 6.1(a) of this Decree.
2. Decision on listing on the foreign Stock Exchange passed by the board of management or general meeting of shareholders (in the case of a shareholding company), by the member's council (in the case of a limited liability company with two or more members), by the company owner (in the case of a one member limited liability company), or by the representative of the State owner (in the case of a State company).
3. Satisfy the conditions for listing on the foreign Stock Exchange stipulated by such country in the co-operative agreement between the State Securities Commission with the securities market administrative body or Stock Exchange of such country.

#### **Article 16** *Reporting on listing securities on foreign Stock Exchanges*

1. An enterprise must simultaneously lodge with the State Securities Commission a copy of its application file for listing on the foreign Stock Exchange, and if it concurrently lists on the Stock Exchange or a Securities Trading Centre of Vietnam then it must also send a copy of the application file to such domestic body.
2. Within fifteen (15) days from the date of approval for listing or de-listing on a foreign Stock Exchange, an enterprise must send the State Securities Commission a copy of its letter of approval or decision on de-listing and must disclose information on such listing or de-listing on the foreign Stock Exchange in the [official] publication and on the website of the State Securities Commission.

#### **Article 17** *Obligations of enterprises with securities listed on a foreign Stock Exchange:*

1. To disclose information in accordance with the law of the foreign country and the law of Vietnam.
2. To comply with the percentage participation by foreign investors stipulated in regulations.
3. If the institution concurrently lists on the domestic and an overseas securities market, its periodic financial statements must be prepared in accordance with international accounting standards or in accordance with both international accounting standards and Vietnamese accounting standards, accompanied by an explanation of the differences between the standards.
4. To comply with the law of Vietnam on foreign exchange control when conducting foreign currency transactions related to securities listed on the foreign Stock Exchange.

**Securities Companies, Fund Management Companies**

**Article 18** *Capital requirements applicable to securities companies and fund management companies*

1. The level of legal capital for each type of business of a securities company, securities company with foreign owned capital or a branch of a foreign securities company in Vietnam shall be as follows:
  - (a) Brokerage: twenty five (25) billion Vietnamese dong;
  - (b) Self-trading: one hundred (100) billion Vietnamese dong;
  - (c) Underwriting: one hundred and sixty five (165) billion Vietnamese dong;
  - (d) Securities investment consultancy: ten (10) billion Vietnamese dong.
2. Where an institution applies for a licence for more than one type of business activity, its legal capital shall be the total legal capital of the types of business activities for which a licence is to be granted to such institution.
3. The minimum level of legal capital of a fund management company, fund management company with foreign owned capital and of a branch of a foreign fund management company in Vietnam shall be twenty five (25) billion Vietnamese dong. The Ministry of Finance shall stipulate the specific level of legal capital of a fund management company based on the scale of the funds entrusted to such company for management.
4. Capital contribution to establish a securities company, fund management company, branch of a foreign securities companies or foreign fund management company in Vietnam must be in Vietnamese dong or a freely convertible foreign currency.

Organizations and individuals contributing capital must prove the legality of their capital sources which must be certified by an independent auditing organization.

5. Ownership ratios of foreign parties in securities companies and fund management companies with foreign owned capital in Vietnam shall be implemented in accordance with law.
6. Any organization or individual owning above ten (10) per cent of the shareholding capital or capital contribution portion with voting rights in any one securities company and persons affiliated to such organization or individual shall not be permitted to own more than five (5) per cent of the number of shares or capital contribution portion with voting rights in any other securities company.
7. Any organization or individual owning above ten (10) per cent of the shareholding capital or capital contribution portion with voting rights in any one fund management company and persons affiliated to such organization or individual shall not be permitted to own more than five (5) per cent of the number of shares or capital contribution portion with voting rights in any other fund management company.

**Article 19** *Application files and procedures for issuance of licences for establishment and operation of securities companies and fund management companies with foreign owned capital in Vietnam*

1. An application file shall comprise:
  - (a) The data stipulated in article 63 of the *Law on Securities*;
  - (b) Joint venture contract in the case of establishment of a joint venture securities company or joint venture fund management company; or undertaking to contribute capital in the case of establishment of a securities company or fund management company with capital contribution from a foreign party;
  - (c) If the foreign party is a legal entity then the file must also contain a copy of the charter, licence for establishment and operation or business registration certificate or similar document of equivalent legal validity of the foreign party issued by the country of origin; and decision on the foreign legal entity's establishment of or capital contribution to the securities company or securities fund management company in Vietnam, issued by the authorized body.
2. Documents required by clauses 4 to 7 inclusive of article 63 of the *Law on Securities* in a case where the director or general director, a founding shareholder or founding member is a foreign organization or individual, and the documents stipulated in sub-clauses (b) and (c) above must be prepared in both Vietnamese language and English language versions and the latter must be consularized. Copies in Vietnamese and translations from English into Vietnamese must be certified by a Vietnamese notary public or by a law firm with the lawful function of translating.
3. The time-limit for issuance of licences for establishment and operation shall comply with article 63 of the *Law on Securities*.

**Article 20** *Application files and procedures for issuance of licences for establishment and operation of branches of foreign securities companies and of foreign fund management companies in Vietnam*

1. An application file shall comprise:
  - (a) The data stipulated in article 63 of the *Law on Securities*;
  - (b) A copy of the charter, licence for establishment and operation or business registration certificate of the foreign securities economic institution, issued by the country of origin; and decision on such foreign institution's establishment of a branch in Vietnam and decision on capital allocation by the foreign securities economic institution, issued by the authorized body.
2. Documents required by clause 1 above must be prepared in both Vietnamese language and English language versions and the latter must be consularized. Copies in Vietnamese and translations from English into Vietnamese must be certified by a Vietnamese notary public or by a law firm with the lawful function of translating.
3. The time-limit for issuance of licences for establishment and operation shall comply with article 65 of the *Law on Securities*.

**Securities Investment Companies**

**Article 21** *Organization and operation of securities investment companies*

1. Securities investment companies shall be organized in the form of shareholding companies, comprising the following types:
  - (a) A public securities investment company which conducts public offers of shares;
  - (b) A securities investment company which conducts private placement of shares.
2. It shall not be required to redeem issued shares in the case of shares of a public securities investment company listed and traded on the Stock Exchange.
3. A securities investment company conducting private placement of shares may only offer shares to a maximum of ninety nine (99) investors, of which institutional investors must invest at least three billion dong and an individual investor must invest at least one billion dong.

A securities investment company conducting private placement of shares shall not be required to comply with the restrictions applicable to public funds stipulated in article 92 of the *Law on Securities*.

4. A securities investment company shall be permitted to manage its own investment capital or entrust a fund management company to do so or hire a consultancy fund management company to do so, and shall be permitted to conduct trading. In the case of hiring a consultancy fund management company, then the director or general director, deputy director or deputy general director (if any), chairman of the board of management and at least two-thirds of the members of the board of management of the securities investment company must be independent of the fund management company .
5. Any foreign securities investment company or foreign securities investment fund which is a legal entity and which wishes to invest in Vietnam must entrust a domestic fund management company or establish a branch in Vietnam to manage its investment capital .
6. The Ministry of Finance shall provide specific regulations on organization and operation of securities investment companies.

**Article 22** *Application files and procedures for registration for a public offer of shares by a public securities investment company*

1. The founding shareholders or a fund management company shall conduct registration for a public offer of shares by a public securities investment company.
2. An application file for registration of the public offer of shares shall comprise:
  - (a) Registration slip for the shares offer of the founding shareholders or of the fund management company;
  - (b) Draft charter of the securities investment company;
  - (c) Prospectus as required by article 15 of the *Law on Securities*;



- (d) Draft supervision contract;
  - (dd) Draft investment management contract (if a fund management company manages investment capital);
  - (e) List of the proposed director or general director and professional securities staff of the securities investment company together with copy business practising certificates or applications for issuance of securities business practising certificates (if the company itself will manage investment capital);
  - (g) Explanatory statement on technical facilities for securities activities (if the company itself will manage investment capital);
  - (h) List of founding shareholders with copy identity cards or passports for individuals or copy business registration certificates for organizations;
  - (i) Undertaking of founding shareholders to buy at least twenty (20) per cent of the shares registered for the offer and to hold at least this number for a period of three years from the date of issuance of the licence for establishment and operation.
3. The file stipulated in clause 2 of this article shall be prepared in two sets and sent to the State Securities Commission.
  4. The State Securities Commission shall approve or refuse to approve the application for the public offer within thirty (30) days from the date of receipt of a complete and valid application file, and in a case of refusal shall specify the reasons therefor in writing.

**Article 23** *Public offer of shares by a public securities investment company*

1. A public offer of shares by a public securities investment company shall be implemented in accordance with article 90 of the *Law on Securities*.
2. The founding shareholders or the fund management company must notify the Stock Exchange of the results of a public offer tranche of shares, and at the same time the founding shareholders shall complete their file for issuance of the licence for establishment of the public securities investment company and lodge it with the State Securities Commission.
3. The State Securities Commission shall issue a licence for establishment and operation of the public securities investment company within thirty (30) days from the date of receipt of the report on the results of raising capital and receipt of the valid application file, and in a case of refusal to issue a licence shall specify the reasons therefor in writing.

**Article 24** *Application files and procedures for issuance of licences for establishment and operation of securities investment companies which conduct private placement of shares*

1. An application file for issuance of a licence for establishment and operation shall comprise:
  - (a) Request for issuance of a licence for establishment and operation from the founding shareholders;
  - (b) Confirmation from a bank of the amount of capital contribution lodged in an escrow account at the bank;

- (c) Minutes of capital contribution from the founding shareholders;
  - (d) Draft supervision contract;
  - (dd) Draft list of founding shareholders with copy identity cards or passports and legal files for individuals; or with copy business registration certificates and financial statements for organizations;
  - (e) Undertaking of founding shareholders to hold their shares for a period of three years from the date of issuance of the licence for establishment and operation;
  - (g) The data stipulated in sub-clauses (b), (dd) and (g) of article 22 of this Decree.
2. If a capital contributing founding shareholder is a foreign legal entity, then the file must also contain a copy of the charter or equivalent document, licence for establishment and operation or business registration certificate of the foreign legal entity issued by the country of origin or data proving such legal entity is permitted to conduct securities business in the country of origin; and decision on the capital contribution to establish the securities investment company in Vietnam, issued by the authorized body.
  3. Documents required by clause 1 of this article must be prepared in two copies, and if a capital contributing founding shareholder is a foreign legal entity then there must be both Vietnamese language and English language versions and the latter must be consularized. Copies in Vietnamese and translations from English into Vietnamese must be certified by a Vietnamese notary public or by a law firm with the lawful function of translating.
  4. The State Securities Commission shall issue a licence for establishment and operation of the securities investment company within thirty (30) days from the date of receipt of a complete and valid application file, and in a case of refusal to issue a licence shall specify the reasons therefor in writing.

**Article 25** *Increasing and reducing charter capital of securities investment companies*

Procedures and conditions for increasing and reducing charter capital of securities investment companies shall be implemented in accordance with regulations of the Ministry of Finance.

**Article 26** *Reporting and information disclosure regimes applicable to securities investment companies*

1. Securities investment companies shall implement the reporting regime in accordance with regulations of the Ministry of Finance and shall also report with respect to securities investment funds.
2. Securities investment companies which make public offers of shares and which have shares listed on the Stock Exchange or a Securities Trading Centre must disclose information in accordance with article 106 of the *Law on Securities* and guidelines of the Ministry of Finance.
3. A securities investment company conducting private placement of shares shall not be required to disclose information by the means set out in article 100.4 of the *Law on Securities*, but shall disclose information to capital contributing shareholders by the means set out in the company charter and simultaneously send such information to the State Securities Commission.

**Article 27** *Contents of charter on organization and operation of a securities investment company*

The charter on organization and operation of a securities investment company shall contain the following particulars:

1. Names and addresses of head offices and summarized information on the securities investment company, fund management company (if any) and custodian bank.
2. Operational objectives; investment sectors; duration of operation.
3. Charter capital amount and provisions on increasing and reducing charter capital.
4. Information on founding shareholders and number of shares they own.
5. Rights and obligations of shareholders.
6. Structure of organization of management.
7. Legal representative.
8. Method of passing company decisions; principles for internal dispute resolution.
9. Provisions on the board of management and general meeting of shareholders.
10. Restrictions on investment.
11. Provisions on selection and change of custodian bank and independent auditors.
12. Provisions on assignment, issuance and redemption of shares; provisions on listing shares.
13. Types of expenses and revenue; amount of expenses and rewards applicable to the management apparatus of the securities investment company and custodian bank; total estimated annual expenses (applicable to an investment fund which manages itself).
14. Principles for distribution of after-tax profit and for dealing with business losses.
15. Method for determination of net asset value including net asset value of each share.
16. Provisions on resolution of conflicts of interest arising between the securities investment company, fund management company and custodian bank [on the one hand] and affiliated organizations and individuals [on the other hand].
17. Provisions on reporting regime.
18. Circumstance in which the securities investment company will be dissolved, and procedures for dissolution and liquidation of company assets.
19. Procedures for amending or supplementing fund charters.
20. Names, addresses and signatures of the legal representative, of the founding shareholders and of authorized representatives of founding shareholders.
21. Other provisions as agreed by founding shareholders on condition that they are not contrary to law.

**Article 28** *Re-registration by any securities investment company established before the effective date of the Law on Securities*

1. Any enterprise established before the effective date of the *Law on Securities* and which satisfies the conditions stipulated in article 97.1 of the *Law on Securities* must conduct procedures for re-registration in the form of a securities investment company within one year after the effective date of the *Law on Securities* pursuant to guidelines of the Ministry of Finance.
2. After completing the procedures for re-registration in accordance with clause 1 of this article, a securities investment company must comply with the *Law on Securities*, this Decree and other relevant laws.

Chapter VI

**Implementing Provisions**

**Article 29** *Re-registration by institutions operating in securities before the effective date of this Decree*

1. Institutions listed on the Ho Chi Minh City Securities Trading Centre before the effective date of this Decree which fail to satisfy the conditions stipulated in this Decree for listing on the Stock Exchange must adjust within two years after the effective date of this Decree in order to satisfy such conditions for listing.
2. Securities companies and fund management companies which have been granted securities business operating licences but which fail to satisfy the conditions on legal capital stipulated in this Decree must conduct procedures to increase capital within two years after the effective date of this Decree.
3. Fund management companies wishing to conduct portfolio management must conduct procedures to exchange their licence for establishment and operation in accordance with guidelines of the Ministry of Finance within ninety (90) days from the effective date of this Decree.
4. Representative offices of foreign securities companies or of foreign fund management companies which before the effective date of the *Law on Securities* were operating pursuant to a licence for establishment of a representative office other than a licence granted by the State Securities Commission, must conduct procedures for re-registration with the State Securities Commission within one year after the effective date of this Decree.
5. Securities business practising certificates issued before the effective date of the *Law on Securities* which are still valid for over six (6) months must be exchanged for a certificate on the new sample form.

**Article 30** *Effectiveness*

This Decree shall be of full force and effect after fifteen (15) days from the date of its promulgation in the Official Gazette. Any previous provisions contrary to this Decree are hereby repealed.

**Article 31** *Organization of implementation*

1. The Ministry of Finance shall provide guidelines for implementation of this Decree.

2. Ministers, heads of ministerial equivalent bodies, heads of Government bodies and chairmen of people's committees of provinces and cities under central authority shall be responsible for implementation of this Decree.

On behalf of the Government  
Prime Minister

NGUYEN TAN DUNG