

THE PRESIDENT

No. 18/2019/L-CTN

THE SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Hanoi, December 03, 2019

ORDER

On the promulgation of law

THE PRESIDENT OF THE SOCIALIST REPUBLIC OF VIETNAM

Pursuant to Articles 88 and 91 of the Constitution of the Socialist Republic of Vietnam;

Pursuant to Article 80 of the Law on Promulgation of Legal Documents,

PROMULGATES:

The Law on Securities,

which was passed on November 26, 2019, by the XIVth National Assembly of the Socialist Republic of Vietnam at its 8th session.

President of the Socialist Republic of Vietnam

NGUYEN PHU TRONG



LAW ON SECURITIES¹

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

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

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

Article 2. Subjects of application

1. Vietnamese and foreign institutions and individuals engaged in securities investment and operating in Vietnam's securities market.
2. The state management agency in charge of securities and securities market.
3. Other agencies, institutions and individuals related to securities activities and securities market.

Article 3. Application of the Securities Law and relevant laws

Securities and securities market activities, rights and obligations of institutions and individuals in the field of securities, organization of the securities market, and state management of securities and securities market must comply with this Law and other relevant laws.

Article 4. Interpretation of terms

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

¹ Công Báo Nos 999-1000 (28/12/2019)

1. *Securities* means assets, including the following types:
 - a/ Stocks, bonds, fund certificates;
 - b/ Warrants, covered warrants, rights, depositary receipts;
 - c/ Derivatives;
 - d/ Other types of securities as specified by the Government.
2. *Stock* means a type of securities certifying its holders' lawful rights and benefits to a portion of equity of an issuing institution.
3. *Bond* means a type of securities certifying its holders lawful rights and benefits to a portion of liabilities of an issuing institution.
4. *Fund certificate* means a type of securities certifying its investors' ownership over a portion of contributed capital of a securities investment fund.
5. *Warrant* means a type of securities issued along with the issuance of bonds or preferred stocks, entitling its holders to buy a stated amount of common stocks at a predetermined price within a given period.
6. *Covered warrant* means a type of securities with security assets issued by a securities company, entitling its holders to buy (call warrant) or to sell (put warrant) underlying securities from/to the warrant issuer at a predetermined price at or before a predetermined date or to receive the difference between the exercised price and the price of underlying securities at the date of exercise.
7. *Right* means a type of securities issued by a joint-stock company to entitle its existing shareholders to buy new shares under specified conditions.
8. *Depositary receipt* means a type of securities issued based on securities of an institution established and lawfully operating in Vietnam.
9. *Derivative* means a financial instrument in the form of contract, including options, futures contracts and forward contracts, certifying rights and obligations of the parties to make payments or transfer a specified amount of underlying assets at a specified price within a given period or by a predetermined date in the future.
10. *Underlying asset of a derivative* (below referred to as underlying asset) means a type of securities, securities index or another type of asset as specified by the Government and used as a basis for determining the value of the derivative.
11. *Option* means a type of derivatives certifying rights of the buyer and obligations of the seller to conduct one of the following transactions:

a/ Buying or selling a specified amount of underlying assets at a predetermined exercise price before or by a predetermined date in the future;

b/ Paying the difference between the value of underlying assets predetermined at the time of contract entry and the value of underlying assets before or by a predetermined date in the future.

12. *Futures contract* means a type of listed derivatives certifying commitments of the parties to conduct one of the following transactions:

a/ Buying or selling a specified amount of underlying assets at a predetermined price by a predetermined date in the future;

b/ Paying the difference between the value of underlying assets predetermined at the time of contract entry and the value of underlying assets by a predetermined date in the future.

13. *Forward contract* means a type of derivatives tradable under agreements certifying commitments of the parties to buy or sell a specified amount of underlying assets at a predetermined price by a predetermined date in the future.

14. *Securities and securities market activities* include securities offering, listing, trading, business and investment, securities-related service provision, information disclosure, public company governance and other activities specified in this Law.

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

16. *Investor* means an institution or individual participating in investment on the securities market.

17. *Strategic investor* means an investor selected by the Shareholders' General Meeting according to criteria of financial capacity and technological level and having made a commitment to cooperate with the company for at least 3 years.

18. *Majority shareholder* means a shareholder owning at least 5% of voting stocks of an issuing institution.

19. *Public offering of securities* means the offering of securities by one of the following modes:

a/ Offering of securities in the mass media;

b/ Offering of securities to at least 100 investors, except professional securities investors;

c/ Offering of securities to an unspecified number of investors.

20. *Private placement of securities* means the offering of securities not falling into the case specified at Point a, Clause 19 of this Article and by one of the following modes:

a/ Offering of securities to less than 100 investors, except professional securities investors;

b/ Offering of securities only to professional securities investors.

21. *Issuing institution* means an institution that offers or issues securities.

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

23. *Prospectus* means a document or electronic data disclosing accurate, truthful and objective information related to the offering or listing of securities of an issuing institution.

24. *Listing of securities* means the putting of qualified-for-listing securities in trading in the listed securities trading system.

25. *Trading registration* means the putting of securities in trading in the unlisted securities trading system.

26. *Securities trading system* means the listed securities trading system or unlisted securities trading system organized and operated by the Vietnam Stock Exchange and its subsidiary companies.

27. *Securities trading market* means a place or mode of information exchange where/whereby buy and sell orders are rallied and securities transactions are conducted.

28. *Securities business* means the performance of such operations as securities brokerage, securities dealing, securities issuance underwriting, securities investment consultancy, securities investment fund management, securities investment portfolio management and provision of securities-related services under Article 86 of this Law.

29. *Securities brokerage* means acting as an intermediary to buy or sell securities for customers.

30. *Securities dealing* means buying or selling securities by a securities company for itself.

31. *Securities issuance underwriting* means a commitment made by an issuance underwriting institution with an issuing institution to buy part or the

whole of the latter's securities amount for resale or to buy the latter's amount of undistributed securities or to try its utmost to distribute the latter's amount of securities that needs to be issued.

32. *Securities investment consultancy* means the supply of analysis results, disclosure of analysis reports and provision of recommendations related to securities purchase, sale or holding by securities companies to customers.

33. *Securities registration* means the acknowledgement of information about issuing institutions, securities of issuing institutions and securities owners.

34. *Securities depository* means the receipt of securities for deposit, preservation or transfer to customers, and assistance rendered to customers for exercise of the rights relating to deposited securities.

35. *Securities investment portfolio management* means the management of purchase, sale and holding of securities and other assets of an investor under its/his/her entrustment.

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

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

38. *Public fund* means a securities investment fund that offers fund certificates to the public.

39. *Open-end fund* means a public fund whose certificates, which have been offered to the public, should be bought back at the request of investors.

40. *Closed-end fund* means a public fund whose certificates, which have been offered to the public, should not be bought back at the request of investors.

41. *Member fund* means a securities investment fund that has between 2 and 99 capital-contributing members that are all professional securities investors.

42. *Exchange-traded fund* means an open-end fund formed from the receipt and exchange of structured securities portfolios for fund certificates. Fund certificates exchanged from portfolios may be listed and traded in the listed securities trading system.

43. *Real estate investment fund* means a securities investment fund that invests mainly in real estate and securities of an issuing institution engaged in

real estate business and earning turnover from real estate possession and business equal to at least 65% of its total turnover as stated in the latest annual financial statement.

44. *Inside information* means information about a public company, listed institution, institution with trading registration, public fund or public securities investment company that is undisclosed or, once disclosed, may greatly affect prices of its securities.

45. *Insider* means a person holding an important position in the governance or executive apparatus of an enterprise, public fund or public securities investment company. Insiders include:

a/ Insiders of an enterprise, including Chairperson of the Board of Directors or Members' Council or President, members of the Board of Directors or Members' Council, at-law representative, General Director (Director), Deputy General Directors (Deputy Directors), Financial Director, Chief Accountant, and holders of equivalent managerial titles elected by the Shareholders' General Meeting or appointed by the Board of Directors or Members' Council or President; Head and members (supervisors) of the Supervisory Board, members of the Internal Audit Board; secretaries, persons in charge of corporate governance and persons authorized to disclose information;

b/ Insiders of a public fund or public securities investment company, including members of the Board of Trustees of the public fund or members of the Board of Directors of the public securities investment company, executive officers of this fund or company, and insiders of the securities investment fund management company.

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

a/ Enterprises and their insiders; public funds or public securities investment companies and their insiders;

b/ Enterprises and institutions and individuals that own more than 10% of voting stocks or contributed capital of such enterprises;

c/ Institutions and individuals that, in relations with others, directly or indirectly control or are controlled by the latter, or submit, together with the latter, to the same control;

d/ Individuals and their birth parents, adoptive parents, parents-in-law, spouses, birth children, adopted children, children-in-law, siblings and siblings-in-law;

dd/ Securities investment fund management companies, and securities investment funds and securities investment companies which they manage;

e/ Contractual relations in which one party represents the other party;

g/ Other institutions and individuals that are affiliated persons as specified by the Law on Enterprises.

47. *Securities practitioner* means a person who is granted by the State Securities Commission a securities practice certificate and works at a securities company, securities investment fund management company, Vietnam-based branch of a foreign securities company or foreign fund management company, or securities investment company.

48. *Listed institution or institution with trading registration* means an institution whose issued securities are listed or registered for trading in the securities trading system.

Article 5. Principles of securities and securities market activities

1. Respect for institutions' and individuals' ownership and other rights over property in securities and securities market activities; respect for the right to freedom of securities trading, investment and business as well as securities-related service provision.

2. Fairness, publicity and transparency.

3. Protection of lawful rights and interests of investors.

4. Accountability for risks.

Article 6. Securities market development policies

1. The State shall adopt policies to encourage and create favorable conditions for domestic and foreign institutions and individuals to invest in and operate on the securities market, aiming to mobilize medium- and long-term capital sources for development investment.

2. The State shall adopt policies to manage and supervise the securities market in order to ensure its fair, public, transparent, safe and efficient operation.

3. The State shall adopt policies to invest in the modernization of infrastructure facilities and information technology for operation of the securities market, development of human resources for securities activities, and dissemination and popularization of knowledge about securities and securities market.

Article 7. Measures to ensure security and safety of the securities market

1. Measures to ensure security and safety of the securities market include:

a/ Supervising security and safety of the securities market;

b/ Responding to and addressing incidents, events and developments that affect the safety, stability and integrity of the securities market;

c/ Suspending or terminating transactions in one or more than one type of listed securities or securities registered for trading in the securities trading systems;

d/ Suspending or terminating part or the whole of trading activities of the Vietnam Stock Exchange and its subsidiary companies or resuming such activities;

dd/ Suspending or terminating part or the whole of securities registration, depository, clearing and payment activities of the Vietnam Securities Depository and Clearing Corporation or resuming such activities;

e/ Banning persons from holding posts in securities companies, securities investment fund management companies, Vietnam-based branches of foreign securities companies or fund management companies, or securities investment companies for a definite term or for good, or prohibiting institutions or persons from carrying out securities and securities market activities for a definite term or for good for the reason that they have committed a prohibited act in securities and securities market;

g/ Freezing securities accounts, or requesting competent persons to freeze monetary accounts related to violations of the law on securities and securities market.

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

Article 8. State management of securities and securities market

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

2. The Ministry of Finance is answerable to the Government for performing the state management of securities and securities market and has the following tasks and powers:

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

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

c/ To direct the State Securities Commission in implementing strategies, plans, schemes and policies on development of the securities market and legal documents on securities and securities market.

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

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

Article 9. The State Securities Commission

1. The State Securities Commission is an agency of the Ministry of Finance functioning to advise and assist the Minister of Finance in performing the state management of securities and securities market and organizing the enforcement of the law on securities and securities market according to the delegation of powers and authorization by the Minister of Finance, and has the following tasks and powers:

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

b/ To organize and develop the securities market; to directly manage and supervise securities and securities market activities; to manage securities and securities market-related service activities in accordance with law;

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

d/ To manage, inspect, examine and supervise securities operations of the Vietnam Stock Exchange and its subsidiary companies, and the Vietnam Securities Depository and Clearing Corporation; to approve regulations of the Vietnam Stock Exchange and its subsidiary companies, and the Vietnam Securities Depository and Clearing Corporation; to request the Vietnam Stock Exchange and its subsidiary companies, and the Vietnam Securities Depository and Clearing Corporation to revise their regulations on operations; to suspend or cancel decisions related to operations of the Vietnam Stock Exchange and its

subsidiary companies, and the Vietnam Securities Depository and Clearing Corporation, and direct the Vietnam Stock Exchange and its subsidiary companies, and the Vietnam Securities Depository and Clearing Corporation in performing tasks related to their operations in case of necessity to protect lawful rights and interests of investors;

dd/ To approve the putting of new types of securities into trading, change of existing trading methods and application of new ones, and securities trading systems, and commission new securities trading systems;

e/ To manage and supervise securities and securities market-related activities of institutions and individuals;

g/ To carry out inspection and examination, settle complaints and denunciations, and handle administrative violations in the field of securities and securities market;

h/ To report to the Ministry of Finance for reporting to the Prime Minister and Government on operation of the securities market. In case of a great event affecting security and safety of the securities market, to promptly report it to the Ministry of Finance and concurrently report to the Government and Prime Minister on the market situation and solutions to stabilize the market and ensure financial security and safety;

i/ To take according to its competence or propose competent authorities to take measures to ensure security and safety of the securities market;

k/ To make statistics and forecasts on securities and securities market activities; to modernize information technology in the field of securities and securities market;

l/ To organize, and coordinate with related agencies and institutions in, the training and further training of the pool of cadres, civil servants and public employees of the securities sector and securities practitioners; to popularize knowledge about securities and securities market to the public;

m/ To issue documents to provide professional guidance and other documents within the ambit of its management powers;

n/ To supervise securities-related socio-professional organizations in realizing their purposes, objectives and operation charters;

o/ To observe the regime of reporting on securities and securities market in accordance with law;

p/ To undertake international cooperation and act as a focal point in implementing international commitments on securities and securities market to which the Socialist Republic of Vietnam is a contracting party;

q/ Other tasks and powers as prescribed in this Law and other relevant laws.

2. Specific functions, tasks and powers and organizational structure of the State Securities Commission shall be prescribed by the Prime Minister.

3. While performing their tasks or exercising their powers, cadres, civil servants and public employees of the State Securities Commission shall ensure their honesty and information confidentiality and comply with the law on securities and securities market and other relevant laws.

Article 10. Securities-related socio-professional organizations

1. Securities-related socio-professional organizations shall be established and operate in accordance with the law on associations and comply with the law on securities and securities market and submit to supervision by the State Securities Commission.

2. Securities-related socio-professional organizations shall issue their codes of professional ethics after having them approved by the State Securities Commission; and coordinate with the management agency in charge of securities and securities market in disseminating the law on securities and securities market among their members.

Article 11. Professional securities investors

1. Professional securities investors are investors that are financially capable or professionally qualified for securities activities, including:

a/ Commercial banks, foreign bank branches, financial companies, insurance business institutions, securities companies, securities investment fund management companies, securities investment companies, securities investment funds, international financial institutions, non-budgetary state financial funds and state financial institutions, which may buy securities in accordance with relevant regulations;

b/ Companies with contributed charter capital of over VND 100 billion or listed institutions or institutions with trading registration;

c/ Securities practice certificate holders;

d/ Individuals that hold portfolios of listed securities or securities registered for trading valued at VND 2 billion or more as certified by securities companies at the time these individuals are recognized as professional securities investors;

dd/ Individuals that earn a taxable income of at least VND 1 billion in the latest year calculated up to the time when they are recognized as professional securities investors based on their tax declaration files submitted to tax offices or tax withholding documents of their income payers.

2. The Government shall detail this Article.

Article 12. Prohibited acts in securities and securities market activities

1. Directly or indirectly committing deceitful or swindling acts, forging documents, fabricating untruthful information or disclosing falsified information or hiding information or omitting necessary information, thus causing serious misunderstanding which badly affects securities offering, listing, trading, business or investment, or provision of securities-related services.

2. Using inside information to buy or sell securities for oneself or for others; disclosing or providing inside information or advising others to buy or sell securities based on inside information.

3. Using one or more than one trading account of one's own or others or conniving with others in buying or selling securities in order to create sham supply and demand; trading in securities in the form of colluding with or enticing others to buy or sell securities in order to manipulate securities prices; combining or employing other trading methods or combining such methods with spreading untruthful rumors or providing false information to the public in order to manipulate securities prices.

4. Carrying out securities business activities or providing securities-related services without having licenses or certificates granted or being approved by the State Securities Commission.

5. Using assets or accounts of customers without the latter's entrustment or in contravention of law, or abusing trust to appropriate assets of customers.

6. Lending accounts to others for securities trading or using one's own name to own securities on others' behalf, thus leading to acts of manipulating securities prices.

7. Organizing the securities trading market in contravention of this Law.

Chapter II

OFFERING OF SECURITIES

Section 1

PUBLIC OFFERING OF SECURITIES

Article 13. Securities par value

1. Par value of securities offered in the territory of the Socialist Republic of Vietnam is denominated in Vietnam dong (VND).

2. Par value of stocks and fund certificates offered to the public is VND 10,000. Par value of bonds offered to the public is VND 100,000 and multiples of VND 100,000.

3. In case the price of securities of an issuing institution in a securities trading system is lower than their par value, such issuing institution may offer them at a price lower than their par value.

Article 14. Forms of public offering of securities

1. Forms of public offering of securities include initial public offering of securities, additional offering of stocks or rights to the public, and other forms.

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

Article 15. Conditions for public offering of securities

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

a/ The company's charter capital contributed at the time of offering registration is at least VND 30 billion accounted according to the book value;

b/ The company's business operation in 2 consecutive years preceding the year of offering registration is profitable and, at the same time, the company has no accrued loss up to the year of offering registration;

c/ The company has an issuance plan and a plan on use of capital generated from the stock offering approved by the Shareholders' General Meeting;

d/ At least 15% of voting stocks of the company are sold to at least 100 investors that are not majority shareholders. In case the company's charter capital is VND 1 trillion or more, this ratio must be 10%;

dd/ Before the date of initial public offering of stocks of the company, its majority shareholders shall commit to holding altogether at least 20% of charter capital of the company for at least 1 year from the date of completion of the offering;

e/ The company is not being examined for penal liability or has never been sentenced for a crime infringing upon the economic management order;

g/ The company has received a securities company's consultancy on its dossier for registration of public offering of stocks, unless it is a securities company itself;

h/ The company commits and is obliged to list its stocks or register stock trading in a securities trading system after the offering is completed;

i/ The company opens an escrow account to receive payments for offered stocks.

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

a/ The company satisfies the conditions prescribed at Points a, c, e, g, h and i, Clause 1 of this Article;

b/ The company's business operation in the year preceding the year of offering registration is profitable and, at the same time, the company has no accrued loss up to the year of offering registration;

c/ Par value of additionally issued stocks is not larger than total par value of outstanding stocks, unless there is an issuance underwriting whereby the underwriter guarantees to buy all stocks of the company for resale or to buy undistributed stocks of the company, stocks issued to increase capital from equity or for swap, consolidation or merger of enterprises;

d/ For a public offering of stocks to raise capital to implement a project of the company, stocks to be sold to investors must account for at least 70% of stocks expected to be offered. The company must have a plan to make up for a deficit of capital expected to be raised through the offering for project implementation.

3. Conditions for public offering of bonds of an enterprise:

a/ The enterprise's charter capital contributed at the time of offering registration is at least VND 30 billion accounted according to the book value;

b/ The enterprise's business operation in the year preceding the year of offering registration is profitable and, at the same time, the enterprise has no accrued loss up to the year of offering registration and has no payable debt which has been overdue for more than 1 year;

c/ The enterprise has an issuance plan and a plan on use and repayment of capital generated from the offering approved by the Shareholders' General Meeting, Board of Directors, Members' Council or its owner;

d/ The enterprise commits to perform the obligation of an issuing institution toward investors in terms of issuance and payment conditions, guarantee of lawful rights and interests of investors and other conditions;

dd/ The enterprise has received a securities company's consultancy on its dossier for registration of public offering of bonds, unless it is a securities company itself;

e/ The enterprise satisfies the conditions prescribed at Point e, Clause 1 of this Article;

g/ The enterprise has obtained results of credit rating of bond issuers under the Government's regulations, for cases subject to credit rating and time of application of credit rating;

h/ The enterprise opens an escrow account to receive payments for offered bonds;

i/ The enterprise commits and is obliged to list bonds in a securities trading system after the offering is completed.

4. Conditions for public offering of convertible bonds are those prescribed in Clause 2 and at Point d, Clause 3 of this Article.

5. Conditions for initial public offering of fund certificates:

a/ Total value of fund certificates registered for offering is at least VND 50 billion;

b/ There are an issuance plan and a plan on investment of capital amount raised through the offering in accordance with this Law;

c/ The offering is supervised by a supervisory bank in accordance with this Law;

d/ Fund certificates to be offered to the public must be listed in a securities trading system after the offering is completed, except the offering of open-end fund certificates.

6. The Government shall prescribe conditions and dossiers for public offering of securities for the purpose of transformation of state enterprises, single-member limited liability companies with 100% of charter capital held by state enterprises or public non-business units into joint-stock companies; offering of stocks at prices lower than their par value; public offering of securities of shareholders of public companies; public offering of securities of credit institutions placed under special control; overseas offering of securities, and other cases of securities offering and issuance.

Article 16. Registration of public offering of securities

1. Before carrying out public offering of securities, issuing institutions and shareholders of public companies shall register it with the State Securities Commission, except the case specified in Clause 2 of this Article.

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

a/ Offering of debt instruments of the Government, government-guaranteed bonds issued by policy banks, and municipal bonds;

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

c/ Public offering of stocks for transformation of state enterprises, single-member limited liability companies with 100% of charter capital held by state enterprises or public non-business units into joint-stock companies;

d/ Sale of securities under legally effective court judgments or rulings or arbitration awards, or sale of securities of property managers or recipients in case of bankruptcy or insolvency.

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

1. An underwriter for issuance of securities to the public that is a securities company or an institution must satisfy the following conditions:

a/ Having been granted by the State Securities Commission a license for securities issuance underwriting in accordance with this Law;

b/ Satisfying the financial prudential ratios prescribed by law;

c/ Being other than affiliated persons of issuing institutions.

2. An underwriter for issuance of securities to the public that provides underwriting by the method of undertaking to buy part or the whole of securities of an issuing institution may only underwrite a total value of securities not larger than its equity and not exceeding 15 times the difference between the value of short-term assets and short-term liabilities stated in the latest quarterly financial statement.

Article 18. Dossiers of registration of public offering of securities

1. A dossier of registration of initial public offering of stocks of a joint-stock company must comprise:

a/ A written registration of initial public offering of stocks;

b/ A prospectus;

c/ The charter of the issuing institution;

d/ A decision of the Shareholders' General Meeting approving an issuance plan and a plan on use of capital raised through the offering, and a written commitment on listing or registration of stocks for trading in a securities trading system;

dd/ A written commitment on satisfaction of the conditions prescribed at Points d and e, Clause 1, Article 15 of this Law;

e/ Written commitments of majority shareholders made before the date of initial public offering of stocks of the issuing institution on holding altogether at least 20% of charter capital of the issuing institution for at least 1 year after the offering is completed;

g/ A contract with a securities company on provision of consultancy on dossier of registration of public offering of stocks;

h/ A written certification by a bank or foreign bank branch of the opening of an escrow account for receiving payments for offered stocks;

i/ An issuance underwriting commitment (if any).

2. A dossier of registration of additional public offering of stocks of a public company must comprise:

a/ A written registration of additional public offering of stocks;

b/ The documents specified at Points b, c, d, g, h and i, Clause 1 of this Article, and a written commitment on satisfaction of the condition prescribed at Point e, Clause 1, Article 15 of this Law;

c/ A decision of a competent agency approving a project or plan on making up for the deficit of capital expected to be raised through the offering for project implementation, for the case specified at Point d, Clause 2, Article 15 of this Law;

d/ An audited report on use of capital raised through the latest offering in 2 years up to time of dossier submission, unless the audited financial statement contains detailed explanations about the use of capital raised through the latest offering.

3. A dossier of registration of public offering of bonds must comprise:

a/ A written registration of public offering of bonds;

b/ The documents specified at Points b and c, Clause 1 of this Article, and a written commitment on satisfaction of the condition prescribed at Point e, Clause 1, Article 15 of this Law;

c/ A decision of the Shareholders' General Meeting or Board of Directors or Members' Council or the company's owner approving an issuance plan and a plan on use and repayment of capital raised through the public offering of bonds, and a written commitment on listing of bonds in a securities trading system;

d/ A commitment to perform the obligation of an issuing institution toward investors in terms of issuance and payment conditions, guarantee of lawful rights and interests of investors and other conditions;

dd/ A report on credit rating results under Point g, Clause 3, Article 15 of this Law;

e/ A contract with a securities company on provision of consultancy on dossier of registration of public offering of bonds;

g/ A written certification by a bank or foreign bank branch of the opening of an escrow account for receiving payments for offered bonds;

h/ An issuance underwriting commitment (if any).

4. A dossier of registration of public offering of convertible bonds must comprise:

a/ A written registration of public offering of convertible bonds;

b/ The documents specified at Points b, c, g and h, Clause 1 and Point d, Clause 2 of this Article, and a written commitment on satisfaction of the condition prescribed at Point e, Clause 1, Article 15 of this Law;

c/ A decision of the Shareholders' General Meeting approving an issuance plan and a plan on use of capital raised through the offering, and a written commitment on listing or registration of securities for trading in a securities trading system;

d/ A commitment to perform the obligation of an issuing institution toward investors in terms of issuance and payment conditions, guarantee of lawful rights and interests of investors and other conditions;

dd/ Other documents related to the conversion of bonds into stocks;

e/ An issuance underwriting commitment (if any).

5. A dossier of registration of public offering of fund certificates must comprise:

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

b/ A prospectus;

c/ A draft charter of the securities investment fund;

d/ An in-principle contract on supervision between a supervisory bank and a securities investment fund management company; an in-principle contract on distribution; and in-principle contracts with related service providers (if any);

dd/ An issuance underwriting commitment (if any).

6. A dossier of registration of public offering of stocks or bonds must be accompanied with a decision of the Board of Directors or Members' Council or company owner approving such dossier. For public offering of stocks of credit

institutions, such a dossier must contain the State Bank of Vietnam's written approval of charter capital change. For public offering of securities of insurance business institutions that leads to charter capital change, such a dossier must contain the Ministry of Finance's written approval of charter capital change.

7. When a dossier of registration of public offering of securities is partially or wholly certified by related institutions or individuals, the issuing institution shall send such certifications to the State Securities Commission.

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

9. When submitting a dossier of registration of public offering of securities to the State Securities Commission, an issuing institution shall concurrently submit a dossier of registration of listing or registration of securities for trading under Clause 4, Article 48 of this Law, except the offering of open-end fund certificates.

Article 19. Prospectus

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

a/ Brief information about the issuing institution, including its organizational apparatus, business operations, assets, financial status, Board of Directors or Members' Council or owner, General Director (Director), Deputy General Directors (Deputy Directors), Chief Accountant, and structure of shareholders (if any);

b/ Information about the offering and securities to be offered, including offering conditions, risks, tentative plan on profits and dividends of the year following the year of securities issuance, issuance plan and plan on use of proceeds from the offering;

c/ Financial statements of the issuing institution for the latest 2 years as specified in Article 20 of this Law;

d/ Other information as specified in the model prospectus.

2. For a public offering of fund certificates, a prospectus must have the following contents:

a/ Type and size of the securities investment fund;

b/ Investment objectives, strategy, methods and process, investment limitations and risks of the securities investment fund;

c/ Summarized principal contents of a draft charter of the securities investment fund;

d/ A plan on issuance of fund certificates and information guiding investment in the securities investment fund;

dd/ Summarized information about the securities investment fund management company, supervisory bank and regulations on transactions with affiliated persons of the securities investment fund management company and supervisory bank;

e/ Other information as specified in the model prospectus.

3. Signatures in prospectus:

a/ For a public offering of stocks or bonds, a prospectus must bear signatures the Chairperson of the Board of Directors or Members' Council or Company President; General Director (Director); Financial Director or Chief Accountant of the issuing institution; and at-law representatives of the institution providing consultancy on dossier of registration of public offering of securities and issuance underwriting institution or principal issuance underwriting institution (if any). For signatures of persons authorized by the aforesaid persons, a power of attorney is required.

b/ For a public offering of fund certificates, a prospectus must bear signatures of the Chairperson of the Board of Directors or Members' Council or Company President; General Director (Director) of the securities investment fund management company; and at-law representative of the issuance underwriting institution (if any). For signatures of persons authorized by the aforesaid persons, a power of attorney is required.

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

Article 20. Financial statements

1. Financial statements shall be made in accordance with the accounting law.

2. An issuing institution being a parent company shall submit consolidated financial statements in accordance with the accounting law.

3. Annual financial statements shall be audited by audit firms accredited to audit public-interest units in the field of securities. Audit opinions for financial statements are unqualified opinions. In case an audit opinion is a qualified opinion, the exception does not impact offering conditions. An issuing institution must have documents on reasonable explanation about, and an audit firm's certification of, impacts of the exception.

4. If a dossier is submitted within 60 days after the last day of an annual accounting period, the annual financial statement of the preceding year in the initial dossier may be an unaudited one which, however, must be accompanied with audited financial statements of the 2 preceding years.

5. If the accounting period of the latest financial statement ends more than 90 days after the date of submission of a complete and valid dossier of registration of public offering of securities to the State Securities Commission, the issuing institution shall make an additional financial statement counting to the latest month or quarter.

Article 21. Accredited audit firms and certified public accountants

1. The State Securities Commission shall consider, approve and publicize list of accredited audit firms and list of certified public accountants to audit public-interest units in the field of securities.

2. Public-interest units in the field of securities include public companies, listed institutions, institutions with trading registration, institutions offering securities to the public, securities companies, securities investment fund management companies, securities investment companies, and securities investment funds.

3. An audit firm accredited to audit public-interest units in the field of securities shall comply with regulations on independent audit and has the following obligations:

a/ To report to the State Securities Commission within 10 days after the occurrence of a change in its name, head office address, business lines or list of public accountants or a change making it no longer be eligible for being accredited for audit;

b/ To explain and provide information and data related to the audit of public-interest units in the field of securities when requested by the State Securities Commission;

c/ If finding that an audited public-interest unit in the field of securities has made material errors due to its failure to comply with law and regulations relevant to its audited financial statements after issuing a report on audit of such unit, to notify such in writing to the State Securities Commission;

d/ To ensure information confidentiality in accordance with law.

4. The Government shall detail this Article.

Article 22. Modification and supplementation of dossiers of registration of public offering of securities

1. If inaccurate information is detected or important information is omitted in its dossier of registration of public offering of securities, or when finding it necessary to explain an equivocal issue, an issuing institution shall modify or supplement the dossier or make a written explanation.

2. In the course of examining a dossier of registration of public offering of securities of an issuing institution, the State Securities Commission may request the issuing institution to modify or supplement its dossier in order to ensure that the disclosed information is accurate, truthful and adequate, thus protecting lawful rights and interests of investors.

3. After the State Securities Commission grants a certificate of registration of public offering of securities, if there arises an important information related to the dossier of registration of public offering of securities, the issuing institution shall, within 7 working days, disclose such information by the method specified in Clause 3, Article 25 of this Law and modify or supplement the dossier.

4. A document on modification or supplementation of a dossier of registration of public offering of securities to be sent to the State Securities Commission must bear signatures of the persons who have signed the dossier or persons holding the same titles.

5. The time limit for examination of a dossier of registration of public offering of securities in the cases specified in Clauses 1 and 2 of this Article shall be counted from the date the State Securities Commission receives a complete and valid document on the dossier modification or supplementation.

Article 23. Responsibilities of institutions and individuals related to dossiers of registration of public offering of securities

1. Issuing institutions shall take responsibility before law for the accuracy, truthfulness and adequacy of their dossiers of registration of public offering of securities.

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

Article 24. Use of information before public offering of securities

During the examination of dossiers of registration of public offering of securities by the State Securities Commission, issuing institutions, issuance underwriting institutions and related institutions and individuals may only use information in prospectuses previously sent to the State Securities Commission

in an honest and accurate manner for market survey, clearly stating that information about date of issuance and securities selling prices are tentative.

Article 25. Grant of certificate of registration of public offering of securities

1. Within 30 days after receiving a complete and valid dossier of registration of public offering of securities, the State Securities Commission shall grant a certificate of registration of public offering of securities; in case of refusal to grant such a certificate, it shall reply in writing, clearly stating the reason.

2. A certificate of registration of public offering of securities granted by the State Securities Commission is a document certifying that a dossier of registration of public offering of securities fully satisfies the law-prescribed conditions and procedures.

3. Within 7 working days after its certificate of registration of public offering of securities becomes effective, an issuing institution shall publish an issuance announcement on an online newspaper or a printed newspaper for 3 consecutive issues.

4. Securities may only be offered to the public after their issuance is announced under Clause 3 of this Article.

Article 26. Distribution of securities

1. Securities of an issuing institution may only be distributed after it ensures that securities buyers have accessed the prospectus in its dossier of registration of public offering of securities which is posted up at the places indicated in the issuance announcement.

2. An issuing institution, issuance underwriting institution or issuance agent shall distribute securities in a fair and open manner and ensure a period of at least 20 days for investors to register to buy securities, unless offered securities are covered warrants for which such time limit shall be stated in the issuance announcement.

If the amount of securities registered to be bought exceeds that allowed to be issued, the issuing institution or issuance underwriting institution shall fully distribute the amount of securities allowed to be issued to investors in proportion to their registered amounts of securities.

3. Securities payments shall be transferred into an escrow account opened at a bank or foreign bank branch until the offering is completed and reported to the State Securities Commission.

4. An issuing institution shall complete the distribution of its securities within 90 days after the certificate of public offering of securities becomes effective. In case it cannot complete the distribution of securities within this time limit, the State Securities Commission may consider extending the time limit for distribution of securities for no more than 30 days. In case of registration of securities offering to be made in installments, the interval between two offering installments must not exceed 12 months.

5. An issuing institution or issuance underwriting institution shall send a report on results of an offering to the State Securities Commission within 10 days after the completion of the offering, accompanied with a written certification by a bank or foreign bank branch where an escrow account is opened of the proceeds from the offering.

6. An issuing institution, issuance underwriting institution or issuance agent shall deliver securities or securities ownership certificates to buyers within 30 days after the offering is completed.

Article 27. Suspension of public offering of securities

1. The State Securities Commission may suspend a public offering of securities for up to 60 days in the following cases:

a/ A dossier of registration of public offering of securities is detected to contain untruthful information or omit important information, which might affect investment decisions and cause damage to investors;

b/ The distribution of securities fails to comply with Article 26 of this Law.

2. Within 7 working days after its public offering of securities is suspended, an issuing institution shall announce the suspension by the method specified in Clause 3, Article 25 of this Law and call the issued securities when investors so request and, at the same time, refund the received money amounts to investors within 15 days after the latter so request.

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

4. Within 7 working days after a notice on suspension cancellation is issued, an issuing institution shall announce the suspension cancellation by the method specified in Clause 3, Article 25 of this Law.

Article 28. Cancellation of public offering of securities

1. The State Securities Commission shall decide to cancel a public offering of securities in the following cases:

a/ The errors leading to the suspension of the public offering of securities remain unaddressed though the suspension duration specified in Clause 1, Article 27 of this Law has expired;

b/ The initial public offering of stocks fails to satisfy the conditions on the minimum ratio of voting stocks of the issuing institution sold to at least 100 investors other than its majority shareholders under Point d, Clause 1, Article 15 of this Law;

c/ The additional public offering of stocks fails to satisfy the conditions on raising of sufficient capital for project implementation by the issuing institution under Point d, Clause 2, Article 15 of this Law.

2. In addition to the cases specified in Clause 1 of this Article, a public offering of securities may be cancelled under a legally effective court judgment or ruling, an arbitration award or a decision of a competent agency as prescribed by law.

3. Within 7 working days after its public offering of securities is cancelled, an issuing institution shall announce the cancellation by the method specified in Clause 3, Article 25 of this Law and call the issued securities and concurrently refund the received money amounts to investors within 15 days after the offering is cancelled. Past this time limit, the issuing institution shall pay damages to investors according to their reached agreements.

Article 29. Obligations of issuing institutions

1. An issuing institution that has completed a public offering of stocks and become a public company under Point b, Clause 1, Article 32 of this Law is not required to submit a public company registration dossier prescribed in Clause 1, Article 33 of this Law to the State Securities Commission.

2. An issuing institution that has carried out a public offering of securities shall complete its dossier of registration of securities listing or securities trading within 30 days after the offering is completed.

3. An issuing institution that has completed a public offering of bonds shall fulfill the obligation to disclose information prescribed in this Law.

Section 2

PRIVATE PLACEMENT OF SECURITIES

Article 30. Private placement of securities of issuing institutions other than public companies

Private placement of securities of issuing institutions other than public companies must comply with the Law on Enterprises and other relevant laws.

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

1. Conditions for private placement of stocks, convertible bonds or bonds accompanied with warrants of a public company:

a/ There is a decision of the Shareholders' General Meeting approving a plan on private placement and use of proceeds from private placement, and clearly identifying eligible investors and number thereof;

b/ Only strategic investors and professional securities investors are eligible for private placement;

c/ Transfer of privately placed stocks, convertible bonds or bonds accompanied with warrants is banned for at least 3 years, for strategic investors, or at least 1 year, for professional securities investors, after the private placement is completed, except the case of transfer among professional securities investors or under a legally effective court judgment or ruling or an arbitration award or in case of inheritance in accordance with law;

d/ The interval between two consecutive private placements of stocks, convertible bonds or bonds accompanied with warrants must be at least 6 months;

dd/ Private placement of stocks, conversion of bonds into stocks or execution of warrants must satisfy the condition on holding rate of foreign investors prescribed by law.

2. Conditions for private placement of bonds of a public company not falling into the cases specified in Clause 1 of this Article:

a/ There is a decision of the Shareholders' General Meeting or Board of Directors approving a plan on issuance and use of proceeds from private placement, and clearly identifying eligible investors and number thereof;

b/ Only professional securities investors are eligible for private placement;

c/ Transfer of privately placed bonds may only be carried out among professional securities investors, unless it is carried out under a legally effective court judgment or ruling or an arbitration award or in case of inheritance in accordance with law;

d/ Principals and interests of offered bonds or due liabilities (if any) must be fully paid in 3 consecutive years prior to the private placement, unless bonds are privately placed to creditors being selected financial institutions;

dd/ There is a financial statement for the year preceding the year of issuance, audited by an accredited audit firm;

e/ Financial prudential ratios and adequacy ratios in operations (if any) are maintained in accordance with law.

3. Securities companies and securities investment fund management companies other than public companies that privately place stocks, convertible bonds or bonds accompanied with warrants must satisfy the conditions prescribed in Clause 1 of this Article.

4. Conditions for private placement of bonds of a securities company or securities investment fund management company that is not a public company and does not fall into the case specified in Clause 3 of this Article:

a/ There is a decision of the Shareholders' General Meeting, Board of Directors, Members' Council or company owner approving a plan on issuance and use of proceeds from private placement, and clearly identifying eligible investors and number thereof;

b/ The conditions prescribed at Points b, c, dd and e, Clause 2 of this Article.

5. A securities company or securities investment fund management company that is not a public company and wishes to privately place stocks to its existing shareholders in proportion to their existing holding rates must satisfy the conditions prescribed at Points a and d, Clause 1 of this Article.

6. The Government shall specify private placement of securities of public companies, securities companies and securities investment fund management companies provided in this Article and other cases of offering or private placement of securities of public companies.

Chapter III

PUBLIC COMPANIES

Section 1

GENERAL PROVISIONS ON PUBLIC COMPANIES

Article 32. Public companies

1. A public company is a joint-stock company that:

a/ Has a contributed charter capital of at least VND 30 billion and at least 10% of its voting stocks held by at least 100 investors other than majority shareholders; or,

b/ Has completed an initial public offering of stocks as registered with the State Securities Commission under Clause 1, Article 16 of this Law.

2. A joint-stock company mentioned at Point a, Clause 1 of this Article shall submit a public company registration dossier prescribed in Clause 1, Article 33 of this Law to the State Securities Commission within 90 days after it completes the capital contribution and has a shareholders' structure satisfying the condition prescribed at Point a, Clause 1 of this Article.

3. Within 15 days after receiving a complete and valid public company registration dossier of a joint-stock company prescribed at Point a, Clause 1 of this Article or a report on results of completion of offering by a joint-stock company prescribed at Point b, Clause 1 of this Article, the State Securities Commission shall certify the completion of public company registration and, at the same time, announce the name and business operations of, and other information about, the public company in its information disclosure media.

Article 33. Public company registration dossiers

1. A public company registration dossier must comprise:

a/ A written registration of a public company;

b/ The company's charter;

c/ An enterprise registration certificate;

d/ A document on disclosure of information about the public company, including brief information about organizational apparatus model, business operations, management apparatus, shareholders' structure, assets, financial status and other information;

dd/ The latest year's financial statement of the public company audited by an independent audit firm. In case the company increases its charter capital after the end of the latest annual accounting period, it shall supplement such financial statement;

e/ A list of shareholders.

2. The Minister of Finance shall promulgate the model document on disclosure of information about public company and prescribe a dossier of

registration of a public company formed after enterprise division, separation, consolidation or merger.

Article 34. Rights and obligations of public companies

1. After the State Securities Commission certifies the completion of registration of a public company, such public company has the following rights and obligations

a/ To disclose information in accordance with this Law;

b/ To comply with this Law's provisions on corporate governance;

c/ To carry out concentrated registration of securities at the Vietnam Securities Depository and Clearing Corporation under Article 61 of this Law;

d/ A public company specified at Point a, Clause 1, Article 32 of this Law shall register for stock trading in the unlisted securities trading system within 30 days after the State Securities Commission certifies the completion of public company registration. Two years from the first date of trading in the unlisted securities trading system, a public company may submit a listing registration dossier if satisfying the securities listing conditions;

dd/ A public company specified at Point b, Clause 1, Article 32 of this Law shall list its stocks or register its stocks for trading in a securities trading system within 30 days after a public offering is completed.

2. In addition to the rights and obligations provided in Clause 1 of this Article, public companies have the rights and obligations provided in the Law on Enterprises and other relevant laws.

Article 35. Public bid

1. The following cases are subject to public bid and registration with the State Securities Commission:

a/ Institutions, individuals and affiliated persons specified at Points a, b, c, d, e and g, Clause 46, Article 4 of this Law are expected to buy voting stocks or outstanding closed-end fund certificates, leading to their direct or indirect holding rate of at least 25% of voting stocks of a public company or of outstanding closed-end fund certificates of a closed-end fund;

b/ Institutions, individuals and affiliated persons specified at Points a, b, c, d, e and g, Clause 46, Article 4 of this Law that hold at least 25% of voting stocks of a public company or of outstanding closed-end fund certificates of a closed-end fund are expected to continue to buy stocks or fund certificates, leading to their direct or indirect holding rate of at least 35%, 45%, 55%, 65% or

75% of voting stocks of such public company or of outstanding closed-end fund certificates of such closed-end fund;

c/ Unless a bid has been carried out for the whole amount of voting stocks of a public company or of outstanding closed-end fund certificates of a closed-end fund, after a public bid is carried out institutions, individuals and affiliated persons specified at Points a, b, c, d, e and g, Clause 46, Article 4 of this Law that hold at least 80% of voting stocks of such public company or of outstanding closed-end fund certificates of a closed-end fund shall continue to buy the remaining stocks or closed-end fund certificates held by other shareholders and investors within 30 days under the conditions on bid prices and payment methods similar to those of the public bid.

2. The subjects specified in Clause 1 of this Article are not subject to public bid if falling into one of the following cases:

a/ Buying of newly issued stocks or closed-end fund certificates which leads to a holding rate equal to that specified in Clause 1 of this Article under an issuance plan approved by the Shareholders' General Meeting of the public company or Board of Trustees of the closed-end fund;

b/ Receipt of transferred voting stocks or outstanding closed-end fund certificates which leads to a holding rate equal to that specified in Clause 1 of this Article under an issuance plan approved by the Shareholders' General Meeting of the public company or Board of Trustees of the closed-end fund. In this case, the Shareholders' General Meeting of the public company or Board of Trustees of the closed-end fund shall clearly identify transferors and transferees;

c/ Transfer of stocks among companies operating in groups, including economic groups, corporations, parent companies and subsidiary companies, and not leading to cross-ownership mentioned in the Law on Enterprises;

d/ Holding by institutions and individuals of stocks from securities auctions, public offerings or other offerings upon transfer of state capital or capital invested by state enterprises in other enterprises;

dd/ Holding by institutions and individuals of stocks from enterprise division, separation, consolidation or merger;

e/ Donation or inheritance of stocks or closed-end fund certificates;

g/ Transfer of stocks or closed-end fund certificates under legally effective court judgments or rulings or arbitration awards.

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

Article 36. Redemption by public companies of their own stocks

1. To redeem its own stocks, a public company must satisfy the following conditions:

a/ Obtaining a decision of its Shareholders' General Meeting approving the redemption of stocks to reduce its charter capital, and a redemption plan clearly stating the number of stocks to be redeemed, time of redemption, and principles of determination of redemption prices;

b/ Having sufficient funds for redemption of stocks from share capital surplus, development investment fund, after-tax undistributed profits and other funds of equity used to supplement charter capital in accordance with law;

c/ Having a securities company other than a member of the Vietnam Stock Exchange redeeming its own stocks designated to carry out the transaction;

d/ Satisfying the law-prescribed conditions in case it operates in a conditional business investment sector or trade;

dd/ Not falling into the case specified in Clause 3 of this Article.

2. When redeeming its own stocks, a public company is not required to satisfy the conditions specified at Points a, b, c and d, Clause 1 of this Article if it falls into the following cases:

a/ It redeems its own stocks at the request of its shareholders in accordance with the Law on Enterprises;

b/ It redeems stocks of its own employees under the regulation on issuance of stocks to employees, redeems privately placed stocks under the stock issuance plan to pay dividends, or issues stocks from equity;

c/ It is a securities company wishing to redeem its own stocks to correct trading errors or redeem odd-lot stocks.

3. A public company may not redeem its own stocks in the following cases:

a/ It has overdue payable liabilities based on the latest audited annual financial statement. In case the projected time of stock redemption is more than 6 months after the end of a fiscal year, the determination of overdue liabilities shall be based on the latest audited or examined biannual financial statement, except the case specified at Point c, Clause 2 of this Article;

b/ It is in the process of offering or issuance of stocks to raise more capital, except the case specified at Point c, Clause 2 of this Article;

c/ Its stocks are subject to public bid, except the cases specified in Clause 2 of this Article;

d/ It redeemed its own stocks within 6 months from the date of reporting on results of a redemption or the date of completion of an offering or issuance of stocks to increase its capital, except the cases specified in Clause 2 of this Article.

4. Except the case of redemption of stocks in proportion to holding rates in a company or redemption of stocks under a legally effective court judgment or ruling or an arbitration award or redemption of stocks through order-matching transactions, the company may not redeem its own stocks from:

a/ Insiders and their affiliated persons as defined by this Law;

b/ Holders of stocks subject to transfer limitations as prescribed by law and company charter; and,

c/ Majority shareholders as defined by this Law.

5. A public company that redeems its own stocks under Clause 1 and Point a, Clause 2 of this Article shall carry out procedures for reducing its charter capital in proportion to the total par value of redeemed stocks within 10 days after completing the payment for stock redemption.

6. In case a company redeems stocks from its own employees under the regulation on issuance of stocks to employees, it shall ensure that:

a/ The total number of stocks redeemed from employees to reduce its charter capital is reported at an annual Shareholders' General Meeting;

b/ It has carried out procedures for reducing its charter capital in proportion to the total par value of redeemed stocks within 10 days after reporting the redemption to an annual Shareholders' General Meeting under Point a of this Clause.

7. A securities company or public company that redeems its own stocks may sell such stocks right after the redemption in the following cases:

a/ The securities company redeems its own stocks to correct trading errors or redeems odd-lot stocks;

b/ The public company redeems its privately placed stocks under a stock issuance plan to pay dividends or a plan on stock issuance from equity;

c/ The public company redeems odd-lot stocks at the request of its shareholders.

8. The Minister of Finance shall specify the redemption of stocks of public companies.

Article 37. Reports on stock redemption, information disclosure and performance of stock redemption

1. Before redeeming its own stocks, a public company specified in Clause 1, Article 36 of this Law shall send to the State Securities Commission reporting documents, including:

a/ A report on stock redemption;

b/ A decision of the Shareholders' General Meeting approving the redemption of stocks and a redemption plan;

c/ A written certification of the designation of a securities company other than a member of the Vietnam Stock Exchange which redeems its own stock to carry out the transaction;

d/ A decision of the Board of Directors approving a plan on organization of stock redemption;

dd/ The latest audited financial statement;

e/ Documents proving that the company has sufficient funds to redeem its stocks;

g/ Documents proving the company's satisfaction of law-prescribed conditions for redemption of its own stocks in case it operates in a conditional business investment sector or trade.

2. A report on stock redemption must have the following contents:

a/ Redemption purposes;

b/ Total number of stocks registered for redemption;

c/ Funds for redemption;

d/ Method of transaction;

dd/ Projected time of redemption;

e/ Principles of price determination (price bracket).

3. Within 7 working days after receiving complete and valid stock redemption reporting documents specified in Clause 1 of this Article, the State Securities Commission shall send to a public company a notice of the receipt. In case such documents are incomplete and invalid, the State Securities Commission shall send to the public company a notice of incomplete and invalid contents, requesting modification or supplementation. The time limit for modification or supplementation of reporting documents shall not be counted into the time limit prescribed in this Clause. In case of rejection of reporting

documents, the State Securities Commission shall reply in writing, clearly stating the reason.

4. Within 7 working days after being notified by the State Securities Commission, a public company shall disclose on its website and in information disclosure media of the State Securities Commission and Vietnam Stock Exchange the information contents specified in Clause 2 of this Article. It may redeem its own stocks 7 working days after the information disclosure.

5. Within 10 days after the completion of the stock redemption, a public company shall send a report on redemption results to the State Securities Commission and disclose information to the public. In case it fails to redeem all stocks projected to be redeemed, it shall report such and disclose reason(s) for the failure.

6. A public company shall complete its stock redemption within the time limit stated in its information disclosure report which must not exceed 30 days from the date of redemption commencement.

7. Within 6 months after the completion of its stock redemption, a public company may not offer stocks to increase its charter capital, except the case of conversion of bonds into stocks according to its commitment upon the offering of convertible bonds.

Article 38. Cancellation of status of public companies

1. A public company shall send to the State Securities Commission a notice enclosed with a list of its shareholders provided by the Vietnam Securities Depository and Clearing Corporation within 15 days after seeing that its contributed charter capital is under VND 30 billion as stated in the latest audited financial statement or that the shareholders' structure does not satisfy the conditions prescribed at Point a, Clause 1, Article 32 of this Law as certified by the Vietnam Securities Depository and Clearing Corporation.

2. If a company still fails to satisfy the conditions for being treated as a public company 1 year after it no longer meets the criterion specified at Point a, Clause 1, Article 32 of this Law, the State Securities Commission shall consider cancelling its public company status.

3. A company shall fully comply with the regulations applicable to public companies until the State Securities Commission notifies cancellation of its public company status.

4. Within 7 working days after being notified by the State Securities Commission of cancellation of its public company status, a company shall announce the cancellation of its public company status on its website and in

information disclosure media of the State Securities Commission and Vietnam Stock Exchange and carry out procedures for cancellation of listing or trading registration in accordance with law.

5. The Minister of Finance shall specify the cancellation of public company status of enterprises that no longer satisfy the conditions for being treated as public companies due to their reorganization, dissolution or bankruptcy.

Article 39. Dossiers of cancellation of public company status

A public company falling into the case specified in Clause 2, Article 38 of this Law shall submit a dossier of cancellation of public company status to the State Securities Commission. Such dossier must comprise:

1. An enterprise registration certificate;
2. A notice stating that the public company no longer satisfies the condition prescribed at Point a, Clause 1, Article 32 of this Law;
3. A list of shareholders provided by the Vietnam Securities Depository and Clearing Corporation;
4. The latest annual financial statement audited by an accredited audit firm. In case the company increases its charter capital after the end of the latest annual accounting period, it shall supplement the latest audited periodical financial statement.

Section 2

CORPORATE GOVERNANCE APPLICABLE TO PUBLIC COMPANIES

Article 40. Principles of corporate governance applicable to public companies

Corporate governance of a public company must comply with this Law, Law on Enterprises, other relevant laws and the following principles:

1. Ensuring a reasonable and effective governance structure;
2. Ensuring operation effectiveness of the Board of Directors and Supervisory Board; enhancing responsibility of the Board of Directors toward the company and its shareholders;
3. Guaranteeing rights of shareholders and equal treatment among shareholders;
4. Ensuring the role of investors, securities market and intermediary institutions in assisting corporate governance;

5. Respecting and guaranteeing lawful rights and interests of parties with related benefits in corporate governance;

6. Disclosing information in a timely, adequate, accurate and transparent manner about operations of the company; ensuring equal access of shareholders to information.

Article 41. Contents of corporate governance applicable to public companies

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

a/ To be equally treated;

b/ To have full access to periodical information and extraordinary information disclosed by the company in accordance with law;

c/ To have their lawful rights and interests protected; to request suspension or cancellation of resolutions or decisions of the Shareholders' General Meeting or Board of Directors in accordance with the Law on Enterprises;

d/ Majority shareholders may not abuse their advantage to affect rights and interests of the company and other shareholders in accordance with law and charter of the company; and are obliged to disclose information in accordance with law;

dd/ Other rights and obligations prescribed by law and charter of the company.

2. The Shareholders' General Meeting may be convened and held in accordance with the following provisions:

a/ The Board of Directors, Supervisory Board or a person that convenes the Shareholders' General Meeting shall comply with the order and procedures for convening the Shareholders' General Meeting prescribed in the Law on Enterprises, charter of the company and internal regulation on corporate governance; arrange a venue and reasonable time for participation of shareholders in the General Meeting;

b/ A public company shall prescribe in its internal regulation on corporate governance the application of modern information technology to help shareholders participate in and speak out their opinions at the Shareholders' General Meeting by means of video conference and electronic voting or another electronic form in accordance with the Law on Enterprises and charter of the company;

c/ A public company shall invite a representative of an audit firm accredited to audit annual financial statements of the company to participate in an annual Shareholders' General Meeting in case its annual financial statement audit report contains material exceptions;

d/ The Shareholders' General Meeting must comply with other relevant regulations and charter of the company.

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

a/ The structure of the Board of Directors of a public company must ensure balance of executive and non-executive members and number of independent members of the Board of Directors in order to maintain its independence;

b/ The Board of Directors shall take responsibility before shareholders for the operation of the company; ensure that the operation of the company is compliant with law, and charter and internal regulations of the company; elaborate an internal regulation on corporate governance and submit it to the Shareholders' General Meeting for approval; appoint a person in charge of corporate governance, and have other responsibilities and obligations prescribed by law and charter of the company,

c/ The Board of Directors shall meet at least once a quarter according to the order and procedures prescribed in the charter of the company and its internal regulation on corporate governance. The convention, agenda and related documents of a meeting of the Board of Directors shall be notified in advance to its members within a time limit prescribed by law and the charter of the company.

4. The nomination and self-nomination for election of members of the Board of Directors must comply with the Law on Enterprises, relevant laws and following provisions:

a/ In case candidates for members of its Board of Directors are identified, a public company shall disclose information about such candidates at least 10 days before the opening date of the Shareholders' General Meeting on the website of the company for shareholders to acquire before casting their votes;

b/ In case the number of nominated and self-nominated candidates for members of the Board of Directors is smaller than that required under the Law on Enterprises, the incumbent Board of Directors may additionally recommend candidates or organize nomination under the charter of the company and its internal regulation on corporate governance.

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

a/ To be provided with information and documents on financial status and business operations of the company and its affiliates;

b/ To perform their tasks in an honest and prudent manner for the highest interests of shareholders and the company;

c/ To participate in all meetings of the Board of Directors and give their opinions on issues put for discussion;

d/ To report on time and in full to the Board of Directors on remunerations they receive from subsidiary companies, associated companies and other institutions;

dd/ To report and disclose information when trading in stocks of the company in accordance with law;

e/ Other rights and responsibilities prescribed by law and charter of the company.

6. A public company shall comply with the following provisions on prevention of conflicts of interest and transparent information disclosure:

a/ Members of the Board of Directors, members of the Supervisory Board (supervisors), General Director (Director) and other managers of the public company shall publicize related benefits and may not use information obtained through their positions for self-seeking purposes or to serve interests of other institutions and individuals;

b/ The public company shall apply necessary measures to prevent members of the Board of Directors, members of the Supervisory Board (supervisors), General Director (Director), and other managers of the company, shareholders and affiliated persons from intervening in its operation, thus harming its interests; comply with regulations on transactions with shareholders, managers and their affiliated persons; and guarantee lawful rights and interests of persons with benefits related to the company;

c/ The public company shall report and disclose in an adequate, accurate and timely manner periodical and extraordinary information about its production, business, financial and corporate governance to shareholders and the public and other information that might affect prices of securities and decisions of shareholders and investors;

d/ Information to be disclosed and information disclosure methods must comply with this Law, and charter and information disclosure regulation of the company.

7. The Government shall detail this Article.

Chapter IV

SECURITIES TRADING MARKET

Article 42. Organization of a securities trading market

1. The Vietnam Stock Exchange and its subsidiary companies may organize a securities trading market for securities qualified for listing; securities of state enterprises and single-member limited liability companies with 100% of charter capital held by state enterprises transformed into joint-stock companies; securities of other enterprises unqualified for listing; securities of innovative startups; derivatives and other securities specified by the Government.

2. Institutions or individuals other than the Vietnam Stock Exchange and its subsidiary companies may not organize and operate a securities trading market.

Article 43. Organization and operation of the Vietnam Stock Exchange and its subsidiary companies

1. The Vietnam Stock Exchange is an enterprise established and operating in accordance with this Law and the Law on Enterprises with more than 50% of its charter capital or total voting shares held by the State.

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

3. The Vietnam Stock Exchange and its subsidiary companies are subject to management and supervision by the State Securities Commission.

Article 44. Organizational and managerial apparatus of the Vietnam Stock Exchange

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

2. The Chairperson of the Members' Council or Chairperson of the Board of Directors and General Director (Director) of the Vietnam Stock Exchange shall be approved or appointed and relieved from duty by the Minister of Finance

at the proposal of the Members' Council or Board of Directors of the Vietnam Stock Exchange and based on opinions of the Chairperson of the State Securities Commission.

3. Rights and tasks of the Members' Council or Board of Directors, General Director (Director), and Supervisory Board (supervisors) are provided by law and the charter of the Vietnam Stock Exchange.

Article 45. Charter of the Vietnam Stock Exchange

1. The charter of the Vietnam Stock Exchange shall be approved or issued, modified and supplemented by the Minister of Finance at the proposal of its Members' Council or Board of Directors and based on opinions of the Chairperson of the State Securities Commission.

2. The charter of the Vietnam Stock Exchange must have the following principal contents:

a/ Names and addresses of the head office, subsidiary companies and branches of the Vietnam Stock Exchange;

b/ Operation objectives and scope and services to be provided;

c/ Charter capital; methods of increasing or reducing its charter capital or transferring its capital;

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

dd/ Capital contribution portions or number of shares and value of capital contributions of its founding shareholders or capital contributing members or owners;

e/ At-law representative;

g/ Organizational and managerial apparatus;

h/ Rights and obligations of the Vietnam Stock Exchange;

i/ Rights and obligations of capital contributing members, owners or shareholders;

k/ Rights and obligations of the Members' Council or Board of Directors, General Director (Director) and Supervisory Board (supervisors);

l/ Mode of adoption of decisions of the Vietnam Stock Exchange;

m/ Mode of modification and supplementation of the charter;

n/ Applicable accounting and audit regime;

o/ Founding of funds and mechanism for use thereof; principles for use of profits and handling of losses, and other financial regimes;

p/ Principles for settlement of internal disputes.

Article 46. Rights and obligations of the Vietnam Stock Exchange

1. The Vietnam Stock Exchange has the following rights:

a/ To issue regulations on securities listing, securities trading, information disclosure, members of the Vietnam Stock Exchange, and other operations regulations related to the organization and operation of the securities trading market after such regulations are approved by the State Securities Commission;

b/ To organize and operate the securities trading market;

c/ To give cautions about, control or limit securities trading in accordance with law and its regulations;

d/ To suspend or stop trading in one type or several types of securities in case securities trading prices and volumes experience abnormal fluctuations, listed institutions and institutions with trading registration fail to take measures to remedy reasons for subjecting securities to caution, control or trading limitation or in case of necessity to protect lawful rights and interests of investors and ensure stability and safety of the securities market;

dd/ To approve, change or cancel securities listing or trading registration, and supervise listed institutions in the maintenance of conditions for securities listing;

e/ To approve or cancel the status of its members;

g/ To provide auction and bidding services; services on market information and information related to listed securities or securities registered for trading; services of developing technological infrastructure for the securities market and other related services as specified in its charter;

h/ To act as a conciliation intermediary at the request of its members when arises a dispute related to securities trading activities;

i/ To examine, and handle violations of its members, listed institutions and institutions with trading registration under its regulations;

k/ To request state management agencies to provide information about its members, listed institutions or institutions with trading registration to serve information disclosure in accordance with law;

l/ Other rights provided by law and its charter.

2. The Vietnam Stock Exchange has the following obligations:

a/ To ensure public, fair, orderly, safe and efficient securities trading activities on the securities market;

b/ To observe accounting, audit and statistical regimes, and fulfill financial, reporting and information disclosure obligations in accordance with law;

c/ To supervise securities trading activities and performance of obligations by its members, information disclosure by listed institutions, institutions with trading registration and investors subject to information disclosure specified in Article 118 of this Law;

d/ To issue criteria for trading supervision and indicators for reporting on trading supervision applicable to its members after obtaining approval of the State Securities Commission;

dd/ To report and propose to the State Securities Commission measures to respond to and remedy incidents, events and changes affecting the safety, stability and integrity of the securities trading market; report to the State Securities Commission on violations of investors, its members, listed institutions and institutions with trading registration;

e/ To participate in the dissemination of knowledge about securities and securities market to investors;

g/ To provide information to, and coordinate with, the Vietnam Securities Depository and Clearing Corporation in securities operations, and with competent agencies in investigation into, prevention and combat of, violations of the law on securities and securities market;

h/ Other obligations prescribed by law and its charter.

3. While performing their tasks or exercising their powers, staffs of the Vietnam Stock Exchange shall comply with the law on securities and securities market, professional code of ethics, regulations on information confidentiality, and other relevant regulations.

4. The Prime Minister shall, at the request of the Minister of Finance, decide on the organization, and assignment of exercise of rights and performance of obligations, of the Vietnam Stock Exchange and its subsidiary companies.

Article 47. Members of the Vietnam Stock Exchange

1. Members of the Vietnam Stock Exchange include:

a/ Trading members that are securities companies as admitted by the Vietnam Stock Exchange;

b/ Special trading members that are commercial banks, foreign bank branches and other institutions as admitted by the Vietnam Stock Exchange.

2. Members of the Vietnam Stock Exchange have the following rights:

a/ To use the securities trading systems and services provided by the Vietnam Stock Exchange and its subsidiary companies;

b/ To receive information about the securities trading market from the Vietnam Stock Exchange and its subsidiary companies;

c/ To request the Vietnam Stock Exchange to act as a conciliation intermediary for disputes related to their securities trading activities;

d/ To propose and recommend matters related to securities trading activities of the Vietnam Stock Exchange and its subsidiary companies;

dd/ Other rights provided by law and the regulations of the Vietnam Stock Exchange.

3. Members of the Vietnam Stock Exchange have the following obligations:

a/ To submit to supervision by the Vietnam Stock Exchange and its subsidiary companies of their securities trading and information disclosure activities under the regulations of the Vietnam Stock Exchange;

b/ To disclose information in accordance with law and the regulations of the Vietnam Stock Exchange;

c/ To assist other trading members at the request of the Vietnam Stock Exchange and its subsidiary companies when necessary;

d/ Other obligations prescribed by law and the regulations of the Vietnam Stock Exchange.

4. The Government shall prescribe conditions, dossiers, order and procedures for becoming members of the Vietnam Stock Exchange.

Article 48. Securities listing and trading registration

1. Publicly offered securities, stocks of public companies, closed-end fund certificates, exchange traded fund certificates, covered warrants, futures contracts and options approved by the State Securities Commission shall be listed or registered for trading in a securities trading system.

2. Debt instruments of the Government, Government-guaranteed bonds and municipal bonds shall be listed in a securities trading system at the request of issuing institutions or authorized issuing institutions as specified by law.

3. Issuing institutions that submit listing or trading registration dossiers shall take responsibility before law for the accuracy, truthfulness and completeness of their dossiers. Listing or trading registration consultants, audit firms, audit report signers, and any institutions or individuals certifying listing or trading registration dossiers shall take responsibility before law for issues related to such dossiers.

4. The Government shall specify types of securities subject to listing or trading registration; securities classification and listing conditions; dossiers and procedures for securities listing and trading registration; change or cancellation of securities listing and trading registration by Vietnamese and foreign issuing institutions; and overseas listing of securities by Vietnamese issuing institutions.

Article 49. Suspension, termination and resumption of trading activities of the Vietnam Stock Exchange and its subsidiary companies

1. The State Securities Commission shall suspend or terminate some or all of trading activities of the Vietnam Stock Exchange and its subsidiary companies in the following cases:

a/ When a war, natural catastrophe, great economic downturn, trading system breakdown or another *force majeure* event occurs, affecting normal trading activities of the securities trading market;

b/ When the securities trading market experiences an abnormal fluctuation or in case of necessity to protect lawful rights and interests of investors and ensure the stability, safety and integrity of the securities market.

2. The State Securities Commission shall resume some or all of trading activities of the Vietnam Stock Exchange and its subsidiary companies when the reasons for suspension or termination of some or all of trading activities of the Vietnam Stock Exchange and its subsidiary companies are addressed.

Article 50. Securities trading

1. The trading of listed securities and securities registered for trading shall be organized by the methods of concentrated order matching and agreement-based trading and other trading methods specified in the securities trading regulation of the Vietnamese Stock Exchange.

2. Listed securities and securities registered for trading may not be traded outside the securities trading system organized by the Vietnam Stock Exchange and its subsidiary companies, except non-trading transactions or other transactions that cannot be conducted via the securities trading system.

3. The organization of trading of new types of securities, application of new trading methods, and commissioning of a new trading system shall be approved by the State Securities Commission.

4. The Minister of Finance shall specify securities trading, securities trading supervision and cases of non-trading transactions and transactions that cannot be conducted via the securities trading systems.

5. The connection of securities trading with foreign stock exchanges shall be decided by the Prime Minister at the request of the Minister of Finance.

Article 51. Participation of foreign investors and foreign-invested economic institutions in Vietnam's securities market

1. When making investment and operating in Vietnam's securities market, foreign investors and foreign-invested economic institutions shall comply with regulations on foreign holding rate, and conditions, order and procedures for investment in accordance with the law on securities and securities market.

2. The Government shall specify the foreign holding rate, conditions, order and procedures for investment, and participation of foreign investors and foreign-invested economic institutions in Vietnam's securities market.

Chapter V

SECURITIES REGISTRATION, DEPOSITORY, CLEARING AND PAYMENT

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

1. The Vietnam Securities Depository and Clearing Corporation is an enterprise established and operating in accordance with this Law and the Law on Enterprises, of which the State holds over 50% of charter capital or total voting shares.

2. The Prime Minister shall, at the proposal of the Minister of Finance, decide on the establishment, dissolution, operation model, form of ownership, functions, rights and obligations of the Vietnam Securities Depository and Clearing Corporation.

3. The Vietnam Securities Depository and Clearing Corporation submits to the management and supervision by the State Securities Commission.

Article 53. Organizational and managerial structure of the Vietnam Securities Depository and Clearing Corporation

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

2. The Chairperson of the Members' Council or Board of Directors and General Director (Director) of the Vietnam Securities Depository and Clearing Corporation shall be approved or appointed and relieved from duty by the Minister of Finance at the proposal of the Members' Council or Board of Directors of the Corporation and based on opinions of the Chairperson of the State Securities Commission.

3. Rights and tasks of the Members' Council or Board of Directors, General Director (Director), and Supervisory Board (supervisors) of the Vietnam Securities Depository and Clearing Corporation must comply with law and its charter.

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

1. The Minister of Finance shall approve or issue, modify and supplement the charter of the Vietnam Securities Depository and Clearing Corporation at the proposal of the Members' Council or Board of Directors of the Corporation and based on opinions of the Chairperson of the State Securities Commission.

2. The charter of the Vietnam Securities Depository and Clearing Corporation must have the following principal contents:

a/ Names and addresses of the head office and branches of the Corporation;

b/ Objectives and scope of operation and services to be provided;

c/ Charter capital; methods of increasing and reducing charter capital or transferring capital;

d/ Names and addresses of and basic information about founding shareholders or capital-contributing members or owners;

dd/ Capital contributions portions or number of shares and value of capital contributions of founding shareholders or capital-contributing members or owners;

e/ At-law representative;

g/ Organizational and managerial structure;

h/ Rights and obligations of the Corporation;

i/ Rights and obligations of capital-contributing members, owners or shareholders;

k/ Rights and obligations of the Members' Council or Board of Directors, General Director (Director) and Supervisory Board (supervisors);

l/ Mode of adoption of decisions of the Corporation;

m/ Mode of modification and supplementation of the charter;

n/ Applicable accounting and audit regimes;

o/ Founding of funds and mechanism for use thereof; principles for use of profits and handling of losses, and other financial regimes;

p/ Principles for settlement of internal disputes.

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

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

a/ To issue regulations on securities registration, depository, clearing and payment and other regulations on operations after they are approved by the State Securities Commission;

b/ To provide securities registration, depository, clearing and payment services; to register security interests for securities already registered at the Corporation at the request of customers; to provide other services as prescribed in its charter;

c/ To issue domestic securities numbers and international securities identification numbers for securities registered at the Corporation;

d/ To approve, change and cancel securities registration at the Corporation;

dd/ To approve or cancel the status of its members; to suspend securities depository activities of depository members;

e/ To use funding sources as support for payment in case its members temporarily lose their solvency as prescribed by law;

g/ Other rights as provided by law and its charter.

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

a/ To ensure physical and technical foundations for securities registration, depository, clearing and payment;

b/ To implement accounting, audit and statistics regimes and fulfill its financial obligations; to make reports and disclose information in accordance with law;

c/ To supervise securities registration, depository, clearing and payment activities; to control the holding rate of foreign investors in accordance with the law on securities and securities market; to supervise its members in fulfilling their obligations;

d/ To develop a process of operation and risk management for each operation;

dd/ To take measures to protect databases and keep original documents on securities registration, depository, clearing and payment in accordance with the accounting and statistical laws;

e/ To provide information related to securities ownership by securities owners of public companies and issuing institutions at the request of such companies and institutions and competent agencies in accordance with law;

g/ To ensure confidentiality of information relating to customers' ownership; to refuse the freezing, retention and transfer of assets of, and extraction and reproduction of information about securities ownership by, customers without their consent, unless it is so requested by a competent agency or auditors who audit financial statements of the Corporation or its depository members in accordance with law;

h/ To coordinate with others in providing investors with knowledge about securities and securities market;

i/ To provide information to and coordinate with the Vietnam Stock Exchange in performing securities operations and with competent agencies in conducting investigation and preventing and combating violations of the law on securities and securities market;

k/ To manage assets of customers separately from its own assets; to separately manage assets of payment support funds, clearing funds and operations risk prevention funds in accordance with law;

l/ To pay compensations to customers in case its failure to perform obligations harms the lawful rights and interests of customers, except in *force majeure* events;

m/ To operate for the sake of securities depositors and securities owners;

n/ Other obligations as prescribed by law and its charter.

3. Staffs of the Vietnam Securities Depository and Clearing Corporation shall, while performing their tasks and exercising their powers, comply with the law on securities and securities market, code of professional ethics, regulations on information confidentiality, and relevant regulations.

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

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

a/ Depository members being securities companies, commercial banks and foreign bank branches that are granted by the State Securities Commission securities depository registration certificates and approved by the Vietnam Securities Depository and Clearing Corporation to become depository members;

b/ Clearing members being securities companies, commercial banks and foreign bank branches that are granted by the State Securities Commission certificates of eligibility to provide securities clearing and payment services and approved by the Vietnam Securities Depository and Clearing Corporation to become clearing members.

2. Depository members have the following rights:

a/ To provide securities depository and payment services to customers;

b/ Other rights as provided by law and regulations of the Vietnam Securities Depository and Clearing Corporation.

3. Depository members have the following obligations:

a/ The obligations specified at Points b, d, dd, g, h, i, l and m, Clause 2, Article 55 of this Law;

b/ To ensure physical and technical foundations for securities depository and payment activities;

c/ To make contributions to payment support funds in accordance with law;

d/ To manage assets of customers separately from their own assets; to accurately and promptly record information about assets, property rights and interests related to customers' assets given as deposits;

dd/ To maintain the conditions for registration of securities depository activities;

e/ To perform the reporting obligation and other obligations as prescribed by law and regulations of the Vietnam Securities Depository and Clearing Corporation.

4. Clearing members have the following rights:

a/ To conduct trading clearing and payment for derivatives and other securities. Clearing members being commercial banks or foreign bank branches may conduct clearing and payment for derivatives trading for themselves;

b/ To request investors to fully and promptly pay deposits for trading; to use investors' assets given as deposits for performing the deposit payment obligation with the Vietnam Securities Depository and Clearing Corporation;

c/ To close positions or liquidate compulsory open positions of investors; to use deposited assets of investors for fulfilling payment obligations with regard to open positions of investors in case investors lose their solvency;

d/ Other rights as provided by law and regulations of the Vietnam Securities Depository and Clearing Corporation.

5. Clearing members have the following obligations:

a/ To fully and promptly pay deposits to the Vietnam Securities Depository and Clearing Corporation; to make contributions to clearing funds and set aside operations risk prevention funds in accordance with law;

b/ To establish and maintain the internal control and risk management system in each operation; to separately manage assets and trading positions of investors;

c/ Other obligations as prescribed by law and regulations of the Vietnam Securities Depository and Clearing Corporation.

6. The Government shall prescribe in detail the provision of securities clearing and payment services of the Vietnam Securities Depository and Clearing Corporation and its members; and conditions, dossiers, order and procedures for entities to become members of the Vietnam Securities Depository and Clearing Corporation.

Article 57. Conditions for registration of securities depository activities

1. A commercial bank or foreign bank branch may register securities depository activities when fully satisfying the following conditions:

a/ Having a license for establishment and operation in Vietnam, which covers securities depository activities;

b/ Satisfying the requirement on capital adequacy ratio prescribed by the banking law, and having operated at a profit in the latest year;

c/ Having a location and equipment for securities depository and payment activities.

2. A securities company may register securities depository activities when it is licensed to carry out securities brokerage operation.

Article 58. Dossiers for registration of securities depository activities

1. A dossier for grant of a certificate of registration of securities depository activities of a commercial bank or foreign bank branch must comprise:

- a/ A request for registration of securities depository activities;
- b/ The bank's or branch's establishment and operation license;
- c/ A paper presenting physical and technical foundations for securities depository and payment activities;
- d/ A document proving the bank's or branch's satisfaction of the requirement on capital adequacy ratio as prescribed by the banking law;
- dd/ The audited financial statement of the latest year.

2. A dossier for grant of a certificate of registration of securities depository activities of a securities company must comprise the documents specified at Points a and c, Clause 1 of this Article.

Article 59. Time limits for grant of certificates of registration of securities depository activities

1. Within 15 days after receiving a complete and valid dossier, the State Securities Commission shall grant a certificate of registration of securities depository activities. In case of refusal to grant such certificate, it shall reply in writing, clearly stating the reason.

2. Within 12 months after being granted a certificate of registration of securities depository activities, a securities company, commercial bank or foreign bank branch shall carry out procedures for registration of a depository member at the Vietnam Securities Depository and Clearing Corporation and carry out securities depository activities.

Article 60. Suspension of securities depository activities and revocation of certificates of registration of securities depository activities

1. The Vietnam Securities Depository and Clearing Corporation shall suspend securities depository activities of a depository member for no more than 90 days in the following cases:

- a/ The depository member often breaches its obligations prescribed in this Law and regulations of the Corporation;

b/ The depository member makes errors causing serious damage to customers.

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

a/ It fails to remedy the breach or error prescribed in Clause 1 of this Article though the time limit for suspension of securities depository activities has expired;

b/ It fails to carry out securities depository activities within 12 months after being granted a certificate of registration of securities depository activities;

c/ Its establishment and operation license is revoked;

d/ Its existence terminates or its type of enterprise is transformed in accordance with the Law on Enterprises;

dd/ It voluntarily terminates securities depository activities after such termination is approved by the State Securities Commission;

e/ It fails to satisfy the conditions for registration of securities depository activities prescribed in Article 57 of this Law.

3. When having its certificate of registration of securities depository activities revoked, a depository member shall carry out procedures for liquidating its securities depository account under regulations of the Vietnam Securities Depository and Clearing Corporation.

Article 61. Securities registration

1. Securities of public companies and securities of other institutions listed and registered for trading in a securities trading system shall be registered at the Vietnam Securities Depository and Clearing Corporation.

2. Securities of other issuing institutions that authorize the Vietnam Securities Depository and Clearing Corporation to act as their transfer agents shall be registered at the Vietnam Securities Depository and Clearing Corporation.

3. Public companies and issuing institutions specified in Clauses 1 and 2 of this Article shall register information about themselves and their securities and securities owners with the Vietnam Securities Depository and Clearing Corporation.

4. The Vietnam Securities Depository and Clearing Corporation shall make and keep a register of securities owners for securities already registered at the Corporation.

5. The Vietnam Securities Depository and Clearing Corporation shall make lists of, calculate, and distribute rights to, securities owners in proportions announced by public companies or issuing institutions. Only persons named in the register of securities owners made in the last day of registration as announced by public companies or issuing institutions may enjoy the rights arising in relation to securities their own.

Article 62. Securities depository

1. Securities of public companies and securities of other institutions listed or registered for trading in a securities trading system shall be deposited at the Vietnam Securities Depository and Clearing Corporation before a transaction is conducted, except cases specified by the Minister of Finance.

2. The Vietnam Securities Depository and Clearing Corporation shall separately manage securities for each depository member.

3. The Vietnam Securities Depository and Clearing Corporation shall register security interests for securities already registered at the Corporation under the Government's regulations.

4. The Minister of Finance shall prescribe in detail securities depository activities, transfer of deposited securities for issuance of depository receipts, and listing of securities at foreign stock exchanges.

Article 63. Clearing and payment for securities transactions

1. Clearing and determination of the obligation to pay money and securities shall be carried out via the Vietnam Securities Depository and Clearing Corporation.

2. Securities payment shall be carried out in the system of depository accounts at the Vietnam Securities Depository and Clearing Corporation, while payment for securities transactions shall be carried out via payment banks and must comply with the principle of transfer of securities simultaneously with money payment.

3. The Minister of Finance shall prescribe measures to handle cases in which members of the Vietnam Securities Depository and Clearing Corporation temporarily lose their ability to pay for securities transactions.

Article 64. Establishment and transfer of ownership rights and other rights over securities

1. The establishment and transfer of ownership rights and other rights over securities already registered at the Vietnam Securities Depository and Clearing Corporation must comply with the law on securities and securities market.

2. For securities already registered at the Vietnam Securities Depository and Clearing Corporation, the transfer of their ownership comes into force on the date of making entries on securities depository accounts at the Corporation.

3. For the securities specified in Clause 1, Article 61 of this Law but not yet registered at the Vietnam Securities Depository and Clearing Corporation, the transfer of their ownership comes into force on the date of making entries in the register of securities owners managed by the Corporation.

Article 65. Protection of customers' assets

1. Securities and other assets of customers managed by the Vietnam Securities Depository and Clearing Corporation or its members, and deposits for payment for securities transactions of depository members at payment banks are assets of owners but not of the Corporation or its members or of payment banks.

2. The Vietnam Securities Depository and Clearing Corporation and its members, and payment banks may not use securities or other assets specified in Clause 1 of this Article to pay their liabilities.

Article 66. Payment support funds

1. Payment support funds shall be formed from contributions of depository members to make payment on behalf of these depository members in case these members temporarily lose their solvency.

2. The Vietnam Securities Depository and Clearing Corporation shall manage payment support funds separately from its assets.

3. The forms of making contributions and levels of contributions to, and methods of management and use of, payment support funds must comply with the Minister of Finance's regulations.

Article 67. Clearing funds

1. Clearing funds shall be formed from contributions of clearing members for the purpose of paying compensations for damage and completing securities transactions under the names of clearing members in case these members or investors lose solvency.

2. The Vietnam Securities Depository and Clearing Corporation shall manage clearing funds separately from its assets.

3. The forms of making contributions and levels of contributions to, and methods of management and use of, clearing funds must comply with the Minister of Finance's regulations.

Article 68. Suspension, termination or resumption of securities registration, depository, clearing and payment activities of the Vietnam Securities Depository and Clearing Corporation

1. The State Securities Commission shall suspend, or terminate part or the whole of, securities registration, depository, clearing and payment activities of the Vietnam Securities Depository and Clearing Corporation in the following cases:

a/ A war, a natural catastrophe, an economic downturn, an incident in the securities registration, depository, clearing and payment system, or another *force majeure* event occurs, affecting the Corporation's securities registration, depository, clearing and payment activities;

b/ In case of necessity to protect lawful rights and interests of investors and ensure the stability and safety of the securities registration, depository, clearing and payment system.

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

Article 69. Payment banks

1. Payment banks include the State Bank of Vietnam and commercial banks that provide money payment services for securities transactions in securities trading systems.

2. A commercial bank may be selected by the State Securities Commission to act as a payment bank when satisfying the following conditions:

a/ Having a license for establishment and operation in Vietnam as required by law;

b/ Having a charter capital of over VND 10 trillion;

c/ Having operated at a profit for the latest 2 years;

d/ Satisfying the requirement on capital adequacy ratio as prescribed by the banking law;

dd/ Having physical and technical foundations for making payment for transactions, which are connected to the system of the Vietnam Securities Depository and Clearing Corporation;

e/ Having payment and clearing systems connected to those of the State Bank of Vietnam;

g/ Having physical and technical foundations for storage of data and information about trading payment for at least 10 years, which enable the provision of data and information to the State Securities Commission or Vietnam Securities Depository and Clearing Corporation within 48 hours after receiving a request.

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

a/ To organize payment for securities trading activities in securities trading systems separately from other payment activities of its own in accordance with the law on securities and securities market;

b/ To observe the reporting obligation and other obligations as prescribed by law;

c/ To maintain the conditions prescribed in Clause 2 of this Article, if it is a commercial bank.

4. The Government shall prescribe dossiers, order and procedures for registration to act as payment banks.

Chapter VI

SECURITIES COMPANIES, SECURITIES INVESTMENT FUND MANAGEMENT COMPANIES

Section 1

ESTABLISHMENT AND SECURITIES BUSINESS LICENSES

Article 70. Competence to grant, re-grant, modify and revoke establishment and securities business licenses

The State Securities Commission is competent to grant, re-grant, modify and revoke establishment and securities business licenses for securities companies, securities investment fund management companies, and Vietnam-based branches of foreign securities companies or fund management companies.

Article 71. Enterprise registration, business registration

1. After being granted an establishment and securities business license, a securities company or securities investment fund management company shall make enterprise registration in accordance with the Law on Enterprises, while a Vietnam-based branch of a foreign securities company or fund management company shall make business registration at a business registration office.

2. Securities companies and securities investment fund management companies may be organized as limited liability companies or joint-stock companies in accordance with the Law on Enterprises.

3. The Government shall detail this Article.

Article 72. Business operations of securities companies

1. Securities companies may be licensed to carry out one, several or all of the following business operations:

- a/ Securities brokerage;
- b/ Securities dealing;
- c/ Securities issuance underwriting;
- d/ Securities investment consultancy.

2. Securities companies may be licensed to carry out securities dealing operation only when being licensed to carry out securities brokerage operation.

3. Securities companies may be licensed to carry out securities issuance underwriting operation only when being licensed to carry out securities dealing operation.

Article 73. Business operations of securities investment fund management companies

1. Securities investment fund management companies may carry out the following business operations:

- a/ Securities investment fund management;
- b/ Securities investment portfolio management;
- c/ Securities investment consultancy.

2. The business operations specified in Clause 1 of this Article shall be included in establishment and securities business licenses of securities investment fund management companies.

Article 74. Conditions for grant of establishment and securities business licenses for securities companies

1. Capital-related conditions: Contributions to charter capital of a securities company shall be made in Vietnam dong; the minimum charter capital for each business operation of a Vietnam-based securities company must comply with the Government's regulations.

2. Conditions concerning shareholders or capital-contributing members:

a/ Individual shareholders or capital-contributing members do not fall into cases of being not allowed to establish and manage enterprises in Vietnam as specified by the Law on Enterprises;

b/ Institutional shareholders or capital-contributing members have the legal person status and lawfully operate; have operated at a profit for 2 years preceding the year of application for a license; and have the latest annual financial statement audited with unqualified opinions;

c/ Shareholders or capital-contributing members own at least 10% of charter capital of 1 securities company and their affiliated persons (if any) only own up to 5% of charter capital of another securities company;

d/ Shareholders or capital-contributing members being foreign investors satisfy the conditions prescribed in Article 77 of this Law.

3. Conditions concerning structure of shareholders or capital-contributing members:

a/ Having at least 2 institutional founding shareholders or capital-contributing members. In case a securities company is organized as a single-member limited liability company, its owner must be an insurance business or a commercial bank or a foreign institution that satisfies the conditions prescribed in Clause 2, Article 77 of this Law;

b/ The total ratio of capital contributions by institutions must account for at least 65% of charter capital, with those being insurance businesses and commercial banks owning at least 30% of charter capital.

4. Conditions concerning physical foundations:

a/ Having a working office for securities business activities;

b/ Having sufficient physical and technical foundations, devices, office equipment and technological systems suitable to securities business activities.

5. Personnel-related conditions:

Having the Director General (Director), at least 3 staff members with securities practice certificates relevant to the securities business operations

requested to be licensed, and at least 1 compliance controller. The Director General (Director) must satisfy the following criteria:

a/ Not being examined for penal liability or serving an imprisonment sentence or being banned from securities practice as prescribed by law;

b/ Having at least 2 years' working experience in an operations division of an institution in the field of finance, securities, banking or insurance, or in the finance, accounting or investment division in another enterprise;

c/ Possessing a financial analysis practice certificate or fund management practice certificate;

d/ Not being administratively sanctioned in the field of securities and securities market within 6 months before the date of dossier submission.

A Deputy Director General (Deputy Director) in charge of certain operations, if any, must satisfy the criteria specified at Points a, b and d of this Clause and possess a securities practice certificate suitable to the operations he/she is in charge of.

6. A draft charter as prescribed in Clause 1, Article 80 of this Law.

Article 75. Conditions for grant of establishment and securities business licenses for securities investment fund management companies

1. Capital-related conditions: Contributions to charter capital of a securities investment fund management company shall be made in Vietnam dong; the minimum charter capital required for grant of an establishment and securities business license for a securities investment fund management company in Vietnam must comply with the Government's regulations.

2. Conditions concerning shareholders or capital-contributing members:

a/ Shareholders or capital-contributing members must satisfy the conditions prescribed at Points a and b, Clause 2, Article 74 of this Law;

b/ Shareholders or capital-contributing members being foreign investors must satisfy the conditions prescribed in Article 77 of this Law;

c/ Shareholders or capital-contributing members own at least 10% of charter capital of 1 securities investment fund management company and their affiliated persons (if any) own up to 5% of charter capital of another investment fund management company.

3. Conditions concerning the structure of shareholders or capital-contributing members:

a/ Having at least 2 institutional founding shareholders or capital-contributing members. In case a securities investment fund management company is organized as a single-member limited liability company, its owner must be a commercial bank or an insurance business or a securities company or a foreign institution that satisfies the conditions prescribed in Clause 2, Article 77 of this Law;

b/ The total ratio of capital contributions by institutions must account for at least 65% of charter capital, with those being commercial banks, insurance businesses and securities companies owning at least 30% of charter capital.

4. Conditions concerning physical foundations:

a/ Having a working office for securities business activities;

b/ Having sufficient physical and technical foundations, devices, office equipment and technological systems suitable to securities business activities.

5. Personnel-related conditions:

Having the Director General (Director), at least 5 employees with fund management practice certificates, and at least 1 compliance controller. The Director General (Director) must satisfy the following criteria:

a/ Not being examined for penal liability or serving an imprisonment sentence or being banned from securities practice as prescribed by law;

b/ Having at least 4 years' working experience in an operations division of an institution in the field of finance, securities, banking or insurance, or in the finance, accounting or investment division in another enterprise;

c/ Possessing a fund management practice certificate or the equivalent as prescribed by the Government;

d/ Not being administratively sanctioned in the field of securities and securities market within 6 months preceding the time of dossier submission.

A Deputy Director General (Deputy Director) in charge of certain operations, if any, must satisfy the criteria specified at Points a, b and d of this Clause and possess a securities practice certificate suitable to the operations he/she is in charge of.

6. A draft charter as prescribed in Clause 1, Article 80 of this Law.

Article 76. Conditions for grant of establishment and securities business licenses for Vietnam-based branches of foreign securities companies or fund management companies

1. A foreign securities company may establish a Vietnam-based branch when satisfying the following conditions:

a/ The conditions prescribed in Clause 2, Article 77 of this Law, and having not yet established or contributed capital to a Vietnam-based securities company or securities investment fund management company with over 49% of charter capital owned by a foreign securities company;

b/ Capital to be allocated to the branch satisfies the condition prescribed in Clause 1, Article 74 of this Law;

c/ Satisfying the conditions concerning physical foundations and personnel prescribed in Clauses 4 and 5, Article 74 of this Law.

2. A foreign fund management company may establish a Vietnam-based branch when satisfying the following conditions:

a/ Being licensed for public fund management by the country of origin's authority in charge of management and supervision in the field of securities and being approved for establishment of a Vietnam-based branch;

b/ The country of origin's licensing authority and Vietnam's State Securities Commission have signed a bilateral or multilateral cooperation agreement on information exchange, management, inspection and supervision of securities and securities market activities; the remaining operation period (if any) is at least 5 years;

c/ Being other than a shareholder or capital-contributing member or, together with an affiliated person, owning directly or through authorization or investment entrustment over 5% of charter capital of 1 securities investment fund management company in Vietnam;

d/ Capital to be allocated to the branch satisfies the condition prescribed in Clause 1, Article 75 of this Law;

dd/ Satisfying the conditions concerning physical foundations and personnel prescribed in Clauses 4 and 5, Article 75 of this Law;

e/ Satisfying the condition prescribed at Point c, Clause 2, Article 77 of this Law.

3. A foreign securities company or fund management company may establish only 1 Vietnam-based branch.

Article 77. Foreign investors' holding rate in securities companies or securities investment fund management companies

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

a/ Institutional foreign investors satisfying the conditions prescribed in Clause 2 of this Article and affiliated persons may own up to 100% of charter capital of a securities company or securities investment fund management company; otherwise, they may only own up to 49% of charter capital of a securities company or securities investment fund management company;

b/ Individual foreign investors and affiliated persons may own up to 49% of charter capital of a securities company or securities investment fund management company;

c/ They must comply with Point c, Clause 2, Article 74 and Point c, Clause 2, Article 75 of this Law.

2. A foreign institution that wishes to contribute capital to establish, or purchase shares or capital contributions in order to own 100% of charter capital of, a securities company or securities investment fund management company must satisfy the following conditions:

a/ Being licensed to operate and having operated in the field of banking, securities or insurance for at least 2 consecutive years preceding the year it contributes capital or purchase shares or capital contributions;

b/ The country of origin's licensing authority and Vietnam's State Securities Commission have signed a bilateral or multilateral cooperation agreement on information exchange, management, inspection or supervision of securities and securities market activities;

c/ Having operated at a profit for 2 years preceding the year it contributes capital or purchases shares or capital contributions, and having its latest annual financial statement audited with unqualified opinions.

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

Article 78. Representative offices of foreign securities companies or fund management companies

1. A foreign securities company or fund management company may establish a Vietnam-based representative office when satisfying the following conditions:

a/ Being licensed to operate and lawfully operating in the country of origin;

b/ The country of origin's licensing authority and Vietnam's State Securities Commission have signed a bilateral or multilateral cooperation agreement on information exchange, management, inspection or supervision of securities and securities market activities, or the company is managing funds that currently make investment in Vietnam; its remaining operation period (if any) is at least 1 year.

2. The scope of operation of a representative office of a foreign securities company or fund management company covers one, several or all of the following activities:

a/ Acting as a liaison office and conducting market surveys;

b/ Promoting the formulation of cooperation projects in the field of securities and securities market in Vietnam;

c/ Promoting and supervising the performance of contracts or agreements signed between the company with Vietnamese economic institutions;

d/ Promoting and supervising the implementation of projects funded by the company in Vietnam.

3. A Vietnam-based representative office of a foreign securities company or fund management company may not carry out securities business activities.

4. The State Securities Commission shall grant operation registration certificates for, and manage and supervise the operation of, Vietnam-based representative offices of foreign securities companies or fund management companies.

Article 79. Dossiers and procedures for grant, re-grant, modification and revocation of establishment and securities business licenses and operation registration certificates

1. The Government shall prescribe dossiers and procedures for grant, re-grant, modification and revocation of establishment and securities business licenses of securities companies, securities investment fund management companies, and Vietnam-based branches of foreign securities companies or fund management companies, and operation registration certificates of Vietnam-based representative offices of foreign securities companies or fund management companies.

2. Within 30 days after receiving a complete and valid dossier, the State Securities Commission shall grant or refuse to grant an establishment and securities business license or operation registration certificate; in case of refusal

to grant such license or certificate, the State Securities Commission shall reply in writing, clearly stating the reason.

Article 80. Charter of securities companies or securities investment fund management companies

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

2. A securities company or securities investment fund management company shall post its charter in full on its official website.

Article 81. Contents of establishment and securities business licenses

1. An establishment and securities business license of a securities company or securities investment fund management company must have the following contents:

a/ Name of the company;

b/ Head office address;

c/ Business operations;

d/ Charter capital;

dd/ At-law representative.

2. An establishment and securities business license of a Vietnam-based branch of a foreign securities company or fund management company must have the following contents:

a/ Name, address and business operations of the branch;

b/ Name of the parent company;

c/ Head office address of the parent company;

d/ Capital allocated to the branch;

dd/ Director of the branch.

3. Before being made, a change in contents of an establishment and securities business license specified in Clauses 1 and 2 of this Article shall be approved by the State Securities Commission.

4. Within 10 days after the State Securities Commission approves a change mentioned in Clause 3 of this Article, a securities company, securities investment fund management company, or a Vietnam-based branch of a foreign securities company or fund management company shall register and notify such change to the business registration office in accordance with the law on enterprises.

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

1. The name of a securities company or securities investment fund management company must comply with the Law on Enterprises and Clauses 2 and 3 of this Article.

2. The name of a securities company must have the components in the following order:

- a/ Type of enterprise;
- b/ The word “securities”;
- c/ Proper name.

3. The name of a securities investment fund management company must have the components in the following order:

- a/ Type of enterprise;
- b/ The phrase “fund management”;
- c/ Proper name.

4. An institution other than a securities company or securities investment fund management company may not use the word “securities” or the phrase “fund management” in its name; may not use other phrases or terms in its name which are likely to make customers be confused that such institution is a securities company or securities investment fund management company.

Article 83. Disclosure of operation information

Securities companies, securities investment fund management companies, and Vietnam-based branches and representative offices of foreign securities companies or fund management companies shall disclose operation information in the information disclosure media of the State Securities Commission and on 1 online or printed newspaper for 3 consecutive issues at least 30 days before the expected date of official commencement of operation. Such information includes:

- 1. Establishment and securities business license or operation registration certificate, granted by the State Securities Commission;
- 2. Date of official commencement of operation.

Article 84. Date of official commencement of operation

1. Securities companies, securities investment fund management companies, and Vietnam-based branches and representative offices of foreign

securities companies or fund management companies shall officially commence their operation within 12 months after being licensed.

2. Securities companies, securities investment fund management companies and Vietnam-based branches of foreign securities companies or fund management companies may not carry out securities business activities before the date of official commencement of operation.

3. A securities company or securities investment fund management company may officially commence its operation after:

a/ It makes enterprise registration under Article 71 of this Law;

b/ It develops operation, risk management and internal control processes;

c/ Its charter is approved by the Shareholders' General Meeting, Members' Council or owner(s).

4. A Vietnam-based branch of a foreign securities company or fund management company may officially commence its operation after satisfying the conditions prescribed at Points a and b, Clause 3 of this Article.

5. Licensed securities companies, securities investment fund management companies and Vietnam-based branches of foreign securities companies or fund management companies shall notify the State Securities Commission of their satisfaction of the conditions prescribed in Clauses 3 and 4 of this Article at least 15 days before the date of official commencement of operation. The State Securities Commission shall suspend the official operation when a securities company, securities investment fund management company or Vietnam-based branch of a foreign securities company or fund management company fails to satisfy the conditions prescribed in Clauses 3 and 4 of this Article.

Section 2

OPERATION OF SECURITIES COMPANIES AND SECURITIES INVESTMENT FUND MANAGEMENT COMPANIES

Article 85. Maintenance of conditions for grant of establishment and securities business licenses

1. The maintenance of the conditions for grant of establishment and securities business licenses is prescribed as follows:

a/ Securities companies must maintain and satisfy the conditions for grant of licenses prescribed in Clause 1, at Points c and d, Clause 2, and in Clauses 4 and 5, Article 74 of this Law;

b/ Vietnam-based branches of foreign securities companies must maintain and satisfy the conditions for grant of licenses prescribed at Points b and c, Clause 1, Article 76 of this Law;

c/ Securities investment fund management companies must maintain and satisfy the conditions for grant of licenses prescribed in Clause 1, at Points b and c, Clause 2, and in Clauses 4 and 5, Article 75 of this Law;

d/ Vietnam-based branches of foreign fund management companies must maintain and satisfy the conditions for grant of licenses prescribed at Points c, d and dd, Clause 2, Article 76 of this Law.

2. Within 30 days after detecting the failure to satisfy the conditions prescribed in Clause 1 of this Article or detecting that equity is lower than the required minimum charter capital, the Board of Directors, Members' Council or owner of a securities company, securities investment fund management company or Vietnam-based branch of a foreign securities company or fund management company shall approve a remediation plan and report it to the State Securities Commission. The time limit for implementing the remediation plan is 6 months, regarding conditions on equity, or 3 months, regarding other conditions, from the date of detection.

3. Pending the implementation of a remediation plan, a securities company, securities investment fund management company or Vietnam-based branch of a foreign securities company or fund management company shall apply the following measures to limit its operation:

a/ The securities company may not expand its business operations; is not entitled to division of profits; and may not redeem its stocks, except redemption of stocks of employees under regulations on issuance of stocks to employees or due to correction of trading errors;

b/ The securities investment fund management company may not add securities business operations; is not entitled to division of profits; may not raise capital for establishing funds or securities investment companies; may not increase charter capital for closed-end funds, member funds or securities investment funds they manage; may not sign new investment management contracts, extend the term of contracts for or receive additional investment capital from existing entrustment customers; and may not establish branches or representative offices or make offshore investment;

e/ The Vietnam-based branch of a foreign securities company or fund management company may not remit its profits abroad.

Article 86. Operation of securities companies, securities investment fund management companies and Vietnam-based branches and representative offices of foreign securities companies or fund management companies

1. A securities company licensed to carry out securities brokerage operation may provide the following services:

a/ Being entrusted to manage securities trading accounts of individual investors; distributing securities or acting as securities distribution agents; managing securities trading accounts; and providing the service of managing the list of securities owners for other enterprises;

b/ Providing online securities trading services; providing, or coordinating with credit institutions in providing, the service of lending money to customers to buy securities or providing securities lending services; providing, or coordinating with credit institutions in providing, the service of making advance payment for securities sold; performing securities depository, clearing and payment; and providing services in the derivatives market.

2. A securities company licensed to carry out securities dealing operation may trade in securities on securities dealing accounts and invest in, contribute as capital, issue and offer financial products.

3. A securities company licensed to carry out securities issuance underwriting operation may provide consultancy on securities offering dossiers and performance of procedures before the offering of securities; act as securities depository, payment and transfer agents; provide consultancy on the restructuring, consolidation, merger, reorganization and purchase and sale of enterprises; provide consultancy on corporate governance and strategy; provide consultancy on securities offering, listing and trading registration; and provide consultancy on equitization of enterprises.

4. A securities company licensed to carry out securities investment consultancy operation may sign contracts on provision of services for customers under Clause 32, Article 4 of this Law.

5. In addition to the services specified in Clauses 1 thru 4 of this Article, a securities company may provide other financial services in accordance with law only after report them in writing to the State Securities Commission. The State Securities Commission may suspend or terminate the provision of other financial services by a securities company if such provision contravenes law or causes risks to the securities market system.

6. A securities investment fund management company may mobilize contributions to and manage foreign investment funds that aim to make

investment in Vietnam, manage voluntary pension schemes in accordance with relevant laws, and provide online securities trading services.

7. Vietnam-based branches of foreign securities companies may only carry out securities investment consultancy operation. Vietnam-based branches of foreign fund management companies may only provide asset management services for capital raised overseas.

8. The Minister of Finance shall prescribe in detail operation of securities companies and securities investment fund management companies and their branches and representative offices, and Vietnam-based branches and representative offices of foreign securities companies or fund management companies; services to be provided, and suspension or termination of the provision of other financial services by securities companies as specified in Clauses 1 thru 5 of this Article.

Article 87. Activities requiring approval of the State Securities Commission

1. A securities company or securities investment fund management company shall get a written approval of the State Securities Commission before:

a/ Suspending its operation, except the case of operation suspension due to a *force majeure* event;

b/ Offering and listing its securities abroad;

c/ Making indirect offshore investment;

d/ Establishing or closing its branches or representative offices at home or abroad; establishing its subsidiary companies abroad; changing business operations of branches; establishing or closing transaction bureaus;

dd/ Changing names or locations of its branches, representative offices or transaction bureaus;

e/ Providing services specified at Point b, Clause 1, Article 86 of this Law.

2. Before suspending its operation under Point a, Clause 1 of this Article, a Vietnam-based branch of a foreign securities company or fund management company shall get a written approval of the State Securities Commission.

3. The Government shall prescribe in detail conditions, dossiers, order and procedures for approval of the activities specified in this Article.

Article 88. Management of assets of customers

1. Assets of customers received and managed by securities companies, including securities trading deposits, securities deposited or kept at securities

companies, and related rights, are assets under the ownership of customers but not assets of securities companies.

2. Assets of customers entrusted on depository accounts of securities investment fund management companies are assets under the ownership of entrusting customers but not assets of the securities investment fund management companies.

3. In case a securities company or securities investment fund management company is dissolved or falls bankrupt, assets of customers shall be returned to such customers after deducting their liabilities toward the company.

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

Article 89. Obligations of securities companies and Vietnam-based branches or foreign securities companies

1. To establish their systems for internal control, risk administration, and supervision and prevention of conflicts of interests within the companies and in transactions with affiliated persons.

2. To ensure that employees of operation divisions have securities practice certificates relevant to operations they carry out.

3. To manage assets of every customer separately, and manage assets of customers separately from their own assets.

4. To sign written contracts with customers for providing services to the latter; to provide sufficient and truthful information for customers.

5. To execute orders of customers prior to their orders.

6. To collect information about financial status, investment objectives and risk acceptability of customers; to ensure that their investment recommendations and consultancy suit financial status, investment objectives and risk acceptability of every customer, unless customers fail to provide information or provide insufficient and inaccurate information.

7. To update and keep all files of information about customers and documents, and report transactions of customers and securities companies in a detailed and accurate manner.

8. To implement accounting, audit and statistics regulations and fulfill financial obligations in accordance with law.

9. To disclose information and make prompt, full and accurate reports in accordance with law.

10. To build backup information technology systems and databases to ensure safe and uninterrupted operation.

11. To supervise securities transactions under regulations of the Minister of Finance.

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

Article 90. Obligations of securities investment fund management companies and Vietnam-based branches of foreign fund management companies

1. To fulfill the obligations prescribed in Clauses 1, 2, 4 thru 10, and 12, Article 89 of this Law.

2. To manage securities investment funds and securities investment portfolios in accordance with this Law, charters of securities investment funds, contracts signed with investment entrustment customers and contracts signed with supervisory banks.

3. To determine the value of net assets of securities investment funds under Article 106 of this Law, charters of securities investment funds, and contracts signed with investment entrustment customers.

4. When managing entrusted assets, securities investment fund management companies shall deposit the whole entrusted assets while adhering to the principle of managing assets of every entrustment customer independently and separately and separately from their own assets.

Article 91. Restrictions on securities companies, securities investment fund management companies and Vietnam-based branches of foreign securities companies and fund management companies

1. To refrain from providing customers with assumptions about or guarantees for incomes or profits they will receive from their investments, or from guaranteeing that customers will not suffer losses, except the case of investment in securities with fixed incomes.

2. To refrain from disclosing information about customers, unless such disclosure is consented to by the customers or requested by a competent agency.

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

4. Founding shareholders or capital-contributing members of securities companies or securities investment fund management companies may not transfer their stocks or capital contributions within 3 years after being licensed, except the case of transfer among themselves.

5. To carry out business operations and provide securities services in their own names; to refrain from using names of other institutions or individuals or permitting the latter to use their own names in securities trading or providing securities services.

6. A securities company may not contribute capital to establish, or purchase shares or capital contributions of another securities company in Vietnam, unless:

a/ It purchases shares or capital contributions for the purpose of consolidation or merger;

b/ It purchases shares or capital contributions in order to own by itself or together with affiliated persons (if any) to own no more than 5% of outstanding voting stocks of a securities company listed or registered for trading.

7. A securities investment fund management company may not contribute capital to establish, or purchase shares or capital contributions of another investment fund management company in Vietnam, unless:

a/ It purchases shares or capital contributions for the purpose of consolidation or merger;

b/ It purchases shares or capital contributions in order to own by itself or together with affiliated persons (if any) to own no more than 5% of outstanding voting stocks of a securities investment fund management company listed or registered for trading.

Article 92. Financial safety

1. Securities companies, securities investment fund management companies and Vietnam-based branches of foreign securities companies and fund management companies must ensure financial safety indicators.

2. The Minister of Finance shall prescribe in detail financial safety indicators and measures to handle securities companies, securities investment fund management companies and Vietnam-based branches of foreign securities companies and fund management companies that fail to ensure financial safety indicators.

The State Securities Commission shall put institutions that fail to ensure financial safety indicators under warnings, control or special control and apply measures to handle such institutions.

Section 3

REORGANIZATION, SUSPENSION, AND REVOCATION OF ESTABLISHMENT AND SECURITIES BUSINESS LICENSES

Article 93. Reorganization of securities companies and securities investment fund management companies

1. Before being carried out, the reorganization of securities companies or securities investment fund management companies shall be approved by the State Securities Commission. Within 30 days after receiving a complete and valid dossier, the State Securities Commission shall approve the reorganization of a securities company or securities investment fund management company. In case of refusal, the State Securities Commission shall issue a written reply, clearly stating the reason.

2. After obtaining the State Securities Commission's approval under Clause 1 of this Article, a securities company or securities investment fund management company shall carry out the reorganization in accordance with the Law on Enterprises and adhere to the following principles:

a/ The reorganization must not affect the lawful rights and interests of customers and the company must ensure continuous, uninterrupted and safe transactions;

b/ The securities company or securities investment fund management company formed after the reorganization shall take over rights and obligations of securities companies and securities investment fund management companies engaged in the reorganization under law;

c/ The company shall fully perform the obligation to disclose information to customers.

3. The Government shall prescribe conditions, dossiers, order and procedures for approval of the reorganization of securities companies and securities investment fund management companies.

4. The companies formed after the reorganization shall carry out procedures for application for, or modification of, establishment and securities business licenses in accordance with this Law.

Article 94. Suspension from operation of securities companies, securities investment fund management companies, or Vietnam-based branches of foreign securities companies or fund management companies

1. The State Securities Commission shall decide on suspension from operation of one, several or all of business activities of a securities company,

securities investment fund management company, or a Vietnam-based branch of a foreign securities company or fund management company in the following cases:

a/ A dossier of application for, or modification of, an establishment and securities business license contains untruthful information;

b/ The company or branch fails to resolve the problem specified in Article 92 of this Law;

c/ The company or branch operates for improper purposes or in contravention of its license;

d/ The company or branch fails to maintain the conditions specified in Clause 1, Article 85 of this Law or the condition requiring that its equity is not lower than the minimum charter capital after the time limit for remediation specified in Clause 2, Article 85 of this Law.

2. Six months after the suspension decision takes effect, the State Securities Commission shall issue a decision on withdrawal of the suspended securities trading operations if the securities company fails to redress the reasons for the suspension as specified at Point b or d, Clause 1 of this Article.

3. During the operation suspension period, securities companies, securities investment fund management companies, and Vietnam-based branches of foreign securities companies or fund management companies shall take the following remedial measures or operation restriction measures:

a/ Not to sign new or extend contracts concerning the suspended securities business operations; to liquidate accounts and transfer accounts at customers' request (if any);

b/ To adopt a remediation plan and report on the implementation of such plan at the request of the State Securities Commission;

c/ In case its securities dealing operation is suspended, a securities company may only sell securities but not increase its business investments unless it is forced to buy securities to correct trading errors, carry out odd-lot transactions or exercise the rights relating to its securities being held in accordance with law.

Article 95. Revocation of establishment and securities business licenses of securities companies, securities investment fund management companies, or Vietnam-based branches of foreign securities companies or fund management companies

1. A securities company, securities investment fund management company, or Vietnam-based branch of a foreign securities company or fund management

company will have its establishment and securities business license revoked in the following cases:

a/ It fails to commence its official operation within 12 months after being granted the license; it fails to resume its operation after the expiration of the operation suspension period approved by the State Securities Commission; or it fails to carry out fund management operations for 2 consecutive years;

b/ It makes a written request for withdrawal of the license;

c/ A securities company has all of its securities business operations withdrawn under Clause 2, Article 94 of this Law; a securities investment fund management company, or a Vietnam-based branch of a foreign securities company or fund management company fails to redress the reasons for its operation suspension mentioned at Point b or d, Clause 1, Article 94 of this Law within 6 months after the date of suspension;

d/ It fails to remediate the violation specified at Point a or c, Clause 1, Article 94 of this Law within 60 days after the date of its operation suspension;

dd/ It dissolves or goes bankrupt, or is consolidated, divided or merged.

2. For the case of revocation of the license specified at Point c or d, Clause 1 of this Article, the State Securities Commission may designate another securities company or securities investment fund management company to complete transactions and contracts of the company whose license is revoked. In this case, the relation of proxy is automatically established between the two companies.

3. Upon the revocation of its license, a securities company, securities investment fund management company, or Vietnam-based branch of a foreign securities company or fund management company shall:

a/ Terminate all operations stated in such license and publish a notice on 1 online newspaper or printed newspaper for 3 consecutive issues;

b/ Make final settlement of customers' assets received and managed by a securities company or assets of entrusting customers on depository accounts of a securities investment fund management company;

c/ Notify the State Securities Commission of the completion of the final settlement of customers' assets.

4. The State Securities Commission shall disclose information about the revocation of licenses and notify such to business registration offices for the latter to revoke enterprise registration certificates or business registration certificates.

Article 96. Dissolution or bankruptcy of securities companies, securities investment fund management companies, and Vietnam-based branches of foreign securities companies and fund management companies

1. The dissolution of securities companies, securities investment fund management companies, and Vietnam-based branches of foreign securities companies and fund management companies must comply with this Law and the Law on Enterprises.

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

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

Section 4

SECURITIES PRACTICE

Article 97. Securities practice certificates

1. Securities practice certificates include:

a/ Securities brokerage practice certificates;

b/ Financial analysis practice certificates;

c/ Fund management practice certificates.

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

a/ Having full civil act capacity; neither being examined for penal liability nor being banned from securities practice prescribed by law;

b/ Possessing a university or higher degree;

c/ Having professional qualifications in securities;

d/ Having passed the test for grant of the securities practice certificate he/she has applied for. For foreigners who possess certificates of professional qualifications in securities or persons who lawfully practice securities activities in foreign countries, they must pass the test of Vietnam's law on securities and securities market.

3. A securities practitioner will have his/her securities practice certificate revoked in the following cases:

a/ He/she no longer satisfies the conditions for grant of a securities practice certificate specified in Clause 2 of this Article;

b/ He/she violates Article 12; or Clause 2, Article 98, of this Law;

c/ He/she has not practiced securities activities for 3 consecutive years.

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

5. The Government shall prescribe in detail conditions, dossiers, order and procedures for grant, re-grant and revocation of securities practice certificates and the management and monitoring of securities practitioners.

Article 98. Responsibilities of securities practitioners

1. A securities practice certificate holder may only practice securities activities as a representative of a securities company, securities investment fund management company, or Vietnam-based branch of a foreign securities company or fund management company.

2. A securities practitioner may not:

a/ Concurrently work for 2 or more securities companies, securities investment fund management companies, or Vietnam-based branches of foreign securities companies or fund management companies;

b/ Open or manage securities trading accounts at the securities company where he/she is not working unless the securities company where he/she is working has no securities brokerage operation;

c/ Commit acts beyond the scope of authorization of a securities company, securities investment fund management company, Vietnam-based branch of a foreign securities company or fund management company, and the securities investment company where he/she is working.

3. Securities practitioners shall attend training courses on the law on securities and securities market, securities trading systems and new types of securities, which are organized by the State Securities Commission, Vietnam Stock Exchange and its subsidiary companies and Vietnam Securities Depository and Clearing Corporation.

4. Securities companies, securities investment fund management companies, Vietnam-based branches of foreign securities companies and foreign fund management companies, and securities investment companies shall take responsibility for operations of securities practitioners.

Chapter VII
SECURITIES INVESTMENT FUNDS, SECURITIES INVESTMENT
COMPANIES AND SUPERVISORY BANKS

Section 1

GENERAL PROVISIONS ON SECURITIES INVESTMENT FUNDS

Article 99. Types of securities investment funds

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

Article 100. Formation and organization of operation of securities investment funds

1. The formation of public funds and public offering of fund certificates shall be conducted by securities investment fund management companies in accordance with Article 108 of this Law and registered with the State Securities Commission.

2. The formation of member funds shall be conducted by securities investment fund management companies in accordance with Article 113 of this Law and reported to the State Securities Commission.

3. The Government shall prescribe in detail conditions, dossiers, order and procedures for offering, formation, reorganization and dissolution of securities investment funds prescribed in Articles 99 and 114 of this Law.

4. The operation of the types of funds specified in Articles 99 and 114 of this Law must comply with the Minister of Finance's regulations and other relevant regulations.

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

1. Investors have the following rights:

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

b/ To enjoy benefits and assets lawfully divided from the liquidation of assets of securities investment funds;

c/ To request securities investment fund management companies to redeem open-end fund certificates;

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

dd/ To exercise their rights through the investors' general meetings;

e/ To transfer fund certificates according to charters of securities investment funds;

g/ To exercise other rights prescribed in law and charters of securities investment funds.

2. Investors have the following obligations:

a/ To abide by decisions of the investors' general meetings;

b/ To fully pay for the purchase of fund certificates;

c/ To perform other obligations prescribed in law and charters of securities investment funds.

Article 102. Investors' general meetings of securities investment funds

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

2. The investors' general meeting of a securities investment fund has the following rights and obligations:

a/ To elect, relieve from duty or remove from office the chairperson and members of the fund's Board of Trustees;

b/ To decide on remunerations and operation expenditures for the fund's Board of Trustees;

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

d/ To decide on modification and/or supplementation of the fund's charter;

dd/ To divide, split, consolidate, merge or dissolve the fund; to change the charter capital or operation duration of the fund;

e/ To request the securities investment fund management company or supervisory bank to present books or transaction documents at the investors' general meeting;

g/ To approve annual reports on financial status, assets and operation of the fund; to approve the selection of accredited audit firms to audit annual financial statements of the fund, or independent valuation organizations (if any);

h/ To handle violations committed by the securities investment fund management company, supervisory bank and the fund's Board of Trustees that causes damage to the fund;

i/ To exercise other rights and perform other obligations prescribed in law and the fund's charter.

3. The investors' general meeting of securities investment funds shall be convened annually or extraordinarily.

4. The Minister of Finance shall prescribe the convention of, and modes of holding of and decision approval at, investors' general meetings of securities investment funds.

Article 103. Charters of securities investment funds

1. The charter of a securities investment fund shall be drafted by the securities investment fund management company and adopted by the investors' general meeting of the securities investment fund.

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

a/ Names of the securities investment fund and securities investment fund management company and supervisory bank;

b/ Date of formation of the fund;

c/ Operation objectives, investment domains and operation duration of the fund;

d/ Contributed capital and provisions on change of the charter capital of the fund;

dd/ Rights and obligations of the securities investment fund management company and supervisory bank; cases of change of the securities investment fund management company or supervisory bank; provisions on authorization for the securities investment fund management company to sign supervision contracts with the supervisory bank;

e/ Provisions on the fund's Board of Trustees and investors' general meeting;

g/ Investment restrictions of the fund;

h/ Provisions on registration of ownership of fund certificates and archive of the fund's register of investors;

i/ Provisions on selection of a supervisory bank; selection and change of accredited audit firms;

k/ Provisions on transfer, issuance and redemption of open-end fund certificates; provisions on listing of closed-end fund certificates;

l/ Expenses and incomes of the fund; charge rates and bonus levels applicable to the securities investment fund management company and supervisory bank; cases and methods of dividing the fund's incomes to investors;

m/ Methods of determining the net asset value of the fund and that of each fund certificate;

n/ Provisions on settlement of conflicts of interest;

o/ Provisions on reporting regime;

p/ Provisions on dissolution of the fund;

q/ Commitments of the supervisory bank and securities investment fund management company to fulfill their obligations toward the securities investment fund and investors, and to abide by the charter of the securities investment fund;

r/ Mode of modifying and supplementing the charter of the fund.

3. The Minister of Finance shall issue 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 duration stated in the fund's charter expires;

b/ The investors' general meeting decides to dissolve the fund before the expiration of the operation duration stated in its charter.

c/ The securities investment fund management company has its establishment and securities business license revoked, or is dissolved or goes bankrupt while the securities investment fund's Board of Trustees fails to set up another securities investment fund management company in replacement within 2 months after the date of license revocation or company dissolution or bankruptcy;

d/ The supervisory bank has its securities depository registration certificate revoked, or is dissolved or goes bankrupt or a supervision contract between the supervisory bank and the securities investment fund management company is

terminated while the securities investment fund management company fails to set up another supervisory bank in replacement within 2 months after the date of certificate revocation, bank dissolution or bankruptcy or contract termination;

dd/ The net asset value of the fund falls below VND 10 billion for 6 consecutive months;

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

2. At least 3 months before the planned date of dissolution specified at Point a or b, Clause 1 of this Article or within 30 days after a securities investment fund falls into the case of dissolution specified at Point c, d, dd or e, Clause 1 of this Article, the securities investment fund management company or supervisory bank and the securities investment fund's Board of Trustees shall convene the investors' general meeting of the securities investment fund to adopt the plan on dissolution of the fund.

3. The securities investment fund management company and supervisory bank shall complete the liquidation of the fund's assets and divide the assets to the investors under the plan approved by the investors' general meeting of the fund.

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

a/ To fulfill financial obligations toward the State;

b/ To pay amounts payable to the securities investment fund management company and supervisory bank and other payables;

c/ To pay the remaining amounts to investors in proportion to their capital contributions to the fund.

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

Article 105. Consolidation and merger of securities investment funds

A securities investment fund may be consolidated or merged with another fund of the same type under the decision of the investors' general meeting of the securities investment fund. The number of members of a member fund formed after the consolidation or merger must not exceed 99.

Article 106. Determination of net asset value of securities investment funds

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

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

a/ For securities listed or registered for trading, their prices are the closing price or the average price of the trading day preceding the date of valuation;

b/ For assets being the securities specified at Point a of this Clause without being traded for more than 15 days counting to the date of valuation or for assets other than the securities specified at Point a of this Clause, the determination of their value shall be based on the procedures and method of asset valuation stated in the charter of the securities investment fund. The procedures and method of valuation shall be certified by the supervisory bank and approved by the Board of Trustees or investors' general meeting of the securities investment fund. Parties engaged in the asset valuation must be independent from the securities investment fund management company and supervisory bank or depository bank;

c/ Monetary assets including dividends, coupon payments and interests shall be calculated based on their book values at the time of valuation.

3. The net asset value of a securities investment fund shall be periodically publicized according to Clause 1, Article 124 of this Law.

Article 107. Reports on securities investment funds

Securities investment fund management companies shall periodically or extraordinarily report to the State Securities Commission on investment portfolios, investment activities and financial status of securities investment funds.

Section 2

PUBLIC FUNDS AND MEMBER FUNDS

Article 108. Mobilization of capital for formation of public funds

1. Capital of a public fund shall be mobilized by the securities investment fund management company within 90 days after the effective date of a certificate of public offering of fund certificates. A public fund shall be formed when:

a/ At least 100 investors, excluding professional securities investors, buy fund certificates, except exchange traded funds;

b/ The total value of sold fund certificates reaches at least VND 50 billion.

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

3. When the public fund's capital mobilization fails to satisfy the conditions specified in Clause 1 of this Article, the securities investment fund management company shall refund all contributed amounts to investors within 15 days after the completion of the capital mobilization. The securities investment fund management company shall bear all expenses and fulfill other financial obligations arising from the capital mobilization.

Article 109. Boards of Trustees of public funds

1. The Board of Trustees of a public fund shall represent the interests of investors and be elected by the investors' general meeting of a securities investment fund. The rights and obligations of the public fund's Board of Trustees shall be provided in the charter of the securities investment fund.

2. Decisions of the public fund's Board of Trustees shall be adopted by voting at its meetings, with opinions thereon collected in written form or by other modes prescribed in the charter of the securities investment fund. Each member of the public fund's Board of Trustees has one vote.

3. The public fund's Board of Trustees consists of between 3 and 11 members, of which at least two-thirds are independent members who are not affiliated persons of the securities investment fund management company and supervisory bank.

4. The term of office, criteria, number, appointment, relief from duty, removal from office and addition of members of a public fund's Board of Trustees, chairperson of the public fund's Board of Trustees, conditions and modes of meeting and adoption of decisions of the public fund's Board of Trustees shall be provided in the charter of the securities investment fund.

Article 110. Restrictions on public funds

1. The securities investment fund management company may not use the capital and assets of a public fund for:

a/ Investing in fund certificates of such public fund;

b/ Investing in securities of an issuing institution with an amount exceeding 10% of the total value of outstanding securities of such institution, excluding government bonds;

c/ Investing an amount exceeding 20% of the fund's total asset value in outstanding securities of 1 issuing institution, excluding government bonds;

d/ Investing an amount exceeding 10% of the total asset value of a closed-end fund in real estate unless it is a real estate investment fund; investing capital of an open-end fund in real estate;

dd/ Investing an amount exceeding 30% of the total asset value of the public fund in companies of the same group which have ownership interrelations, such as parent and subsidiary companies; companies owning more than 35% of shares or capital contributions of one another; and a group of subsidiary companies of the same parent company;

e/ Providing loans or guarantees for loans;

g/ Other restrictions of investment in other securities investment funds and for each specific type of fund as provided in the Minister of Finance's regulations.

2. The securities investment fund management company may not borrow loans to finance activities of a public fund, except short-term loans prescribed in the banking law to pay necessary expenses of the public fund or pay investors for transactions of fund certificates. The total value of short-term loans of the public fund must not exceed 5% of its net asset value at any time and the maximum loan term is 30 days.

3. The investment structure of a public fund may only fall beyond the investment restrictions specified at Points b, c, d, dd and g, Clause 1 of this Article only for the following causes:

a/ Fluctuations in the market prices of assets on the investment portfolio of the fund;

b/ Making payments of the fund in accordance with law;

c/ Consolidation or merger of issuing institutions;

d/ The fund has just been licensed to be formed or the fund, as a result of division, consolidation or merger, has operated for no more than 6 months after obtaining the fund formation registration certificate;

dd/ The fund is undergoing dissolution.

4. The securities investment fund management company shall report to the State Securities Commission and disclose information on the excess of the investment restrictions specified in Clause 1 of this Article. Within 3 months after the occurrence of the excess of investment restrictions, the securities investment fund management company shall readjust the investment portfolio to the investment restrictions specified in Clause 1 of this Article.

Article 111. Open-end funds

1. The securities investment fund management company shall, on behalf of an open-end fund, redeem from investors or additionally issue open-end fund certificates within the fund's paid-in capital based on the frequency and time specified in the charter of the securities investment fund.

2. The securities investment fund management company is not required to redeem open-end fund certificates on behalf of an open-end fund when:

a/ It is unable to redeem open-end fund certificates due to a *force majeure* event;

b/ It is unable to determine the net asset value of the open-end fund on the date of fixing redemption prices of open-end fund certificates due to a decision on termination of trading in the securities in the fund's portfolio; or,

c/ Due to another event as specified by the charter of the securities investment fund.

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

Article 112. Closed-end funds

1. The increase in a closed-end fund's capital shall be approved by the State Securities Commission and must satisfy the following conditions:

a/ The charter of the securities investment fund provides for the increase of its capital;

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

c/ The securities investment fund management company has not been administratively sanctioned in securities and securities market activities for 2 years up to the time of request for capital increase;

d/ The plan on additional issuance of closed-end fund certificates is adopted by the investors' general meeting.

2. Closed-end fund certificates may only be issued to the fund's existing investors through selling the right to buy transferrable closed-end fund certificates. If the fund's existing investors do not fully purchase the right to buy transferrable closed-end fund certificates, such certificates shall be sold to outside investors.

3. The change in the operation duration of a closed-end fund shall be approved by the State Securities Commission and must satisfy the following conditions:

a/ The change has been approved by the investors' general meeting;

b/ In case of extending the operation duration of the fund, the fund's net asset value in the valuation period preceding the time of submission of a dossier of request for extension of the operation duration must be at least VND 50 billion.

Article 113. Formation of member funds

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

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

a/ The fund's contributed capital is at least VND 50 billion;

b/ There are between 2 and 99 capital-contributing members being professional securities investors;

c/ The fund is managed by a securities investment fund management company;

d/ The fund's assets are deposited at 1 depository bank independent from the securities investment fund management company.

Section 3

SECURITIES INVESTMENT COMPANIES

Article 114. Securities investment companies

1. A securities investment company means a securities investment fund organized in the form of a joint-stock company to invest in securities. Securities investment companies include private securities investment companies and public securities investment companies.

2. The State Securities Commission shall grant establishment and operation licenses to securities investment companies. After obtaining the establishment and operation license from the State Securities Commission, a securities investment company shall carry out enterprise registration in accordance with the Law on Enterprises.

Article 115. Establishment and operation of securities investment companies

1. Conditions for a securities investment company to be granted an establishment and operation license:

a/ It has a capital of at least VND 50 billion;

b/ Its General Director (Director) and staff working in the operations divisions possess securities practice certificates in case the securities investment company manages its investment capital by itself.

2. Public securities investment companies must comply with the following regulations:

a/ The investment restrictions specified in Article 110 of this Law;

b/ The provisions on asset valuation and reporting regime in Articles 106 and 107 of this Law;

c/ The obligations of public companies specified at Points a, b and c, Clause 1, and Clause 2, Article 34 of this Law;

d/ The company's assets shall be deposited at 1 supervisory bank.

Section 4

SUPERVISORY BANKS

Article 116. Supervisory banks

1. A supervisory bank means a commercial bank having a certificate of registration of securities depository activities granted by the State Securities Commission and providing depository services and supervising the management of public funds and securities investment companies.

2. Supervisory banks shall supervise activities of securities investment fund management companies which are related to public funds and securities investment companies to which the banks provide supervision services. Supervisory banks have the following obligations:

a/ To perform the obligations specified in Clause 3, Article 56 of this Law;

b/ To keep in depository assets of public funds and securities investment companies; to manage assets of public funds or securities investment companies separately from their own assets.

c/ To carry out supervision to ensure that securities investment fund management companies managing public funds, and that General Directors (Directors) of securities investment companies managing assets of securities investment companies comply with this Law and the charters of securities investment funds or securities investment companies;

d/ To conduct collection, payment, settlement and asset transfer activities related to operation of public funds or securities investment companies at lawful requests of securities investment fund management companies or General Directors (Directors) of securities investment companies;

dd/ To certify reports made by securities investment fund management companies or securities investment companies which are related to public funds or securities investment companies;

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

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

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

i/ To perform other obligations specified in law and charters of securities investment funds or securities investment companies.

Article 117. Restrictions on supervisory banks

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

2. Supervisory banks, members of Boards of Directors, executive officers and staff members of supervisory banks tasked to supervise the operation and preserve assets of public funds or securities investment companies may not be partners in transactions of buying or selling assets of public funds or securities investment companies.

Chapter VIII

INFORMATION DISCLOSURE

Article 118. Subjects obliged to disclose information

1. Subjects obliged to disclose information include:

a/ Public companies;

b/ Institutions issuing corporate bonds to the public;

c/ Institutions listing corporate bonds;

d/ Securities companies, securities investment fund management companies, and Vietnam-based branches of foreign securities companies or fund management companies;

dd/ The Vietnam Stock Exchange and its subsidiary companies, and the Vietnam Securities Depository and Clearing Corporation;

e/ Majority shareholders and groups of affiliated persons owning at least 5% of voting stocks of a public company; investors and groups of affiliated persons owning at least 5% of fund certificates of a closed-end fund;

g/ Public companies or public securities investment companies' founding shareholders who are restricted from transferring their shares during the lock-up period;

h/ Insiders of public companies, and insiders of public funds or public securities investment companies specified in Clause 45, Article 4 of this Law and their affiliated persons;

i/ A group of affiliated foreign investors owning at least 5% of voting stocks of an issuing institution or at least 5% of fund certificates of a closed-end fund;

k/ Other subjects as specified by the Minister of Finance.

2. The Minister of Finance shall stipulate in detail information disclosure by each subject specified at Clause 1 of this Article.

3. Information disclosure by a public company being a credit institution placed under special control shall be carried out at the request of the State Bank of Vietnam to ensure safety of the system of credit institutions.

Article 119. Principles of information disclosure

1. Information disclosure shall be carried out in an adequate, accurate and timely manner.

2. Subjects obliged to disclose information shall take responsibility before law for disclosed information contents. In case of change in any content of disclosed information, a subject obliged to disclose information shall promptly and adequately disclose the changed content and state the reason for such change.

3. When disclosing information, the subjects specified in Article 118 of this Law shall concurrently report on disclosed information contents to the State Securities Commission and the institution where securities are listed or registered for trading.

4. Disclosure of information about an institution shall be carried out by its at-law representative or an authorized person. Disclosure of information about a person shall be carried out by himself/herself or his/her authorized institution or person.

5. Subjects obliged to disclose information shall preserve and store disclosed information and report such information in accordance with law.

Article 120. Disclosure of information by public companies

1. A public company shall disclose periodical information about one or several of the following contents:

a/ Annual financial statements audited, and biannual financial statements examined, by accredited audit firms, and quarterly financial statements;

b/ Annual reports;

c/ Reports on company governance;

d/ Resolutions of annual Shareholders' General Meetings;

dd/ Other information as prescribed by law.

2. A public company shall disclose extraordinary information upon occurrence of any of the following events:

a/ Its account at a bank or foreign bank branch is frozen when a competent agency so requests, or an institutional payment service provider detects signs of a

fraud or violation related to the payment account; or its bank account is permitted to resume after the freezing period in the cases specified at this Point;

b/ Its business operation is suspended; there is a change in its business registration contents; its business registration certificate is revoked; its establishment and operation license or operation license is modified, supplemented, suspended or revoked;

c/ A decision of its extraordinary Shareholders' General Meeting is adopted in accordance with law;

d/ There is a decision on redemption of its stocks; or on the date of exercise of the right to buy shares by call warrant-linked bond owners or the date of conversion of convertible bonds into stocks, or a decision related to the offering or issuance of securities;

dd/ There is a decision on reorganization or dissolution of the company; on a medium-term development strategy or plan or annual business plan of the company; on establishment or dissolution of one of its subsidiary companies or associate companies, or a transaction making a company become or no longer be a subsidiary or an associate company; or on establishment or shutdown of one of its branches or representative offices;

e/ There is a decision on change in accounting period or applied accounting policies; retrospective adjustment of a financial statement; opinions other than unqualified opinions of an audit firm on a financial statement; or selection or change of an audit firm;

g/ One of its insiders is changed or appointed;

h/ There is a decision to purchase or sell an asset, or to conduct a transaction valued at over 15 % of total assets of the company recorded in the latest audited annual financial statement or the latest examined biannual financial statement;

i/ There is a decision on sanctioning of a violation of the tax law, or a legally effective court judgment or ruling on its operation; or a court's notice of acceptance of the company's petition for bankruptcy proceedings;

k/ There is a decision on institution of a criminal case against the company and/or its insiders;

l/ Its listing has been approved or cancelled at a foreign stock exchange;

m/ Other events as specified by the Minister of Finance.

3. A public company shall disclose information at the request of the State Securities Commission, and Vietnam Stock Exchange and its subsidiary companies when:

- a/ An event occurs severely affecting the lawful interests of investors; or,
- b/ There is information related to the company which greatly impacts securities prices and needs to be verified.

Article 121. Disclosure of information by institutions issuing corporate bonds to the public

1. An institution issuing corporate bonds to the public shall disclose periodical information about:

- a/ Annual financial statements audited by accredited audit firms;
- b/ Annual reports;
- c/ Resolutions of annual Shareholders' General Meetings, for an issuing institution being a joint-stock company;
- d/ Audited report on use of capital raised through the offering;
- dd/ Other information as prescribed by law.

2. Institutions issuing corporate bonds to the public shall disclose extraordinary information upon occurrence of one of the events specified in Clause 2, Article 120 of this Law.

3. Institutions issuing corporate bonds to the public shall disclose information upon request under Clause 3, Article 120 of this Law.

Article 122. Disclosure of information by institutions listing corporate bonds

1. Institutions listing corporate bonds that are public companies shall disclose information under Article 120 of this Law.

2. Institutions listing corporate bonds other than those specified in Clause 1 of this Article shall disclose information as follows:

- a/ To periodically disclose annual financial statements audited by accredited audit firms and annual reports;
- b/ To disclose extraordinary information under Clause 2, Article 120 of this Law;
- c/ To disclose information upon request under Clause 3, Article 120 of this Law.

Article 123. Disclosure of information by securities companies, securities investment fund management companies, and Vietnam-based branches of foreign securities companies or fund management companies

A securities company, securities investment fund management company, or Vietnam-based branch of a foreign securities company or fund management company shall disclose periodical information about:

a/ Annual financial statements audited, and biannual financial statements examined, by accredited audit firms and quarterly financial statements;

b/ Reports on prudential ratios as of June 30 examined or as of December 31 audited by accredited audit firms;

c/ Annual reports;

d/ Reports on company governance;

dd/ Resolutions of annual Shareholders' General Meetings, for securities companies and securities investment fund management companies being joint-stock companies;

e/ Other information as required by law.

2. A securities company, securities investment fund management company, or Vietnam-based branch of a foreign securities company or fund management company shall disclose extraordinary information under Clause 2, Article 120 of this Law and upon occurrence of one of the following events:

a/ There is a decision of the State Securities Commission on sanctioning of administrative violations in the field of securities and securities market for the company or branch or one of its securities practitioners; its General Director (Director) or Deputy General Director (Deputy Director) is deprived of the right to use securities practice certificate for a definite time or has securities practice certificate revoked;

b/ There is a decision of the State Securities Commission to place the company under warning, control or special control, or to remove it from being placed under warning, control or special control; to terminate or suspend its operation, or lift the termination or suspension of its operation;

c/ The State Securities Commission approves the establishment or shutdown of its Vietnam- or foreign-based branch, transaction bureau or representative office, or its offshore indirect investment.

3. A securities company shall disclose at its head office, branches and transaction bureaus contents relevant to methods of trading, placing orders and

paying deposits for trading, time of payment, trading charge, services provided and a list of its securities practitioners. In case of providing margin trading service, a securities company shall notify conditions for providing such service, including margin ratio, lending interest, lending term, method of issuing additional margin calls, and a list of securities eligible for margin trading.

4. When requested by the State Securities Commission, or Vietnam Stock Exchange and its subsidiary companies, a securities company, securities investment fund management company, or Vietnam-based branch of a foreign securities company or fund management company shall disclose information about the company or branch which severely affects lawful rights and interests of investors.

Article 124. Disclosure of information about public funds

1. A securities investment fund management company shall disclose the following periodical information about a public fund:

- a/ Annual financial statements audited, and biannual financial statements examined, by accredited audit firms and quarterly financial statements;
- b/ Reports on changes in net assets value;
- c/ Reports on investment activities;
- d/ Reports on review of fund management activities.

2. A securities investment fund management company shall disclose extraordinary information about a public fund upon occurrence of one of the following events:

- a/ A decision of the Investors' General Meeting is adopted;
- b/ There is a decision on change of charter capital of the closed-end fund;
- c/ The certificate of public offering of public fund certificates is revoked;
- d/ A public offering of public fund certificates is terminated or cancelled; a public offering of the public fund is unsuccessful;
- dd/ The charter or prospectus is revised;
- e/ An insider of the public fund is changed or appointed; there is a decision on institution of a criminal case against an insider of the public fund;
- g/ There is a decision on consolidation, merger, division, splitting, dissolution, change of operation duration, or liquidation of assets of the public fund;
- h/ Other events as specified by the Minister of Finance.

3. When requested by the State Securities Commission, or Vietnam Stock Exchange and its subsidiary companies, a securities investment fund management company shall disclose information about a public fund upon occurrence of one of the following events:

a/ There is related information affecting the offering or prices of public fund certificates;

b/ There is an abnormal fluctuation of price or trading volume of public fund certificates.

Article 125. Disclosure of information about public securities investment companies

1. A securities investment fund management company shall disclose the following periodical information about a public securities investment company:

a/ The contents specified at Points a, b and c, Clause 1, Article 124 of this Law;

b/ Reports on review of management of the public securities investment company;

c/ Resolutions of annual Shareholders' General Meetings.

2. A securities investment fund management company shall disclose extraordinary information about a public securities investment company upon occurrence of one of the following events:

a/ The public securities investment company's public offering of stocks is terminated or cancelled;

b/ The public securities investment company's stock trading is suspended;

c/ The events specified at Points a, c, e and m, Clause 2, Article 120 and Points dd, e and g, Clause 2, Article 124 of this Law.

3. When requested by the State Securities Commission, or Vietnam Stock Exchange and its subsidiary companies, a securities investment fund management company shall disclose information about a public securities investment company under Clause 3, Article 120 of this Law.

Article 126. Disclosure of information by the Vietnam Stock Exchange and its subsidiary companies and Vietnam Securities Depository and Clearing Corporation

1. The Vietnam Stock Exchange of Vietnam and its subsidiary companies shall disclose the following information:

a/ Information about the organization and operation itself and its subsidiary companies;

b/ Information about institutions whose securities are listed or registered for trading; information about members of the Vietnam Stock Exchange and its subsidiary companies;

c/ Information about securities trading;

d/ Other information as specified by the Minister of Finance.

2. The Vietnam Securities Depository and Clearing Corporation shall disclose the following information:

a/ Information about its organization and operation;

b/ Information about management and supervision of its members;

c/ Information about securities registration and depository activities;

d/ Other information as specified by the Minister of Finance.

Article 127. Disclosure of information by majority shareholders and groups of affiliated persons owning at least 5% of voting stocks of a public company; investors and groups of affiliated persons owning at least 5% of fund certificates of a closed-end fund; and groups of affiliated foreign investors owning at least 5% of voting stocks of an issuing organization or at least 5% of fund certificates of a closed-end fund

1. An institution or individual, a group of affiliated persons or a group of affiliated foreign investors shall disclose information when it/he/she becomes or is no longer a majority shareholder of a public company or public securities investment company.

2. An institution or individual, a group of affiliated persons or a group of affiliated foreign investors being a majority shareholder shall disclose information when there is a change in the number of its/his/her own stocks exceeding 1% of voting stocks of a public company or public securities investment company.

3. Clauses 1 and 2 of this Article are not applicable to the following cases:

a/ The voting stock holding rate changes due to redemption or additional issuance of stocks by a public company;

b/ An exchange-traded fund conducts exchange transactions;

c/ Other cases as specified by law.

4. An investor, affiliated person or a group of affiliated foreign investors shall disclose information when he/she/it holds at least 5% of fund certificates of a closed-end fund or when his/her/its holding rate no longer reaches such level;

5. An investor, a group of affiliated persons or a group of affiliated foreign investors holding at least 5% of fund certificates of a closed-end fund shall disclose information when there is a change in the holding rate exceeding 1% of fund certificates of the closed-end fund.

Article 128. Disclosure of information by insiders and their affiliated persons

1. Insiders of public companies, public securities investment companies and public funds and their affiliated persons shall disclose information before and after they conduct transactions or when there are changes in the ownership of stocks, the right to buy stocks or convertible bonds, the right to buy convertible bonds or fund certificates, or the right to buy fund certificates or covered warrants based on securities of public companies, public securities investment companies, and public funds.

2. Clause 1 of this Article is not applicable to cases where exchange-traded funds conduct exchange transactions or the value of trading securities does not reach the minimum value subject to information disclosure and other cases as specified by law.

Chapter IX

INSPECTION, HANDLING OF VIOLATIONS, SETTLEMENT OF DISPUTES AND PAYMENT OF DAMAGES

Article 129. Securities inspectorate

1. The securities inspectorate is a specialized inspectorate in the field of securities and securities market.

2. The securities inspectorate is composed of the chief inspector, deputy chief inspectors and inspectors.

3. The securities inspectorate shall be directed by the Chairperson of the State Securities Commission, provided with professional guidance by the Ministry of Finance's Inspectorate, and operate in accordance with the inspection law and this Law.

4. The securities inspectorate has the following tasks and powers:

a/ To inspect and examine the compliance with the law on securities and securities market;

b/ To sanction administrative violations according to its competence or propose the Chairperson of the State Securities Commission to decide on sanctioning of administrative violations in accordance with law on handling of administrative violations;

c/ To coordinate with related agencies and units in preventing, detecting and handling violations of the law on securities and securities market;

d/ To perform other tasks and exercise other powers as provided by law.

Article 130. Tasks and powers of the State Securities Commission regarding inspection, examination, and handling of violations of the law on securities and securities market

1. Regarding inspection, examination, and handling of violations of the law on securities and securities market, in addition to the tasks and powers provided by the inspection law, law on handling of administrative violations and other relevant laws, the State Securities Commission has the following tasks and powers:

a/ To request agencies, organizations or individuals possessing information, documents or data related to inspection and examination contents to provide such information, documents or data; or to request related organizations or individuals to explain or come to provide information about inspection and examination contents;

b/ To request credit institutions or foreign bank branches to provide information related to transactions on accounts of their customers in case there are signs of commission of prohibited acts specified in Article 12 of this Law. The order and procedures for requesting and providing such information must comply with the banking law;

c/ To request telecommunications enterprises to provide names, addresses, outgoing calls, incoming calls and calling time for verification of information and handling of prohibited acts specified in Article 12 of this Law. The order and procedures for requesting and providing such information must comply with the law on telecommunications.

2. Requests for provision by agencies, organizations or individuals of information, documents or data, or for their explanation about or in-person provision of information under in Clause 1 of this Article shall be approved in writing by the Chairperson of the State Securities Commission, clearly stating the purpose, basis, content and scope of such requests.

3. Information, documents and data provided by credit institutions, foreign bank branches and telecommunications enterprises under Clause 1 of this Article shall be kept confidential in accordance with law and may only be used for inspection, examination, and handling of violations committed by related organizations and individuals.

4. When supervising, detecting and handling cross-border violations related to Vietnam's securities market, the State Securities Commission shall coordinate with foreign securities market surveillance authorities in inspecting, investigating, verifying, collecting and sharing information.

Article 131. Coordination among agencies, organizations and individuals in inspecting, examining, and handling violations of the law on securities and securities market

1. Agencies, organizations and individuals shall provide information, documents and data, explain and come to provide information at the request of the State Securities Commission under Point a, Clause 1, Article 130 of this Law.

2. Credit institutions, foreign bank branches and telecommunications enterprises shall provide information at the request of the State Securities Commission under Points b and c, Clause 1, Article 130 of this Law.

3. Business registration offices shall provide information about enterprise registration or business registration of public companies, securities companies, securities investment fund management companies, Vietnam-based branches of foreign securities companies and fund management companies, and related enterprises and other information at the request of the State Securities Commission.

4. Tax offices shall provide information about public companies regarding tax registration, invalidation of tax identification numbers, restoration of tax identification numbers, termination of operation, suspension of business activities for a definite time, failure to operate at registered addresses, and results of handling of violations of the tax laws, decisions on forcible payment of tax arrears, and other information at the request of the State Securities Commission.

5. Agencies, organizations and individuals shall, within the ambit of their tasks and powers, sufficiently and promptly provide information, documents and data kept and managed by them to the State Securities Commission when requested. Agencies, organizations or individuals may refuse to provide information, documents and data if there are grounds to believe that requests are made in contravention of Article 130 of this Law, or requested information, documents and data are irrelevant to inspected or examined subjects or subjects

showing signs of committing violations. If unable to provide information, documents and data, agencies, organizations or individuals shall notify such in writing to the State Securities Commission, clearly stating reasons.

Article 132. Handling of violations

1. Organizations and individuals that violate this Law and other laws regarding securities and securities market activities shall, depending on nature and severity of their violations, be administratively sanctioned or examined for penal liability. If causing damage, they shall pay compensation in accordance with law.

2. The sanctioning of administrative violations must comply with this Law and the law on handling of administrative violations.

3. The maximum fine equal to 10 times the unlawful earning from the violation shall be imposed as a sanction against a violation specified in Clause 2 or 3, Article 12 of this Law. In case there is no unlawful earning or the fine level calculated based on an unlawful earning is lower than the maximum fine specified in Clause 4 of this Article, such maximum fine shall be imposed. The Minister of Finance shall specify the method of calculating unlawful earnings from violations of the law on securities and securities market.

4. The maximum fine to be imposed as an administrative sanction against other violations in the field of securities is VND 3 billion.

5. The maximum fine mentioned in Clauses 3 and 4 of this Article shall be imposed on institutions; the maximum fine to be imposed on an individual is equal to half of that to be imposed on an institution for the same violation.

6. The Chairperson of the State Securities Commission, the chief inspector and heads of securities inspection teams may sanction securities-related administrative violations.

7. The Government shall provide sanctioning competence, level and form for each act of securities-related administrative violation.

Article 133. Settlement of disputes and payment of damages

1. In cases lawful rights and interests of institutions or individuals in securities and securities market activities are infringed upon, or disputes arise in securities and securities market activities in Vietnam, the protection of such lawful rights and interests or settlement of such disputes may be carried out through negotiation or conciliation, or brought to Vietnam's arbitration or court for settlement in accordance with law.

2. Persons or entities that infringe upon lawful rights and interests of institutions or individuals in securities and securities market activities and causing damage shall pay compensations and discharge other civil liabilities in accordance with agreements, the Civil Code and relevant laws.

3. The competence and procedures to protect lawful rights and interests of institutions and individuals, or to settle disputes arising in securities and securities market activities must comply with law.

Chapter X

IMPLEMENTATION PROVISIONS

Article 134. Effect

1. This Law takes effect on January 1, 2021.

2. Law No.70/2006/QH11 on Securities and Law No. 62/2010/QH12 Amending and Supplementing a Number of Articles of the Law on Securities cease to be effective on the effective date of this Law.

Article 135. Transitional provisions

1. Within 2 years after this Law takes effect, securities companies, securities investment fund management companies, and Vietnam-based branches of foreign securities companies or fund management companies that are granted licenses before the effective date of this Law shall satisfy the conditions for grant of licenses as follows:

a/ Securities companies shall satisfy the conditions for grant of licenses prescribed in Clause 1, at Points c and d of Clause 2, and in Clauses 4 and 5, Article 74 of this Law;

b/ Securities investment fund management companies shall the conditions for grant of licenses prescribed in Clause 1, at Points b and c of Clause 2, and in Clauses 4 and 5, Article 75 of this Law;

c/ Vietnam-based branches of foreign securities companies shall satisfy the conditions for grant of licenses prescribed at Points b and c, Clause 1, Article 76 of this Law;

d/ Vietnam-based branches of foreign securities fund management companies shall satisfy the conditions for grant of licenses prescribed at Points c, d and dd, Clause 2, Article 76 of this Law.

2. Within 2 years after this Law takes effect, securities companies, securities investment fund management companies, and Vietnam-based branches

of foreign securities companies or fund management companies that are granted licenses before the effective date of this Law and comply with Clause 1 of this Article shall carry out enterprise registration or business registration under Article 71 of this Law; and are not required to carry out procedures for renewing establishment and securities business licenses, unless they are so requested.

Two years after this Law takes effect, securities companies, securities investment fund management companies, or Vietnam-based branches of foreign securities companies or fund management companies that are granted licenses before the effective date of this Law but fail to comply with Clause 1 of this Article shall be suspended from operation and have their licenses revoked by the State Securities Commission in accordance with this Law.

3. Except the cases specified in Clauses 1 and 2 of this Article, other institutions and individuals that are licensed or approved by the State Securities Commission, stock exchanges, or securities depository centers before the effective date of this Law are not required to carry out procedures for grant of licenses or approval in accordance with this Law.

In case institutions or individuals submit their dossiers of application for licenses or approval to the State Securities Commission, stock exchanges or securities depository centers before the effective date of this Law but do not obtain such licenses or approval by the effective date of this Law, they shall comply with this Law.

4. Public companies whose stocks are listed or registered for trading before the effective date of this Law and satisfy the conditions prescribed in Law No. 70/2006 /QH11 on Securities, which has a number of articles amended and supplemented under Law No. 62/2010/QH12 and legal documents detailing the implementation of these Laws will not have their status of public company revoked or their listing or registrations for trading cancelled, unless otherwise decided by their Shareholders' General Meetings.

5. Public companies whose stocks are not listed or registered for trading before the effective date of this Law and fail to comply with Point a, Clause 1, Article 32 of this Law shall have the status of public company revoked.

6. Within 2 years after this Law takes effect, the Vietnam Stock Exchange and Vietnam Securities Depository and Clearing Corporation shall operate in accordance with this Law.

Stock exchanges and securities depository centers established and operating before the effective date of this Law shall continue to operate in accordance with Law No. 70/2006/QH11 on Securities, which has a number of articles amended

and supplemented under Law No. 62/2010/QH12 until the Vietnam Stock Exchange and Vietnam Securities Depository and Clearing Corporation commence their operation in accordance with this Law.

7. The Government shall detail this Article.

This Law was passed on November 26, 2019, by the XIVth National Assembly of the Socialist Republic of Vietnam at its 8th session.-

Chairwoman of the National Assembly
NGUYEN THI KIM NGAN

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