

CSDs: VSD (Vietnam)

Date: 22 May 2012

SMI Markets: Vietnam

CMIRR Markets: Vietnam

VSD Revises Regulations on Clearing, Settlement and Depository Services

The Vietnam Securities Depository (VSD) has revised its regulations on clearing, settlement, registration and custody, corporate actions and depository services. From 1 June 2012, the following changes will be introduced:

- Cancellation of trades related to a shortfall in funds obligation where the member's settlement shortfall cannot be covered by the Settlement Compensation Fund or a loan from the settlement bank;
- Supplementary registration regulations on transfers of State ownership, buy-back of odd-lot treasury shares, and registration of unlisted securities;
- Requirements for foreign securities companies to apply for two Securities Trading Codes, one each for proprietary trading and brokerage trading;
- Additional corporate action rules on the exercise of share conversions and convertible bond conversions;
- Implementation of secure electronic data transfer to replace paper communication between the VSD and its members in the areas of settlement, clearing, registration, custody and corporate actions processing.

CSD Risk Impact

VSD (Vietnam)

CSD Rating: A-

CSD Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = A-

Flash Impact = On Watch

Impacted Risk Type: Operational Risk

Current Rating = A-

Flash Impact = Positive

The roll-out of secure and encrypted electronic communication is expected to reduce risks associated with the use of paper communication and therefore improve processing efficiency.

For cash shortfalls which cannot be covered by the SCF or by a loan from BIDV, the relevant trades will be cancelled. VSD does not guarantee trades and does not enforce sell-outs. This raises potential issues on Liquidity Risk due to the limited of sources of funds for members, affecting their ability to settle trades.

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: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = BBB

Flash Impact = On Watch

Impacted Risk Type: Operational Risk

Current Rating = BBB

Flash Impact = Positive

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