

CSDs: VSD (Vietnam)

Date: 14 May 2009

SMI Markets: Vietnam

CMIRR Markets: Vietnam

## VSD to Enhance Connection with its Members - Update

Further to our previous newsflash regarding the upgrade of the depository system at the Vietnam Securities Depository (VSD) allowing an electronic linkage with participants, VSD hosted a workshop to introduce the new system on 11 May and 13 May 2009. The additional features of the new system are as follows:

### Data Management

The new system will synchronise data between the VSD head office in Hanoi and its Branch in Ho Chi Minh City. Data will be updated in real-time and members will be able to access information for shares listed on any of the two stock exchanges (HOSE and HASTC). Currently there is no connection between the VSD head office and its branch.

### Securities Ownership Monitoring

At present, VSD only monitors the securities ownership at the custodian level. With the new system, VSD will also monitor the holdings at the investor level as the system will generate a PIN code for each investor which will support the control and reconciliation at the investor level.

### Corporate Actions

The system will generate the entitlement list as opposed to the current process where custodians have to prepare the list of entitled shareholders. Custodians will then check and confirm the list through the system.

### Procedures

- Issuers will initially register the shares at VSD head office however, any changes will be able to be processed either at the head office or at the branch in Ho Chi Minh.
- All the clearing and settlement process of the two stock exchanges will be centralised at the head office.
- Custodian members will be able to conduct securities deposit, withdrawal, transfer, pledge and pledge release and other operational activities with either the VSD's head office or its branch regardless of the location where such securities are listed.

### Implementation

VSD is to conduct training and testing with the members in June and July and the system is expected to go live in August 2009.

## CSD Risk Impact

### VSD (Vietnam)

CSD Rating: BBB

CSD Flash Impact: Positive

Impacted Risk Type: Operational Risk

Current Rating = BB

Flash Impact = Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = A-

Flash Impact = Positive

The upgrade of VSD's system and the implementation of an electronic link for connecting with participants should further enhance the automation of processing at the CSD. The link would allow an electronic dissemination of corporate action information which would be positive for Asset Servicing Risk. The changes would also reduce both manual processing and the reliance on the use of hard copies. These outcomes would be positive for Operational 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: Operational Risk

Current Rating = BB

Flash Impact = Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = BBB

Flash Impact = Positive

The upgrade of VSD's system and the implementation of an electronic link for connecting with participants should further enhance the automation of processing at the CSD. The link would allow an electronic dissemination of corporate action information which would be positive for Asset Servicing Risk. The changes would also reduce both manual processing and the reliance on the use of hard copies. These outcomes would be positive for Operational Risk.

Related Flash: [VSD to Enhance Connection with its Members, 17/03/2009 \(click to view\)](#)

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