

CSDs: VSD (Vietnam)

Date: 17 Jan 2012

SMI Markets: Vietnam

CMIRR Markets: Vietnam

## MoF Approves Restructuring Plan for Securities Companies

The Ministry of Finance (MoF) has approved the proposal of the State Securities Commission (SSC) on the restructuring of securities companies. These measures are aimed at enhancing the transparency and efficiency of securities companies.

Accordingly, all securities companies will be classified under three categories:

- **Group 1, Normal Group:** Capital liquidity / total risk ratio is above 150%; accumulated loss / chartered capital ratio is below 30%;
- **Group 2, Supervised Group:** Capital liquidity / total risk ratio is between 120% and 150%; accumulated loss / chartered capital ratio is between 30% and 50%;
- **Group 3, Under Special Control:** Capital liquidity / total risk ratio is below 120%; accumulated loss / chartered capital ratio is above 50%.

The restructuring process will be implemented in three phases:

### From 10 January 2012 to 1 April 2012

- Companies under Group 2 and 3 will need to separate clients' assets from their own assets within two months. These companies are also expected to consider raising their chartered capital;
- The stock exchanges and Vietnam Securities Depository will closely monitor the trade settlement of such companies. Group 2 companies shall provide weekly reports to the SSC, while companies in Group 3 will submit reports on a daily basis;
- The SSC may revoke broker licences in case of continued shortage of funds available for settlement or misuse of clients' funds.

### From 1 April 2012 until 31 December 2012

- The SSC will continue to supervise the financial capacity of Group 1 companies;
- Group 2 and 3 companies have to comply with Circular 226/2010/TT-BTC (issued on 31 December 2010 and can be accessed [here](#)). This circular includes financial adequacy ratios and handling measures applicable to securities companies which fail to meet financial adequacy ratios. Mergers and consolidation may be undertaken to meet minimum liquidity requirements.

### From 2013 onwards

- Regulations on capital adequacy, risk management, and ranking of securities companies will be introduced to further improve operation and governance.

The official document is available here (in Vietnamese only): [Decision 62/QD-BTC](#).

## CSD Risk Impact

### VSD (Vietnam)

CSD Rating: A-

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A-

Flash Impact = Positive

Impacted Risk Type: Operational Risk  
Current Rating = A-  
Flash Impact = Positive

The restructuring plan for securities companies is aimed at improving the financial robustness of broker participants. This will, in turn, improve overall confidence in the Vietnamese market.

Moreover, the requirement for brokers to segregate proprietary and client assets will improve transparency and avoid misuse of such assets.

## Market Information Impact

### Vietnam

This newsflash is for information only.

## Infrastructure Risk Ratings Impact

### Vietnam

Market Rating: BBB  
Market Flash Impact: Positive

Impacted Risk Type: Counterparty Risk  
Current Rating = BBB  
Flash Impact = Positive

Impacted Risk Type: Operational Risk  
Current Rating = BBB  
Flash Impact = Positive

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