

CSDs: VSD (Vietnam)

Date: 13 Apr 2010

SMI Markets: Vietnam

CMIRR Markets: Vietnam

Amendments to Regulations on Securities Registration, Depository, Clearing and Settlement

The Ministry of Finance issued Circular 43/2010/TT-BTC (dated 25 March 2010) to supplement and amend Decision 87/QD-BTC (dated 22 October 2007) on the registration, depository, clearing and settlement of securities. The salient points of the circular are:

1. Management of securities account with the Vietnam Securities Depository (VSD): The holdings in the client accounts of depository members shall be consistent with the clients' holdings recorded at the VSD.
2. Management of investor's securities account maintained with depository members: Depository members shall update the intraday account opening/closing of clients by the end of working day to the VSD, and reconcile holdings in clients' accounts with data provided by the VSD.
3. Early re-sale of securities: The State Securities Commission (SSC) will issue guidelines on the re-sale of equities on T+2 after the approval of the Ministry of Finance.
4. Cancellation of trades:
 - o The VSD will cancel the settlement of trades in the following cases:
 - default of a depository member
 - short selling of depository members or their clients
 - client's trading account is not updated on settlement date as per VSD's regulation
 - o Depository members whose transactions are cancelled are responsible for the compensation of damages incurred by clients/other members. Damages compensation will be negotiated but shall not exceed 10% the value of cancelled trades.
5. Criteria for settlement bank: To become a settlement bank, a bank is required to:
 - o have a chartered capital of VND 5,000 billion or more
 - o have at least 10 VSD depository members who commit to open accounts
 - o have a system with capacity to store data for at least one year, and be able to provide data to the SSC and VSD within one day of request

The circular will come into effect 45 days after being issued.

CSD Risk Impact

VSD (Vietnam)

CSD Rating: BBB

CSD Flash Impact: Positive

Impacted Risk Type: Operational Risk

Current Rating = BB

Flash Impact = Positive

The circular supports the implementation of the new VSD system, and regulates the account reconciliation process between the VSD and

the depository participants. This ensures that discrepancies are rectified in a timely manner and thus have a positive impact on operational risk. This is also expected to prevent the misuse of client assets by securities companies. Furthermore, the circular provides guidance on the cancellation of trades and on the compensation for damages resulting from the cancellation.

The minimum chartered capital requirement for the settlement bank has also been raised. BIDV, the existing settlement bank, has a chartered capital amounting to over VND 7.4 trillion.

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

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Related Flash: [VSD to Enhance Connection with its Members - Update, 14/01/2010 \(click to view\)](#)

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