

CSDs: VSD (Vietnam)

Date: 06 May 2008

SMI Markets: Vietnam

CMIRR Markets: Vietnam

## SSC to Relax the Pre-funding Requirements for FIs

The State Securities Commission (SSC) has announced that they are to relax the pre-funding requirements for foreign investors (FIs). The relaxation will enable custodian banks to confirm the ability to trade and the availability of cash balances to local brokers based on foreign exchange (FX) contracts. It will require the foreign investor to have made the FX deal with a value date that is on or before the settlement date of the securities purchase transaction.

For the relaxation to be applicable, the custodian bank and the broker will need to sign a written agreement on the procedure. For that reason, the SSC will announce an effective date on a case by case basis.

## CSD Risk Impact

### VSD (Vietnam)

Impacted Risk Type: Asset Commitment Risk

Current Rating = AA-

Flash Impact = Positive

For equities purchase transactions, the relaxation announced by the SSC will allow foreign investors to pay-in their funds on settlement date (T+3) instead of pre-funding the trade. This relaxation will reduce the asset commitment period which is positive development for asset commitment risk.

## Market Information Impact

### Vietnam

This information affects the data contained in the Settlement sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Vietnam

Market Rating: BBB

Market Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = A

Flash Impact = Positive

For equities purchase transactions, the relaxation announced by the SSC will allow foreign investors to pay-in their funds on settlement date (T+3) instead of pre-funding the trade. This relaxation will reduce the asset commitment period which is positive development for asset commitment risk.

## For Further Information Contact:

*Barry Morales - Americas**Peter Katz - Asia Pacific, Eastern Europe**Jim Micklethwaite - Western Europe, Africa**John Woodhouse - Middle East*

Tel: (+44) 20 7830 8300 | Fax: (+44) 20 7287 1549

Email: [marketflashes@thomasmurray.com](mailto:marketflashes@thomasmurray.com)

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