

CSDs: VSD (Vietnam)

Date: 22 Nov 2012

SMI Markets: Vietnam

CMIRR Markets: Vietnam

VSD Discussions on CCP Concept

The Vietnam Securities Depository (VSD) held a meeting with various market participants to present the proposal for creating a central counterparty (CCP) in Vietnam. This will be introduced in two phases.

Phase One: According to VSD, settlement failures will be controlled by:

- Enhancing regulations in relation to contribution to and borrowing from the Settlement Compensation Fund (SCF) by the depository members and applicable penalties.
- Allowing failing members to settle on T+4, subject to penalties.

Phase Two: During Phase II, VSD will go through an organisational restructuring as well as membership restructuring.

- CCP will be formed as a new wholly-owned subsidiary of VSD to carry out separate clearing and settlement for the cash market and the derivatives market.
- VSD will continue to provide other CSD services including securities data management, account management, depository, registration and corporate actions
- The membership structure of the VSD will be as follows:
 - General Clearing Members (GCM): A GCM will be able to clear its own transactions, its clients' transactions and trades for NCM.
 - Direct Clearing Members (DCM): A DCM will only be allowed to clear its proprietary transactions and trades on behalf of its members.
 - Non-Clearing Members (NCM): An NCM can place trades in the stock exchanges but will have to clear and settle trades through the GCM.

It should be noted that above plans were presented by VSD in a meeting with market participants and no formal documentation has been published yet. Further updates will be sent in due course.

CSD Risk Impact

VSD (Vietnam)

CSD Rating: A-

CSD Flash Impact: Stable

This newsflash is for information only.

Market Information Impact

Vietnam

This newsflash is for information only.

Infrastructure Risk Ratings Impact

Vietnam

Market Rating: BBB

Market Flash Impact: Stable

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