

CIRCULAR

Amending and supplementing a number of articles of Circulars prescribing securities transactions in securities trading system; clearing and payment of securities transactions; operation of securities companies and information disclosure on the securities market

Pursuant to the Law on Securities dated November 26, 2019;

Pursuant to the Government's Decree No. 155/2020/ND-CP dated December 31, 2020, detailing the implementation of a number of articles of the Law on Securities;

Pursuant to the Government's Decree No. 14/2023/ND-CP dated April 20, 2023, defining the functions, tasks, powers and organizational structure of the Ministry of Finance;

At the proposal of the Chairperson of the State Securities Commission;

The Minister of Finance hereby promulgates the Circular amending and supplementing a number of articles of Circulars prescribing securities transactions in securities trading system; clearing and payment of securities transactions; operation of securities companies and information disclosure on the securities market.

Article 1. Amending and supplementing a number of articles of the Minister of Finance's Circular No. 120/2020/TT-BTC dated December 31, 2020, on transaction of listed and registered-for-trading stocks and fund certificates, corporate bonds, covered warrants listed on the securities trading system (hereinafter referred to as Circular No. 120/2020/TT-BTC)

1. To amend and supplement Point a Clause 1 Article 7 as follows:

“a) a) Investors must have sufficient funds when placing order for securities purchase, except for the following cases:

- Investors conducting margin trading in accordance with Article 9 of this Circular;

- Organizations established under foreign law participate in investing in Vietnam's securities market (hereinafter referred to as foreign institutional

investors) to purchase stocks that are not required to satisfy the condition of having sufficient funds when placing an order as prescribed in Article 9a of this Circular”.

2. To add Article 9a after Article 9 as follows:

“Article 9a. Foreign institutional investors’ transaction of stock purchase exempted from sufficient fund requirement when placing an order

1. Securities companies shall conduct evaluation of foreign institutional investors’ payment risks to determine the required funds when placing order for stock purchase (if any) as agreed between securities companies and foreign institutional investors, or their authorized representatives.

2. In case where foreign institutional investors fail to make full payment for purchasing stocks, the obligation of settlement of unfully-paid transactions shall be transferred to securities companies where foreign institutional investors placed their orders by using proprietary trading accounts, except for the cases specified in Clause 5 of this Article.

3. Securities companies may transfer their ownership outside the securities trading system under Point q1 Clause 2 Article 6 of the Minister of Finance's Circular No. 119/2020/TT-BTC dated December 31, 2020, on regulations for registration, depository, clearing and settlement of securities, or sale the number of stocks already transferred to their proprietary trading accounts, by using the put-through trading method, in the securities trading system to foreign individual organizations who fail to make full payment for stock purchase transactions under Clause 2 of this Article no later than the trading date immediately preceding the date on which stocks are accounted into securities companies’ proprietary trading accounts, without exceeding the maximum limit on the foreign investor’s holding rate for such stocks as prescribed by law. Losses, profits and other expenses arising from the execution of transactions as prescribed in Clause 2 and Clause 3 of this Article shall be made according to the agreement between the securities companies and foreign institutional investors or their authorized representatives.

4. Except for transactions specified in Clause 3 of this Article, securities companies may sale the stocks already transferred to their proprietary trading accounts in the securities trading system. Losses, profits and other expenses arising from the execution of transactions as prescribed in Clause 2 and Clause 4 of this Article shall be made according to the agreement between the securities companies and foreign institutional investors or their authorized representatives.

5. Depository banks where the foreign institutional investors open their securities depository accounts shall make settlement for unfully-paid transactions and arising expenses (if any) in the event of incorrect confirmation of the deposit balance of foreign institutional investors with the securities companies, leading to insufficient funds to pay for the stock purchase transaction.”

Article 2. Amending and supplementing a number of articles of the Minister of Finance's Circular No. 119/2020/TT-BT dated December 31, 2020, on regulations for registration, depository, clearing and settlement of securities (hereinafter referred to as Circular No. 119/2020/TT-BTC)

1. To add Point q1 after Point q Clause 2 of Article 6 as follows:

“q1) Transfer the ownership of the number of stocks already transferred to the securities company's proprietary trading account as prescribed in Clause 2 Article 35a of this Circular, to the foreign institutional investor's account in case where the sale using put-through method in the securities trading system under Clause 3 Article 9a of Circular No. 120/2020/TT-BTC, cannot be carried out because the stock transfer price is beyond the price range or the stock volume does not meet the minimum put-through trading volume of the Stock Exchange on the date of ownership transfer.”

2. To add Article 35a after Article 35 as follows:

“Article 35a. Payment for foreign institutional investors’ stock purchase transactions under Article 9a of Circular No. 120/2020/TT-BTC

1. Foreign institutional investors placing an order for stock purchase must have sufficient funds on their accounts before the time the depository members are required to transfer money to their deposit accounts at payment banks for payment for securities transactions. clearing and payment of stock purchase transactions shall comply with laws and regulations of the Vietnam Securities Depository and Clearing Corporation.

2. In case where a foreign institutional investor placing an order for stock purchase fails to make full payment in accordance with Clause 2 Article 9a of Circular No. 120/2020/TT-BTC, the Vietnam Securities Depository and Clearing Corporation shall transfer the obligation of settlement of unfully-paid stock purchase transactions from the foreign institutional investor to the securities company where the investor placed an order for stock purchase (via the securities company's proprietary trading account) at the payment date, on the basis of the following notices:

a) In case where the foreign institutional investor opens its depository account at the securities company, the securities company shall notify the Vietnam Securities Depository and Clearing Corporation of the foreign institutional investor’s failure to make full payment for stock purchase transactions, and information about transactions of which the payment obligation is requested for transfer to the securities company;

b) In case where the foreign institutional investor opens its depository account at the depository bank, the depository bank shall notify the Vietnam Securities Depository and Clearing Corporation of the foreign institutional

investor's failure to make full payment for stock purchase transactions, and refuse such unfully-paid transactions.

3. Securities companies must ensure to have sufficient funds for payment for transactions in accordance with Clause 2 of this Article. Securities companies failing to fulfill their obligations specified in Clause 2 of this Article shall be handled in accordance with the law and regulations of the Vietnam Securities Depository and Clearing Corporation.”

Article 3. Amending, supplementing a number of articles of the Minister of Finance's Circular No. 121/2020/TT-BTC dated December 31, 2020, providing regulations on operation of securities companies

1. To amend Clause 8 Article 16 as follows:

“8. In case customers open depository accounts at depository members other than trading members, those depository members and trading members shall sign contracts of agreement on the responsibility for ensuring the principle that trading members shall execute trading orders and depository members shall inspect the securities and money balance of customers, and depository members and trading members shall make payments to customers in accordance with law.

In case where the trading member receives an order for purchasing stock exempted from sufficient fund requirement as prescribed in Article 9a of Circular No. 120/2020/TT-BTC, at the end of the trading day, the trading member shall notify detailed information about the foreign institutional investor's stock purchase transaction exempted from sufficient fund requirement when placing an order under Article 9a of Circular No. 120/2020/TT-BTC for the depository member where the foreign institutional investor opens its depository account for coordination in payment for securities transactions in accordance with the law on securities and regulations of the Vietnam Securities Depository and Clearing Corporation.”

2. To add Clause 9 and Clause 10 after Clause 8 Article 16 as follows:

“9. Securities companies that receive orders for purchasing stocks exempted from sufficient fund requirement from foreign institutional investors as prescribed in Article 9a of Circular No. 120/2020/TT-BTC must comply with the following requirements:

a) Complying with the limit for receiving orders for stock purchase defined in accordance with Clause 10 of this Article;

b) Not receiving orders for stock purchases placed by themselves;

c) Not receiving orders for stock purchases placed by their parent companies. In case subsidiaries of the same parent company of a securities company hold stocks of such securities company, the securities company is not allowed to receive the orders for stock purchases of such subsidiaries.

10. Securities companies must determine the limit for receiving foreign institutional investors' orders for stock purchase exempted from sufficient fund requirement at the beginning of the trading day and keep documents and information confirming such limits. Limit for receiving orders for stock purchase shall be determined as follows:

- The limit for receiving stock purchase orders is equal to total amount convertible to cash but must not exceed the difference between 2 times the equity of the securities company and the outstanding loan balance for securities margin trading;

- Amount convertible to cash includes cash in funds; bank deposits, debt instruments of the Government, deposit certificates not yet used for guarantee of financial obligations; available overdraft limit; payment guarantee limit (if any) issued by domestic and foreign credit institutions; pending sale from proprietary trading; receivables in advance from sale of listed and registered-for-trading securities; money of foreign institutional investors as specified in Clause 1 Article 9a of Circular No. 120/2020/TT-BTC to ensure payment capacity for their stock purchase transactions;

- Equity of a securities company is determined based on quarterly financial statement prepared at the latest period before the determining time. In case where the securities company is a parent company, the equity shall be determined based on the quarterly consolidated financial statement, after excluding interests of non-controlling shareholders.”

3. To add Clause 7 after Clause 6 of Article 28 as follows:

“7. In case where a securities company follows Clause 2 Article 9a of Circular No. 120/2020/TT-BTC, resulting in the exceeding of the investment limit specified in Clause 4 of this Article, it is not allowed to continue receive foreign institutional investors' stock purchase orders exempted from sufficient fund requirement until the investment limit is satisfied, and shall take appropriate measures to ensure the investment limit within a maximum period of 1 year.”

Article 4. Amending, supplementing a number of articles of the Minister of Finance's Circular No. 96/2020/TT-BTC dated November 16, 2020, guiding the disclosure of information on the securities market

1. To amend and supplement Article 5 as follows:

“Article 5. Language for information disclosure on the securities market

1. The language for information disclosure on the securities market is Vietnamese. Apart from disclosing information in Vietnamese, listed institutions, public companies, Stock Exchanges, Vietnam Securities Depository and Clearing Corporation shall carry out information disclosure in English at the same time in

accordance with Clauses 2 and 3 of this Article. Information disclosed in English must be consistent with that disclosed in Vietnamese. In case of any discrepancy or different understanding between the information in Vietnamese and English, the information in Vietnamese shall prevail.

2. Listed institutions and public companies shall disclose information in English according to the following roadmap:

a) Large-sized listed institutions and public companies shall periodically disclose information in English from January 1, 2025;

b) Large-sized listed institutions and public companies shall disclose information on an irregular basis and upon request, and disclose information about other operations of public companies in English from January 1, 2026;

c) Public companies other than those specified at Points a and b of this Clause shall periodically disclose information in English from January 01, 2027;

d) Public companies other than those specified at Points a and b of this Clause shall disclose information on an irregular basis and upon request, and disclose information about other operations of public companies in English from January 1, 2028.

3. Stock Exchanges and the Vietnam Securities Depository and Clearing Corporation shall disclose information in both Vietnamese and English.”

2. To add Clause 8 after Clause 7 of Article 25 as follows:

“8. In case the foreign institutional investor fails to redeem stocks under Clause 3 Article 9a of Circular No. 120/2020/TT-BTC, the securities company where the foreign institutional investor placed a trading order shall disclose information on the information disclosure media of the State Securities Commission, Stock Exchanges, Vietnam Securities Depository and Clearing Corporation, at the same time, disclose information about the foreign institutional investor’s transactions on its website, using the form provided in Appendix XVII to this Circular, within 24 hours from the time the foreign institutional investor fails to redeem stocks as prescribed.”

3. To amend and supplement Point a Clause 1 Article 33 as follows:

“a) At least 03 working days before the expected trading date, insiders and affiliated persons shall disclose information on expected transaction according to the forms provided in Appendix XIII or Appendix XIV to this Circular, except for the case where the securities company is an affiliated person of the insider of the listed institution or registered-for-trading institution when conducting transactions as prescribed in Clauses 2 and 3 Article 9a of Circular No. 120/2020/TT-BTC.

In case of conducting transactions under Clause 4 Article 9a of Circular No. 120/2020/TT-BTC, the exemption from information disclosure shall be

applied for transactions conducted within 4 working days from the date on which stocks are successfully transferred to securities companies' proprietary trading accounts.”

4. To add Clause 8 after Clause 7 of Article 33 as follows:

“8. In case where the securities company is an affiliated person of the insider of the listed institution or registered-for-trading institution, it shall be subject to information disclosure, and report to the State Securities Commission, Stock Exchanges, and shall send notification to the listed institution or registered-for-trading institution if the trading value is VND 50 million or more per day, or the trading value is VND 200 million or more per month (calculated by par value), including the case of transfer of ownership outside the securities trading system, according to the form provided in Appendix XVIII to this Circular within 24 hours from the following milestones:

a) Successful payment for transactions as specified in Clause 2 Article 35a of Circular No. 119/2020/TT-BTC;

b) Successful sale of stocks as specified in Clauses 3 and 4 Article 9a of Circular No. 120/2020/TT-BTC.”

5. To add Appendices XVII and XVIII after Appendix XVI.

Article 5. Implementation provisions

1. This Circular takes effect from November 2, 2024.

2. The Vietnam Securities Depository and Clearing Corporation shall carry out the clearing and payment of securities transactions, management and use of payment support funds under Article 35a and Clause 3 Article 45 of Circular No. 119/2020/TT-BTC until the clearing and payment of securities transactions under the central clearing counterparty mechanism is officially implemented.

3. The State Securities Commission, Vietnam Stock Exchange, Hanoi Stock Exchange, Ho Chi Minh Stock Exchange, Vietnam Securities Depository and Clearing Corporation, securities company, depository members, and other relevant organizations and individuals shall implement this Circular./.

**FOR THE MINISTER
THE DEPUTY MINISTER**

Nguyen Duc Chi

** All Appendices are not translated herein.*