



Prudential Seizing the Opportunity



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Welcome to Vietnam

Mark Norbom
Prudential Corporation Asia
November 2004



Ministry of finance
state securities commission

Vietnamese securities market

- Nguyễn Đoàn Hùng - Vice Chairman of the SSC
 - Ho chi minh city Nov. 2004

Vietnamese securities market

- **@ The establishment and development of the Vietnamese securities market**
- **- 28/11/1996: Decree 75/CP to establish the SSC**
- **- 11/7/1998: Decree 48/CP on securities and securities market and Decision 127/TTg to establish securities trading centers (STC)**
- **- 20/7/2000: the opening of Ho Chi Minh City STC**
- **- 5/8/2003: Decision 163/TTg to approve Securities market development strategy until 2010**
- **-28/11/2003: Decree 144/CP to replace Decree 48/CP**
- **- 19/2/2004: Decree 66/CP to merge SSC into MOF**

Vietnamese securities market

- **@ Market size**
- - *Listed issuers: 25 listed companies (Total market face value of VND 1,256 billion)*
- - *Gov. Bond listed: 150 types of bonds listed total value of VND 17,300 billions.*
- - *BIDV Bank bonds listed: VND 157.7 billions.*
- - *Market capitalization: 3.7% GDP 2003 (share value account for 0.65%).*
- - *900 trading sessions held so far, trading value of VND 13 billions per session .*

Vietnamese securities market

- **@ Market intermediaries**
- - 13 securities companies : total legal equity capital of VND 605.75 billions;
- - 01 joint venture fund management company; 01 investment fund (VF1) of VND 300 billions;
- - 05 custodian banks (3 foreign + 2 Vietnamese) ;
- - 01 Settlement bank: BIDV Bank;
- - 08 auditors admitted for securities industry;
- **@ Investor accounts: 19,000 accounts**
- In which: + 145 accounts of domestic institutional investors;
- + 21 accounts of foreign institutional investors;
- + 106 accounts of individual investors.

Vietnamese securities market

- **@ System and trading mechanism**
- - *Trading mechanism: Auction; Negotiation*
- - *Trading sessions: Auction (9am-10:30 am);
Negotiation(10:30-11:00am)*
- - *Orders: Limit orders; ATO orders*
- - *Trading units: +Round lot: 10 shares;
+Block trade: 10,000 shares*
- - *Trading band: $\pm 5\%$ of reference price*
- - *Settlement : T+3*
- - *Order matching principle: Price, time*

Vietnamese securities market

- **@ Qualification for Public offering of stocks**
- *- Joint-stock companies, or Equitized SOE*
- *- Minimum legal equity capital of VND 5 billions*
- *- Positive earnings of the year before listing*
- *- Feasible business plan for the fund to be raised*
- *- Offering through intermediaries to at least 50 investors outside the issuer*
- *- Size and Profitability Exemptions for offering of stocks by issuers in infrastructure development and high technology sectors*

Vietnamese securities market

- **@ Bond offerings**
- **- SOE's, joint stock and limited liability companies**
- **- Legal capital of minimum VND 10 billions**
- **- Positive earnings for 2 consecutive years before the offering**
- **- Feasible business plan for funds to be raised**
- **- Offering to at least 50 investors outside the issuer**
- **- Underwriter required**
- **- Commitments to fulfill debt obligations to investors**
- **- Bond custodian who represents bond holders**

Vietnamese securities market

- **@ Stock Listing requirement at STC**
- **- *Public offering licensed by the SSC***
- **- *Minimum legal equity of VND 5 billions***
- **- *Sound financial condition, and positive earnings for pervious 2 years (1 year only for Equitized SOEs to be immediately listed)***
- **- *At least 20% of stocks held by at least 50 investors outside the issuer***
- **- *Directors, Management, Employee-shareholders commit to hold 50% of their shares for at least 3 years afterwards.***

Vietnamese securities market

- **@ Corporate bond listing requirements at the STC**
 - *- Public offering licensed by the SSC*
 - *- Equity capital of at least VND 10 billions*
 - *- Sound financial condition, and positive earnings for 2 years before listing*
 - *- At least 50 bondholders*
- **@ Gov. Bond listing: conducted at the request by the institution nominated by the government for offering.**

Vietnamese securities market

- **@ Information disclosure :**
- **- Periodical information disclosure:**
 - **+ *Financial reports: quarterly and annually***
 - **+ *Annual report***
- **- Irregular infor. disclosure (within 24 hours)**
 - **+ *Events/facts that may affect stock prices***
- **- Infor. Disclosure on request**
 - **+ *At the requests of the SSC and the STC***
- **@ Means for infor. disclosure: *STC bulletin & public media***

Vietnamese securities market

- **@Foreign ownership limits**

- - *Maximum shareholding: 30%*
- - *Bond holding: no limit*
- - *Maximum shareholding at securities business joint ventures: 49%*

- **@ Foreign investor trading**

- - *Trading code for Foreign investors*
- - *Principal: free inflow*
- - *Repatriation of principal: after 1 year*
- - *Tax regime: no repatriation tax; no personal income tax.*

Vietnamese securities market

- **@ Development Target**

- Size: Market cap 2 – 3% of GDP by 2005 (est. 2005 GDP of USD 62.5 billions) and 10 – 15% of GDP by 2010
- Become a reliable Safe, transparent and efficient market for medium and long term funding for the economy;
- Competitive and ready for market liberalization.

- **@ Development solutions**

- - *Improve legal framework for capital market*
- - *Implementation of Decree 144/CP; Decree 161/CP and the Securities Law expected to be passed in 2006 .*

Coordinate with the Ministry of Planning

Vietnamese securities market

- **@ Development solutions**
- - *Develop the capability for Gov. and municipal and corporate bond offerings.*
- - *Coordinate with the State Bank of Vietnam to conduct listing linked equitization of State owned banks; listing of joint stock banks' shares.*
- - *Coordinate with the MOF to improve tax and fee incentives.*
- - *Encourage institutional investors (mutual funds, life insurance, pension funds) to invest in the market*
- - *Hanoi Trading Center starts operation.*

Vietnamese securities market

- **@ Development solutions**
- - *Modernizing the trading system*
- - *Establish the Depository center*
- - *Expand the network of and quality of services of securities companies,*
- - *Speed up establishment of fund management companies and investment funds.*
- - *Improve information disclosure.*
- - *Strengthen supervision, surveillance of markets and apply suitable enforcement actions.*

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- We wish you all great success in doing business with vietnam
 - Thank you!

