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THE STATE PRESIDENT

ORDER 12/2006/L-CTN OF JULY 12, 2006, ON THE PROMULGATION OF LAW

THE PRESIDENT OF THE SOCIALIST REPUBLIC OF VIETNAM

Pursuant to Articles 103 and 106 of the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution 51/2001/QH10 of December 25, 2001, of the Xth National Assembly, the 10th session;

Pursuant to Article 91 of the Law on Organization of the National Assembly;

Pursuant to Article 50 of the Law on Promulgation of Legal Documents,

PROMULGATES:

The Law on Securities,

which was passed on June 29, 2006, by the XIth National Assembly of the Socialist Republic of Vietnam at its 9th session.

President of the Socialist Republic of Vietnam
NGUYEN MINH TRIET

LAW ON SECURITIES

(70/2006/QH11)

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution 51/2001/QH10 of December 25, 2001, of the Xth National Assembly, the 10th session;

This Law provides for securities and securities market.

Chapter I

GENERAL PROVISIONS

Article 1.- Scope of regulation

This Law provides for public offering of securities, securities listing, trading and investment, and provision of securities and securities market services.

Article 2.- Subjects of application

1. Vietnamese and foreign organizations and individuals engaged in securities investment and operating in Vietnam's securities market.

2. Other organizations and individuals involved in securities activities and securities market.

Article 3.- Application of the Securities Law, relevant laws and treaties

1. Activities of public offering of securities, securities listing, dealing, trading and investment, and provision of securities and securities market services shall comply with this Law and other relevant laws.

2. When a treaty to which the Socialist Republic of Vietnam is a contracting party contains provisions different from those of this Law, the provisions of that treaty prevail. The Government shall specify the implementation of treaties in compatibility with the international integration roadmap and commitments.

Article 4.- Principles of securities activities and securities market operation

1. Respect for organizations' and individuals' rights to freedom of securities purchase, sale and trading as well as securities service provision.

2. Fairness, publicity and transparency.

3. Protection of legitimate rights and benefits of investors.

4. Accountability for risks.

5. Compliance with law.

Article 5.- Securities market development policies

1. The State shall adopt policies to encourage and create favorable conditions for organizations and individuals of all economic sectors and people of all social strata to invest in and operate on the securities market, aiming to mobilize long-term and medium-term capital sources for development investment.

2. The State shall adopt policies to manage and supervise the securities market in order to ensure its fair, public, transparent, safe and efficient operation.

3. The State shall adopt policies to invest in the modernization of infrastructure for the operation of the securities market, the development of human resources for securities activities, and the dissemination and popularization of securities and securities market knowledge.

Article 6.- Interpretation of terms

In this Law, the terms below are construed as follows:

1. **Securities** means instruments evidencing their holders' legitimate rights and benefits to the assets or capital shares of issuing organizations. Securities take the form of certificates, book entries or electronic data, and are divided into the following types:

a/ Stocks, bonds, fund certificates;

b/ Rights, warrants, call option, put option, futures, securities classes or indexes.

2. **Stock** means a type of securities certifying their holders' legitimate rights and benefits to a portion of equity of an issuing organization.

3. **Bond** means a type of securities certifying their holders' legitimate rights and benefits to a portion of liabilities of an issuing organization.

4. **Fund certificate** means a type of securities certifying investors' ownership over a portion of contributed capital of a public fund.

5. **Right** means a type of securities issued by a joint-stock company along with an additional issuance of stocks to ensure that its existing shareholders can buy new stocks under specified conditions.

6. **Warrant** means a type of securities issued along with the issuance of bonds or preferred stocks, entitling securities holders to buy a stated amount of common stocks at a designated price within a given period.

7. **Call option, put option** mean an option stated in a contract, entitling the buyer to opt for the purchase or sale of a stated amount of securities at a designated price within a given period.

8. **Futures** means commitments to buy or sell certain securities types, classes or indexes, in a specified amount, at a designated price and on a given date in the future.

9. **Majority shareholder** means a shareholder directly or indirectly owning at least five percent or more of voting stocks of an issuing organization.

10. **Investor** means a Vietnamese or foreign organization or individual participating in investment on the securities market.

11. **Professional securities investor** means a commercial bank, financial company, financial leasing company, insurance business organization or securities trading organization.

12. **Public offering of securities** means the offering of securities for sale by any of the following modes:

a/ On the mass media, including the Internet;

b/ Offering of securities to one hundred investors or more, excluding professional securities investors;

c/ Offering of securities to an unspecified number of investors.

13. **Issuing organization** means an organization which issues securities to the public.

14. **Issuance-underwriting organization** means a securities company licensed to operate in the domain of underwriting securities issuance or a commercial bank licensed by the State Securities Commission to underwrite the issuance of bonds under the conditions specified by the Finance Ministry.

15. **Accredited audit organization** means an independent audit company on the list of audit companies accredited by the State Securities Commission for audit under the conditions specified by the Finance Ministry.

16. **Prospectus** means a document or electronic data disclosing accurate, truthful and objective information related to the offering or the listing of securities of an issuing organization.

17. **Listing of securities** means the putting of qualified securities in trading at the Stock Exchange or the Securities Trading Center

18. **Securities trading market** means a place or mode of information exchange where/whereby buy and sell orders are rallied and securities transactions are conducted.

19. **Securities business** means the performance of such professional operations as securities brokerage, securities dealing, securities issuance underwriting, securities investment consultancy, securities depository, securities investment fund management or portfolio management.

20. **Securities brokerage** means an operation of a securities company acting as an intermediary to buy or sell securities for its customers.

21. **Securities dealing** means buying or selling securities by a securities company for itself.

22. **Securities issuance underwriting** means a commitment made by an issuance underwriting organization with an issuing organization to carry out procedures before the securities offering, undertaking to buy whole or part of the securities amount of the issuing organization for resale or to buy the amount of undistributed securities of the issuing organization or to assist the issuing organization in distributing securities to the public.

23. **Securities investment consultancy** means the supply of analysis results, the disclosure of analysis reports and the provision of securities-related recommendations by securities companies to investors.

24. **Securities depository** means the receipt of securities for deposit, preservation or transfer to customers, and the assistance rendered to customers for exercise of the rights relating to the securities ownership.

25. **Securities registration** means the acknowledgement of ownership right and other rights of a securities owner.

26. **Securities portfolio management** means the management by a securities fund management company of the securities purchase, sale or holding of each investor under the latter's entrustment.

27. **Securities investment fund** means a fund formed from investors' contributed capital for the purpose of earning profits from the securities investment or other types of investment asset, including real estate, though such investors do not have the right to daily control of the fund's investment decisions.

28. **Public fund** means a securities investment fund which conducts public offering of fund certificates.

29. **Member fund** means a securities investment fund which consists of at most thirty capital-contributing members being legal persons.

30. **Open-end fund** means a public fund whose certificates, which have undergone a public offering, should be bought back at the request of investors.

31. **Closed fund** means a public fund whose certificates, which have undergone a public offering, should not be bought back at the request of investors.

32. **Inside information** means undisclosed information on a public company or a public fund, which may, once disclosed, greatly affect the price of securities of such public company or public fund.

33. **Insiders** include:

a/ Members of the Board of Directors, the Control Board, the Director or the General Director, the Deputy Directors or the Deputy General Directors of the public company; members of the Representative Committee of the public fund;

b/ Majority shareholders of the public company or the public fund;

c/ Persons who audit financial statements of the public company or the public fund;

d/ Other persons who have access to inside information of the public company or the public fund;

e/ Securities companies, securities investment fund management companies and their securities practitioners;

f/ Organizations or individuals that have business cooperation or service provision relations with the public company or the public fund and individuals working in such organizations;

g/ Organizations or individuals that directly or indirectly get inside information from the subjects defined at Points a, b, c, d, e and f of this Clause.

34. **Affiliated persons** means individuals or organizations that are interrelated in the following cases:

a/ Fathers, adoptive fathers, mothers, adoptive mothers, spouses, children, adopted children or blood siblings of individuals;

b/ Organizations of which individuals are staff members, directors or general directors, or owners of over ten percent of outstanding voting stocks;

c/ Members of boards of directors or control boards, directors or general directors, deputy directors or deputy general directors, and other management titles of such organizations;

d/ Persons who, in relations with others, directly or indirectly control or are controlled by the latter, or submit, together with the latter, to the same control;

e/ Parent companies and affiliate companies;

f/ Contractual relations in which one party represents the other party.

Article 7.- State management of securities and securities market

1. The Government shall perform the unified state management of securities and securities market.

2. The Finance Ministry is answerable to the Government for the performance of state management of securities and securities market and has the following tasks and powers:

a/ To submit to the Government and the Prime Minister for promulgation strategies, planning and policies on development of securities market;

b/ To submit to competent authorities for promulgation or promulgate according to its competence legal documents on securities and securities market;

c/ To direct the State Securities Commission in materializing strategies, planning and policies on development of securities market as well as policies and regimes for management and supervision of securities and securities market activities.

3. Ministries and ministerial-level agencies shall, within the ambit of their tasks and powers, coordinate with the Finance Ministry in performing the state management of securities and securities market.

4. People's Committees of all levels shall, within the ambit of their tasks and powers, perform the state management of securities and securities market in their respective localities.

Article 8.- The State Securities Commission

1. The State Securities Commission is attached to the Finance Ministry and has the following tasks and powers:

a/ To grant, extend, withdraw licenses and certificates related to securities activities and securities market; to approve changes related to securities activities and securities market;

b/ To manage and supervise operations of stock exchanges, securities trading centers, securities depository centers and assistant organizations; to suspend trading or depositing activities of stock exchanges, securities trading centers, securities depository centers in cases where they show signs of affecting the legitimate rights and benefits of investors;

c/ To inspect, supervise and handle administrative violations and settle complaints and denunciations in securities activities and securities market;

d/ To make statistics and forecasts on securities activities and securities market; to modernize information technology in the domain of securities and securities market;

e/ To organize and coordinate with concerned agencies and organizations in training and retraining the contingent of securities officials, civil servants and staffs; to popularize securities and securities market knowledge to the public;

f/ To guide professional procedures for securities and securities market and relevant set forms;

g/ To conduct international cooperation on securities and securities market.

2. The organization, managerial and executive apparatus of the State Securities Commission shall be defined by the Government.

Article 9.- Prohibited acts

1. Directly or indirectly tricking, swindling, fabricating untruthful information or omitting necessary information, thus causing serious misunderstanding which badly affects the public offering of securities, securities listing, trading or investment, securities and securities market service provision.

2. Disclosing misleading information in order to entice and instigate others to buy or sell securities, or disclosing untimely and insufficient information on occurrences which greatly affect securities prices on the market.

3. Using inside information to buy or sell securities for oneself or for others; disclosing or supplying inside information or advising others to buy or sell securities based on inside information.

4. Conniving in buying or selling securities in order to create sham supply and demand; trading in securities by mode of colluding with or enticing others to continuously buy and sell securities back and forth to manipulate securities prices; combining or employing other trading modes to manipulate securities prices.

Chapter II

PUBLIC OFFERING OF SECURITIES

Article 10.- Securities par values

1. Securities offered for sale to the public in the territory of the Socialist Republic of Vietnam are denominated in Vietnam dong (VND).
2. The par value of stocks and fund certificates offered for the first-time sale to the public is VND 10,000. The par values of bonds offered for sale to the public are VND 100,000 and multiples of VND 100,000.

Article 11.- Forms of public offering of securities

1. Forms of public offering of securities include the first-time public offering of securities, additional offering of shares or rights to buy shares to the public, and other forms.
2. The Government shall specify the forms of public offering of securities.

Article 12.- Conditions for public offering of securities

1. Conditions for public offering of stocks include:

a/ The offering enterprise has a charter capital contributed at the time of offering registration of VND 10 billion or more accounted according to the book value;

b/ Its business operation in the year preceding the year of offering registration is profitable and, at the same time, it has no accrued loss up to the year of offering registration;

c/ Its issuance plan and plan on the use of capital generated from the sale offering are adopted by the Shareholders' General Assembly.

2. Conditions for public offering of bonds include:

a/ The offering enterprise has a charter capital contributed at the time of offering registration of VND 10 billion or more accounted according to the book value;

b/ Its business operation in the year preceding the year of offering registration is profitable, and at the same time it has no accrued loss up to the year of offering registration and has no payable debt which has been overdue for more than one year;

c/ Its issuance plan and plan on use and repayment of capital generated from the sale offering are adopted by the Board of Directors, the Council of Members or its owner;

d/ It undertakes to perform the obligation of an issuing organization towards investors in terms of issuance and payment conditions, assurance of legitimate rights and benefits of investors and other conditions.

3. Conditions for public offering of fund certificates to the public include:

a/ The total value of fund certificates registered for offering is at least VND 50 billion;

b/ There are an issuance plan and a plan on investment of capital amount generated from the offering of fund certificate in accordance with this Law.

4. The Government shall provide the conditions for public offering of securities which must be satisfied by state enterprises, foreign-invested enterprises transformed into joint-stock companies, newly established enterprises in the fields of infrastructure construction or high technologies; for the offering for sale of securities overseas and other specific cases.

Article 13.- Registration of public offering of securities

1. Issuing organizations making the public offering of securities must register it with the State Securities Commission.

2. In the following cases, public offering of securities is not subject to registration:

a/ Offering of bonds of the Vietnamese Government;

b/ Offering of bonds of international financial institutions approved by the Vietnamese Government;

c/ Public offering of stocks of state enterprises transformed into joint-stock companies;

d/ Sale of securities under court judgments or rulings, or sale of securities of property managers or recipients in case of bankruptcy or insolvency.

Article 14.- Dossiers of registration of public offering of securities

1. A dossier of registration of public offering of stocks comprises:

a/ A written registration of public offering of stocks;

b/ A prospectus;

c/ The issuing organization's charter;

d/ The decision of the shareholders' general assembly adopting the issuance plan and the plan on use of capital generated from the public offering of stocks;

e/ An issuance underwriting commitment (if any).

2. A dossier of registration of public offering of bonds comprises:

a/ A written registration of public offering of bonds;

b/ A prospectus;

c/ The issuing organization's charter;

d/ The decision of the Board of Directors, the Council of Members or the company's owner, adopting the issuance plan and the plan on use and repayment of capital generated from the public offering of bonds;

e/ A commitment to perform the obligation of an issuing organization towards investors in terms of issuance and payment conditions, assurance of legitimate rights and benefits of investors and other conditions;

f/ An issuance underwriting commitment (if any).

3. A dossier of registration of public offering of fund certificates comprises:

a/ A written registration of public offering of fund certificates;

b/ A prospectus;

c/ The securities investment fund's draft charter;

d/ A supervision contract between the supervisory bank and the securities investment fund management company;

e/ An issuance underwriting commitment (if any).

4. Dossiers of registration of public offering of stocks or bonds must be accompanied with decisions of Boards of Directors or Councils of Members or owners of companies approving those dossiers. For the public offering of securities of credit institutions, those dossiers must be approved in writing by the State Bank of Vietnam.

5. When dossiers of registration of public offering of securities are wholly or partially certified by concerned organizations or individuals, the issuing organizations shall send written certifications of such organizations or individuals to the State Securities Commission.

6. Information in dossiers must be accurate and truthful, cause no misleading and have adequate important contents which exert an impact on investors' decisions.

7. The Finance Ministry shall specify the dossiers of registration of public offering of securities applicable to state enterprises, foreign-invested enterprises transformed into joint-stock companies, newly established enterprises in the domain of infrastructure or high technologies; of overseas offering of securities and other specific cases.

Article 15.- Prospectus

1. For public offering of stocks or bonds, a prospectus has the following contents:

a/ Brief information on the issuing organization, including its organizational apparatus, business operation, assets, financial status, Board of Directors or Council of Members or owner, director or general director, deputy director or deputy general director and structure of shareholders (if any);

b/ Information on the offering and securities to be offered, including offering conditions, risks, tentative plan on profits and dividends of the year following the issuance of securities, the issuance plan and the plan on the use of proceeds from the offering;

c/ The issuing organization's financial statements for the last two years as specified in Article 16 of this Law;

d/ Other information specified in the model prospectus.

2. For public offering of fund certificates, a prospectus has the following contents:

a/ Type and size of the securities investment fund;

b/ Investment objectives, strategy, methods and process, investment limitations and risks of the securities investment fund;

c/ Summarized principal contents of the securities investment fund's draft charter;

d/ Plans on issuance of fund certificates and information guiding investors to invest in the securities investment fund;

e/ Summarized information on the securities investment fund management company, the supervisory bank and regulations on transactions with affiliated persons of the securities investment fund management company and the supervisory bank;

f/ Other information specified in the model prospectus.

3. Signatures in the prospectus:

a/ For the public offering of stocks or bonds, a prospectus must contain signatures of the chairman of the Board of Directors or the Council of Members or the company president, the director or the general director, the financial director or the chief accountant of the issuing organization and the representative at law of the issuance-underwriting organization or the principal issuance underwriting organization (if any). For signatures of persons authorized by the aforesaid persons, the power of attorney is required.

b/ For the public offering of fund certificates, a prospectus must contain signatures of the chairman of the Board of Directors or the Council of Members or the company president, the director or the general director of the securities investment fund management company and the representative at law of the issuance-underwriting organization (if any). For signatures of persons authorized by the aforesaid persons, the power of attorney is required.

4. The Finance Ministry shall promulgate the model prospectus.

Article 16.- Financial statements

1. A financial statement consists of an accounting balance, a report on business or production results, a cash flow report and an explanation.

2. An issuing organization being a parent company shall submit a consolidated financial statement according to the accounting law.
3. Annual financial statements must be an audited by accredited audit organization.
4. If the dossier is submitted before March 1 of a year, the annual financial statement of the preceding year in the initial dossier may be an unaudited one, which, however, must be accompanied with the audited financial statements of the two previous years.
5. If the accounting period of the latest financial statement ends more than ninety days after the date of submission of the valid dossier of securities public offering registration to the State Securities Commission, the issuing organization shall make an additional financial statement for the latest month or quarter.

Article 17.- Responsibilities of organizations and individuals related to dossiers of registration of public offering of securities

1. Issuing organizations shall take responsibility for the accuracy, truthfulness and completeness of their dossiers of registration of public offering of securities.
2. Issuance consultancy organizations, issuance-underwriting organizations, accredited audit organizations, persons who sign audit reports and any organizations and individuals that certify dossiers of registration of public offering of securities shall take responsibility for matters related to such dossiers.

Article 18.- Modification or supplementation of dossiers of registration of public offering of securities

1. During the examination of dossiers of registration of public offering of securities, issuing organizations are obliged to modify or supplement such dossiers if inaccurate information is detected in, or important information is omitted from, such dossiers, or if they find it necessary to explain matters which might be misunderstood.
2. In the course of examining dossiers of registration of public offering of securities, the State Securities Commission may request issuing organizations to modify or supplement such dossiers in order to ensure that the disclosed information is accurate, truthful and complete and able to help protect legitimate rights and benefits of investors.
3. After the State Securities Commission grants certificates of public offering of securities, if arises any important information related to dossiers of registration of public offering of securities, the issuing organizations shall, within seven days, disclose such information by the modes specified in Clause 3, Article 20 of this Law and concurrently modify or supplement such dossiers.
4. Written modifications or supplementations submitted to the State Securities Commission must be signed by persons who have signed the dossiers of registration of public offering of securities or by persons holding the same position.

5. The time limit for dossier examination in the cases specified in Clauses 1 and 2 of this Article is counted from the date the State Securities Commission receives written modifications or supplementations.

Article 19.- Information before the public offering of securities

During the examination of dossiers of registration of public offering of securities by the State Securities Commission, issuing organizations, issuance-underwriting organizations and concerned organizations and individuals may only use information in the prospectuses already submitted to the State Securities Commission in an honest and accurate manner for market survey, clearly stating that information on date of issuance and securities selling prices are non-official. The market survey may not be conducted on the mass media.

Article 20.- Effect of registration of public offering of securities

1. Within thirty days after receiving the valid dossiers, the State Securities Commission shall consider and grant certificates of public offering of securities. In case of refusal, the State Securities Commission shall reply in writing, clearly stating reasons for the refusal.

2. Certificates of public offering of securities granted by the State Securities Commission serve as written certifications that the dossiers of registration of public offering of securities fully satisfy the conditions and procedures required by law.

3. Within seven days after a certificate of public offering of securities becomes effective, the issuing organization shall publish an issuance announcement on an electronic or printed newspaper for three consecutive issues.

4. Securities may only be publicly offered after they are published according to the provisions of Clause 3 of this Article.

Article 21.- Distribution of securities

1. The distribution of securities shall only be made after the issuing organization assures that securities buyers have accessed the prospectus in the dossier of registration of public offering of securities posted up at places indicated in the issuance announcement.

2. The issuing organization, the issuance underwriting organization or the issuance agent shall distribute securities in a fair and open manner and ensure a period of at least twenty days for investors to register to buy securities. Such a period must be stated in the issuance announcement.

If the amount of securities registered to be bought exceeds that allowed to be issued, the issuing organization or the issuance-underwriting organization shall fully distribute the amount of securities allowed to be issued to investors in proportion to their registered amounts of securities.

3. Securities purchase money shall be transferred into bank accounts which are frozen until the offering is completed and reported to the State Securities Commission.

4. The issuing organization shall complete the distribution of securities within ninety days after the certificate of public offering of securities becomes effective. If the issuing organization cannot complete the distribution of securities within this time limit, the State Securities Commission may consider and prolong the distribution of securities but for no more than thirty days.

For the registration of securities offering to be made in installments, the interval between two offering installments must not exceed twelve months.

5. The issuing organization or the issuance-underwriting organization shall send a report on the results of the offering to the State Securities Commission within ten days after the completion of the offering, accompanied with a written certification by the bank where the frozen account is opened of the proceeds from the offering.

6. The issuing organization, the issuance underwriting organization or the issuance agent shall deliver securities or securities ownership certificates to buyers within thirty days after the completion of the offering.

Article 22.- Suspension of public offering of securities

1. The State Securities Commission may suspend the public offering of securities for no more than sixty days in the following cases:

a/ Dossiers of registration of public offering of securities are detected having contained untruthful information or lacked important information, which might affect investment decisions and cause damage to investors.

b/ The distribution of securities fails to comply with the provisions of Article 21 of this Law.

2. Within seven days after the public offering of securities is suspended, the issuing organization shall announce the suspension of public offering of securities by the modes specified in Clause 3, Article 20 of this Law and call the issued securities when investors so request and, at the same time, refund the received money to investors within fifteen days after the latter so request.

3. After the errors leading to the suspension of the public offering of securities are addressed, the State Securities Commission shall issue a written notice on suspension cancellation and the offering of securities may be resumed.

4. Within seven days after the notice on suspension cancellation is issued, the issuing organization shall publish the suspension cancellation by the modes specified in Clause 3, Article 20 of this Law.

Article 23.- Cancellation of public offering of securities

1. After the suspension duration specified in Clause 1, Article 22 of this Law, if errors leading to the suspension of the public offering of securities remain unaddressed, the

State Securities Commission shall cancel the offering and ban the sale of such securities.

2. Within seven days after the public offering of securities is cancelled, the issuing organization shall announce the cancellation of the public offering of securities by the modes specified in Clause 3, Article 20 of this Law and call the issued securities and concurrently refund the received money to investors within fifteen days after the offering is cancelled. Past this time limit, the issuing organization shall pay damages to investors according to agreements reached with investors.

Article 24.- Obligations of issuing organizations

1. Issuing organizations that have completed the public offering of stocks become public companies and, therefore, have to fulfill the obligations of a public company specified in Clause 2, Article 27 of this Law. Dossiers for registration of public offering of securities shall be regarded as public company dossiers and issuing organizations are not required to submit public company dossiers defined in Clause 1, Article 26 of this Law to the State Securities Commission.

2. Issuing organizations that have completed the public offering of bonds shall perform the information disclosure obligation specified in Article 102 of this Law.

Chapter III

PUBLIC COMPANIES

Article 25.- Public companies

1. A public company is a joint-stock company that:

a/ Has already conducted the public offering of its stocks;

b/ Has its stocks listed at the Stock Exchange or the Securities Trading Center; or,

c/ Has its stocks owned by at least one hundred investors, excluding professional securities investors, and has a contributed charter capital of VND 10 billion or more.

2. Joint-stock companies defined at Point c, Clause 1 of this Article shall submit public company dossiers specified in Clause 1, Article 26 of this Law to the State Securities Commission within ninety days after they become public companies.

Article 26.- Public company dossiers

1. A public company dossier comprises:

a/ The company's charter;

b/ A copy of the company's business registration certificate;

c/ Brief information on the model of business organization, management apparatus and shareholders' structure;

d/ The latest year's financial statement.

2. Within seven days after receiving valid dossiers, the State Securities Commission shall publicly announce the names and business operations of and other information related to public companies on the State Securities Commission's media.

Article 27.- Rights and obligations of public companies

1. Public companies have the rights as provided for by the Enterprise Law and other relevant laws.

2. Public companies have the following obligations:

a/ To disclose information according to the provisions of Article 101 of this Law;

b/ To adhere to the corporate governance principles defined in Article 28 of this Law;

c/ To conduct the concentrated securities registration and depository at the Securities Trading Center according to the provisions of Articles 52 and 53 of this Law;

d/ Other obligations as provided for by the Enterprise Law and other relevant laws.

Article 28.- Corporate governance principles

1. Public companies shall comply with the provisions of the Enterprise Law regarding corporate governance.

2. The Finance Ministry shall specify the corporate governance applicable to public companies which have their stocks listed at stock exchanges or securities trading centers.

Article 29.- Reports on majority shareholders' ownership

1. Organizations and individuals that become majority shareholders of a public company shall report their stock ownership to such public company, the State Securities Commission and stock exchanges or securities trading centers where stocks of such public company are listed within seven days after they become majority shareholders.

2. A report on a majority shareholder's ownership covers the following contents:

a/ The name, address and business lines, for majority shareholders being organizations; the full name, age, nationality, place of residence and occupation, for majority shareholders being individuals;

b/ The number and percentage of stocks owned by the organization or individual or jointly owned by such organization or individual and other organizations or individuals to the total number of outstanding stocks.

3. In case of a material change in information stated in reports defined in Clause 2 of this Article or a change in the number of stocks owned by a majority shareholder

which exceeds one per cent of the total number of outstanding stocks, that majority shareholder shall, within seven days after such change occurs, submit an amended and supplemented report to the public company, the State Securities Commission and stock exchanges or securities trading centers where the stocks are listed.

4. The provisions of Clauses 1, 2 and 3 of this Article also apply to affiliated persons who own five percent or more of an issuing organization's voting stocks.

Article 30.- Redemption by public companies of their own stocks

1. When redeeming their own stocks, public companies that have no stocks listed at stock exchanges or securities trading centers shall comply with the provisions of Articles 90, 91 and 92 of the Enterprise Law.

2. When redeeming their own stocks, public companies that have stocks listed at stock exchanges or securities trading centers shall disclose information on the redemption at least seven days before conducting it. Disclosed information covers:

a/ Redemption purpose(s);

b/ Number of stocks to be redeemed;

c/ Capital source(s) for redemption;

d/ Redemption duration.

The redemption by public companies of their own stocks and the resale of stocks they have purchased shall comply with the Finance Ministry's regulations.

Article 31.- Recovery of profits from unfair transactions

1. Public companies are entitled to recover all profits earned by members of their Boards of Directors, directors or general directors, deputy directors or deputy general directors, finance or accounting managers and other managers in their management apparatus from the arbitrage or reverse arbitrage of their securities within six months after the date of purchase or sale.

2. Public companies or their shareholders are entitled to initiate lawsuits at a court for recovery of profits earned from unfair transactions defined in Clause 1 of this Article.

Article 32.- Public bid

1. Cases subject to public bid:

a/ Bids for voting stocks which lead to the ownership of twenty five percent or more of outstanding stocks of a public company;

b/ Bids the parties that are offered with which are compelled to sell stocks they own.

2. Organizations or individuals that make public bid of stocks of public companies shall send their public bid registrations to the State Securities Commission. Within

seven days after receiving public bid registrations, the State Securities Commission shall reply in writing. In case of disapproval, it shall clearly state the reasons therefor.

3. The public bid is conducted only after it is approved by the State Securities Commission and announced in advance by bid-making organizations or individuals on the mass media.

4. A public bid registration contains the following information:

a/ Name and address of the bid-making organization or individual;

b/ Type of stock subject to bid;

c/ The number of stocks subject to bid and currently held by such organization or individual;

d/ The projected number of stocks subject to bid;

e/ Bid duration;

f/ Bid price;

g/ Bid conditions.

5. In the course of public bid, bid-making organizations and individuals may not take the following acts:

a/ Directly or indirectly buying or committing to buy stocks currently subject to bid outside a bid drive;

b/ Selling or committing to sell stocks for which they are making bids;

c/ Unfairly treating owners of the same type of stock subject to bid;

d/ Supplying private information to a certain number of shareholders or supplying information to shareholders neither on the same scale nor at the same time. This regulation is also applicable to issuance-underwriting organizations whose stocks are subject to bid.

6. The duration for conducting a public bid must be between thirty days and sixty days after the announcement of that public bid. The bid covers also the additional bid or adjusted bid as compared with the initial registration. An additional bid or adjusted bid as compared with the initial registration must be conducted with terms not less preferential than those for previous bids.

7. Stock-owning organizations and individuals that have made margins for stocks under a public bid are entitled to withdraw stocks at any time within the bid time limit.

8. If the number of stocks subject to bid is smaller than that of outstanding stocks of a company or the number of stocks put on sale is larger than that of stocks subject to bid, stocks shall be bought on the basis of the corresponding ratio.

9. After conducting the public bid, a bid maker that holds eighty percent or more of outstanding stocks of a public company shall buy within thirty days stocks of the same type held by other shareholders at the announced bid price, if these shareholders so request.

10. Public companies whose stocks are subject to a public bid shall announce their consents to or refusals of the bid. In case of refusal, such companies shall reply in writing, clearly stating the reasons therefor. Written replies of those companies must bear signatures of at least two thirds of members of their Boards of Directors.

11. Within ten days after the end of a public bid, bid-making organizations or individuals shall report in writing to the State Securities Commission on the result of the public bid.

Chapter IV

SECURITIES TRADING MARKET

Article 33.- Organization of securities trading market

1. A stock exchange shall organize a securities trading market for securities of issuing organizations qualified for listing at such stock exchange.

2. A securities trading center shall organize a securities trading market for securities of issuing organizations unqualified for listing at a stock exchange.

3. Organizations or individuals other than stock exchanges and securities trading centers shall not be licensed to organize a securities trading market.

Article 34.- Organization and operation of stock exchanges and securities trading centers

1. Stock exchanges and securities trading centers are legal persons established and operating after the model of limited liability companies or joint-stock companies in accordance with this Law.

2. The Prime Minister shall decide on the establishment, dissolution, transformation of the organizational structures and ownership forms of stock exchanges and securities trading centers at the proposal of the Finance Minister.

3. Stock exchanges and securities trading centers have the function of organizing and supervising the trading of securities listed at such stock exchanges and securities trading centers.

4. The operation of stock exchanges and securities trading centers shall comply with the provisions of this Law and their own charters.

5. Stock exchanges and securities trading centers shall submit to the management and supervision by the State Securities Commission.

Article 35.- Managerial and executive apparatuses of stock exchanges or securities trading centers

1. Stock exchanges and securities trading centers have their own Boards of Directors, directors, deputy directors and Control Boards.

2. Chairmen of Boards of Directors and directors of stock exchanges or securities trading centers are approved by the Finance Minister at the proposal of the Boards of Directors after obtaining the opinions of the Chairman of the State Securities Commission.

3. Rights and duties of Boards of Directors, directors, deputy directors and Control Boards are specified in the charters of stock exchanges or securities trading centers.

Article 36.- Charters of stock exchanges or securities trading centers

1. Charters of stock exchanges or securities trading centers shall be approved by the Finance Ministry at the proposal of their Boards of Directors after obtaining the opinions of the Chairman of the State Securities Commission.

2. The Charter of a stock exchange or a securities trading center covers the following principal contents:

a/ Its name and address;

b/ Its operation objectives;

c/ Its charter capital; methods of increasing, reducing or transferring its charter capital;

d/ Names, addresses and tips of its founding shareholders or capital contributing members or owners;

e/ Capital contributions or numbers of shares of stock and values of capital contributions of its founding shareholders or capital contributing members;

f/ Its representative at law;

g/ Its organizational and managerial apparatus;

h/ Rights and obligations of its capital contributing members or shareholders;

i/ Rights and duties of its Board of Directors, director, deputy directors and Control Board;

j/ Mode of adoption of its decisions;

k/ Mode of amendment and supplementation of its charter;

l/ Applicable accounting and audit regime;

m/ Setting up of funds and mechanism for use thereof; principles for use of profits, handling of losses and other financial regimes;

n/ Principles for settlement of internal disputes.

Article 37.- Rights of stock exchanges and securities trading centers

1. To promulgate regulations on securities listing, securities trading, information disclosure and trading members after such regulations are approved by the State Securities Commission.

2. To organize and administer securities trading activities at their places.

3. To suspend, stop or cancel securities transactions according to their securities trading regulations in case of necessity to protect investors.

4. To list or delist securities and supervise the maintenance of conditions for listing of securities of listed organizations at their places.

5. To approve or revoke the status of trading members; to supervise securities trading activities of trading members at their places.

6. To supervise the information disclosure by listed organizations and trading members at their places.

7. To supply market information and information related to listed securities.

8. To act as a conciliation intermediary at the request of trading members upon the appearance of a dispute related to securities trading activities.

9. To collect charges according to the Finance Ministry's regulations.

Article 38.- Obligations of stock exchanges and securities trading centers

1. To ensure public, fair, orderly and efficient securities trading in the market.

2. To observe the accounting, audit and statistical regimes, and fulfill financial obligations in accordance with law.

3. To disclose information according to the provisions of Article 107 of this Law.

4. To supply information to and coordinate with competent state agencies in investigating, preventing and combating acts of violating the law on securities and securities market.

5. To coordinate with one another in the propagation and dissemination of securities and securities market knowledge to investors.

6. To pay damages to trading members if they cause damage to those members, except in *force majeure* circumstances.

Article 39.- Trading members

1. Trading members at stock exchanges or securities trading centers are securities companies approved by such stock exchanges or securities trading centers to become their trading members.

2. Conditions and procedures for becoming trading members at stock exchanges or securities trading centers are specified in the regulations on trading members of such stock exchanges or securities trading centers.

3. A trading member has the following rights:

a/ To use the trading system and services provided by the stock exchange or the securities trading center;

b/ To receive information on securities trading market from the stock exchange or securities trading center;

c/ To request the stock exchange or the securities trading center to act as a conciliation intermediary for disputes related to its securities trading activities;

d/ To propose and recommend matters related to the operation of the stock exchange or the securities trading center;

e/ Other rights provided for in the regulation on trading members of the stock exchange or securities trading center.

4. A trading member has the following obligations:

a/ The obligations specified in Article 71 of this Law;

b/ To submit to the supervision by the stock exchange or the securities trading center;

c/ To pay membership fee, trading charge and other service charges prescribed by the Finance Ministry;

d/ To disclose information according to the provisions of Article 104 of this Law and the regulation on information disclosure of the stock exchange or the securities trading center;

e/ To assist other trading members at the request of the stock exchange or the securities trading center when necessary;

f/ Other obligations specified in the regulation on trading members of the stock exchange or the securities trading center.

Article 40.- Securities listing

1. When listing their securities at stock exchanges or securities trading centers, the issuing organizations shall satisfy the conditions on capital, business activities and financial capability, number of shareholders or securities owners.
2. Issuing organizations submitting listing dossiers are responsible for the accuracy, truthfulness and completeness of their dossiers. Listing consultancy organizations, accredited audit organizations, persons who sign audit reports and any organizations or individuals certifying listing dossiers are responsible therefor within the relevant scope.
3. The Government shall specify the conditions, dossiers and procedures for listing securities at stock exchanges or securities trading centers and for listing securities at foreign stock exchanges.

Article 41.- Securities trading

1. Securities trading at stock exchanges:
 - a/ Stock exchanges organize the trading of listed securities by concentrated order matching and other trading modes defined in their securities trading regulations.
 - b/ Securities listed at stock exchanges may not be traded outside the stock exchanges, unless it is provided for in the securities trading regulations of stock exchanges.
2. Securities trading at securities trading centers:
 - a/ Securities trading centers organize the trading of listed securities by mode of agreement and other trading modes defined in their securities trading regulations.
 - b/ Securities listed at securities trading centers may be traded at securities companies being trading members of the securities trading centers according to the securities trading regulations of such securities trading centers.
3. Stock exchanges and securities trading centers shall obtain approval of the State Securities Commission when they wish to organize the trading of securities of new types, replace existing trading modes with new ones, or put to operation new trading systems.

Chapter V

SECURITIES REGISTRATION, DEPOSITORY, CLEARING AND PAYMENT

Article 42.- Organization and operation of securities depository centers

1. Securities depository centers are legal persons established and operating after the model of limited liability companies or joint-stock companies in accordance with this Law.
2. The Prime Minister shall decide on the establishment, dissolution, transformation of organizational structure or ownership form of securities depository centers at the proposal of the Finance Minister.

3. Securities depository centers have the function of organizing and supervising securities registration, depository, clearing and payment activities.
4. Operation of securities depository centers shall comply with the provisions of this Law and their charters.
5. Securities depository centers shall submit to the management and supervision by the State Securities Commission.

Article 43.- Managerial and executive apparatus of securities depository centers

1. A securities depository center has its Board of Directors, director, deputy directors and Control Board.
2. The chairman of the Board of Directors and the director of a securities depository center are approved by the Finance Minister at the proposal of the Board of Directors after obtaining the opinions of the Chairman of the State Securities Commission.
3. Rights and duties of the Boards of Directors, directors, deputy directors and Control Boards are specified in the charters of securities depository centers.

Article 44.- Charters of securities depository centers

1. Charters of securities depository centers shall be approved by the Finance Ministry at the proposal of their Boards of Directors after obtaining the opinions of the Chairman of the State Securities Commission.
2. The Charter of a securities depository center covers the following principal contents:
 - a/ Its name, address of its head office, its branches;
 - b/ Its operation objectives;
 - c/ Its charter capital; methods of increasing, reducing or transferring its charter capital;
 - d/ Names, addresses and tips of its founding shareholders or capital contributing members or owners;
 - e/ Capital contributions or numbers of shares and values of capital contributions of its founding shareholders or capital contributing members;
 - f/ Its representative at law;
 - g/ Its organizational and managerial apparatus;
 - h/ Rights and obligations of its capital contributing members or shareholders;
 - i/ Rights and duties of its Board of Directors, director, deputy directors and Control Board;

j/ Mode of adoption of its decisions;

k/ Mode of amendment and supplementation of its Charter;

l/ Applicable accounting and audit regimes;

m/ Setting up of funds and mechanism for use thereof; principles for use of profits, handling of losses and other financial regimes;

n/ Principles for settlement of internal disputes.

Article 45.- Rights of securities depository centers

1. To promulgate regulations on securities registration, depository, clearing and payment after such regulations are approved by the State Securities Commission.
2. To approve or revoke the status of depository members; to supervise the observance of their regulations by their depository members.
3. To provide securities registration, depository, clearing and payment services and other services related to the securities depository at the request of customers.
4. To collect charges under the Finance Ministry's regulations.

Article 46.- Obligations of securities depository centers

1. To ensure physical and technical foundations in service of securities registration, depository, clearing and payment activities.
2. To elaborate the process of operation and risk management applicable to each operation.
3. To separately manage assets of customers.
4. To pay damages to customers in case of failure to fulfill their obligations, thus causing damage to legitimate interests of such customers, except in *force majeure* circumstances.
5. To operate in the interest of securities depositors or securities owners.
6. To take measures to protect their databases and keep original vouchers on securities registration, depository, clearing and payment according to the provisions of law on accounting and statistics.
7. To set aside hedge funds to offset customers' losses caused by technical failures or staff mistakes in the course of operation. Hedge funds shall be set aside from revenues from professional operations according to the Finance Ministry's regulations.
8. To supply information related to customers' securities ownership at the request of public companies and issuing organizations.

9. To observe the accounting, audit and statistical regimes and fulfill financial obligations as provided for by law; and to report on securities depository activities according to the Finance Ministry's regulations.

10. To be responsible for depository and payment activities at their head offices or branches registered for depository activities.

Article 47.- Depository members

1. Depository members being securities companies or commercial banks operating in Vietnam are granted securities depository registration certificates by the State Securities Commission and approved by securities depository centers to become their respective depository members.

2. Depository members have the following rights:

a/ To provide depository services and pay securities transactions for their customers;

b/ To collect charges according to the Finance Ministry's regulations;

c/ Other rights provided for by law and by the securities depository centers in their regulations.

3. Depository members have the following obligations:

a/ To fulfill the obligations specified in Article 46 of this Law;

b/ To contribute to payment assistance funds according to the regulations of securities depository centers;

c/ Other obligations specified by law and by the securities repository centers in their regulations.

Article 48.- Conditions for registration of securities depository activities

1. For a commercial bank, the conditions for registration of securities depository activities include:

a/ Having a license for establishment and operation in Vietnam;

b/ Having overdue debts not exceeding five percent of its total debit balance, and being in the black in the last year;

c/ Having a place, facilities and equipment in service of securities registration and depository and securities transaction payment activities.

2. For a securities company, the conditions for registration of securities depository activities include:

a/ Having a license for establishment and performance of securities brokerage or dealing operation;

b/ Having a place, facilities and equipment in service of securities registration and depository and securities transaction payment activities.

Article 49.- Dossiers of registration of securities depository activities

1. Written request for registration of securities depository activities.
2. A copy of the establishment and operation license.
3. Written explanation of physical and technical foundations for performance of securities depository activities.
4. Audited financial statement of the last year, except for newly established securities companies.

Article 50.- Time limit for grant of securities depository registration certificates

1. The time limit for grant of securities depository registration certificates is fifteen days after the State Securities Commission receives valid dossiers. In case of refusal to grant certificates, the State Securities Commission shall reply in writing, clearly stating the reasons therefor.
2. Within twelve months after being granted securities depository registration certificates, securities companies or commercial banks shall carry out procedures for registration of depository members at securities depository centers and commencement of operation.

Article 51.- Suspension or revocation of securities depository registration certificates

1. A depository member shall be suspended from securities depository operation for a maximum duration of ninety days in the following cases:

a/ It frequently breaches the depository members' obligations specified by the securities depository center;

b/ It lets errors occur, causing heavy losses to its customers.

2. A depository member has its securities depository registration certificate revoked in the following cases:

a/ Upon the expiration of the depository suspension duration, it still fails to remedy breaches specified in Clause 1 of this Article;

b/ It fails to commence securities depository operation within twelve months after it is granted a securities depository registration certificate.

c/ It has its establishment and operation license revoked;

d/ It is divided, split, merged, consolidated, transformed, dissolved or bankrupt;

e/ It voluntarily terminates the securities depository operation after obtaining consent of the State Securities Commission.

3. When having their securities depository registration certificates revoked, depository members shall carry out procedures for finalizing their securities depository accounts according to regulations of securities depository centers.

Article 52.- Securities registration

1. Securities of public companies must be registered in a concentrated manner at securities depository centers.

2. Securities of other issuing organizations, which authorize securities depository centers to act as their transfer agents, must be registered at those securities depository centers.

3. Public companies and issuing organizations defined in Clauses 1 and 2 of this Article shall register types of their securities and information on securities owners with securities depository centers.

Article 53.- Securities depository

1. Securities of public companies must be deposited in a concentrated manner at securities depository centers before being traded.

2. Securities must be deposited at securities depository centers by mode of general depository. Securities owners are co-owners of securities in general depository according to proportions of their deposited securities.

3. Securities depository centers may take into separate depository registered securities and other assets at the request of owners.

Article 54.- Transfer of securities ownership

1. The transfer of securities ownership over securities already registered at securities depository centers shall be made through those securities depository centers.

2. The effect of the transfer of securities ownership at securities depository centers is provided as follows:

a/ If securities are already deposited in a concentrated manner at a securities depository center, the transfer of securities ownership becomes effective on the date of taking book entries on securities depository accounts at such securities depository center;

b/ If securities are not yet deposited in a concentrated manner at a securities depository center, the transfer of securities ownership becomes effective on the date those securities are recorded in registers managed by such securities depository center.

Article 55.- Clearing and payment of securities transactions

1. Clearing and payment of securities transactions are made according to regulations of securities depository centers.

2. Securities payment is made through securities depository centers, while payment of securities transaction money is made through payment banks and in compliance with the principle that securities transfer is conducted simultaneously with monetary payment.

Article 56.- Safekeeping of assets of customers

1. Securities in physical or non-physical forms, and other assets of customers managed by securities depository centers or depository members are property of their owners and may not be treated as property of those securities depository centers or depository members.

2. Securities depository centers or depository members shall not use securities deposited by customers at their places for payment of their debts.

Article 57.- Confidentiality

1. Securities depository centers and depository members shall protect confidentiality of information related to customers' securities ownership, and deny investigation, blockade, seizure, appropriation and transfer of customers' assets without the latter's consents.

2. The provisions of Clause 1 of this Article do not apply to:

a/ Auditors audit financial statements of securities depository centers or financial statements of depository members;

b/ Customers of securities depository centers or depository members who wish to be informed of their own securities ownership;

c/ Information that is supplied at the request of competent state agencies.

Article 58.- Payment assistance funds

1. Payment assistance funds are formed from contributions of depository members for making payments on depository members' behalf in case they are temporarily insolvent to pay securities transactions.

2. Payment assistance funds are managed by securities depository centers separately from the latter's assets.

3. Levels of contribution to payment assistance funds, payment assistance modes, modes of management and use of payment assistance funds shall comply with regulations of securities depository centers.

Chapter VI

SECURITIES COMPANIES AND SECURITIES INVESTMENT FUND
MANAGEMENT COMPANIES

Article 59.- Establishment and operation of securities companies and securities investment fund management companies

1. Securities companies and securities investment fund management companies (below referred to as fund management companies) shall be organized in the form of limited liability companies or joint-stock companies in accordance with the Enterprise Law.

2. The State Securities Commission shall grant establishment and operation licenses to securities companies and fund management companies. Such a license concurrently serves as a business registration certificate.

Article 60.- Business operations of securities companies

1. Securities companies may conduct one, several or all of the following business operations:

a/ Securities brokerage;

b/ Securities dealing;

c/ Securities issuance underwriting;

d/ Securities investment consultancy.

2. Securities companies may conduct the securities issuance underwriting operation only when they conduct the securities dealing operation.

3. Apart from the business operations specified in Clause 1 of this Article, securities companies may provide financial consultancy services and other financial services.

Article 61.- Business operations of fund management companies

1. Fund management companies may conduct the following business operations:

a/ Management of securities investment funds;

b/ Management of securities portfolios.

2. The business operations specified in Clause 1 of this Article shall all be stated in the establishment and operation license of a fund management company.

3. Apart from the business operations specified in Clause 1 of this Article, fund management companies may mobilize and manage foreign investment funds intended to invest in Vietnam.

Article 62.- Conditions for grant of establishment and operation licenses to securities companies and fund management companies

1. Conditions for grant of an establishment and operation license to a securities company or a fund management company include:

a/ Having a head office and facilities and equipment to serve securities trading activities. Particularly for securities issuance-underwriting and securities investment consultancy operations, the condition on facilities and equipment is not compulsory;

b/ Having sufficient legal capital as prescribed by the Government;

c/ Its director or general director and staff members conducting securities business operations specified in Clause 1, Article 60 and Clause 1, Article 61 of this Law possess securities practice certificates.

2. Founding shareholders or founding members being individuals must have full civil act capacity and not be currently serving imprisonment sentences or banned by court from doing business. Those being legal persons must be lawfully operating and financially capable of making capital contributions. Founding shareholders or founding members shall use their own capital sources to contribute capital for establishment of securities companies or fund management companies.

Article 63.- Dossier of application for establishment and operation license of a securities company or a fund management company

1. An application for establishment and operation license of the securities company or fund management company.

2. A written explanation of material and technical foundation for performance of securities business operations.

3. A bank's certification of the legal capital deposited on a frozen account at that bank.

4. A tentative list of the director or the general director and staff members conducting securities business operations, enclosed with copies of their securities practice certificates.

5. A list of founding shareholders or founding members, enclosed with copies of their identity cards or passports, for individuals, or business registration certificates, for legal persons.

6. Copies of the last year's financial statements, which are audited by an independent audit organization, of founding shareholders or founding members being legal persons that have contributed ten percent or more of the license applicant's contributed charter capital.

7. The draft Charter of the company.

8. A tentative plan on business operation for the first three years suitable to business operations requested to be licensed, enclosed with professional processes, internal control process and risk management process.

Article 64.- Charters of securities companies or fund management companies

1. The Charter of a securities company or a fund management company must have the following principal contents:

a/ The contents specified in Article 22 of the Enterprise Law;

b/ The rights and obligations of securities companies or fund management companies which are not contrary to the provisions of this Law;

c/ The prohibitions and limitations for the securities company or the fund management company and for its director or general director and securities practitioners.

2. The Finance Ministry shall promulgate a model charter of securities companies or fund management companies.

Article 65.- Time limit for grant of establishment and operation licenses

1. Within thirty days after receiving valid dossiers, the State Securities Commission shall grant establishment and operation licenses to securities companies or fund management companies. If refusing to grant licenses, the State Securities Commission shall reply license applicants in writing, clearly stating the reasons therefor.

2. When it is necessary to clarify matters related to dossiers of application for establishment and operation licenses of securities companies or fund management companies, the State Securities Commission may request representatives of founding members or founding shareholders or persons expected to be appointed or recruited to be directors or general directors of license applicants to explain such matters verbally or in writing.

Article 66.- Publication of establishment and operation licenses

1. Within seven days after being granted establishment and operation licenses, securities companies or fund management companies shall publish those licenses on the State Securities Commission's media and on an online newspaper or a printed newspaper for three consecutive issues.

2. The publication of an establishment and operation license mentioned in Clause 1 of this Article covers the following principal details:

a/ The name of the securities company or the fund management company;

b/ The addresses of the company's head office, branches and representative offices (if any);

c/ The serial number of the establishment and operation license, date of issue, and business operations licensed to be conducted;

d/ The charter capital;

e/ The representative at law.

Article 67.- Supplementation of establishment and operation licenses

1. When adding its securities business operations, a securities company granted an establishment and operation license shall request the supplementation of its establishment and operation license.

2. A dossier of request for supplementation of establishment and operation license comprises:

a/ The written request for supplementation of establishment and operation license;

b/ The documents specified in Clauses 2, 3 and 8, Article 63 of this Law;

c/ The amended and supplemented charter which has been adopted by the shareholders' general assembly or the members' council or the company's owner;

d/ The decision of the shareholders' general assembly and the board of directors or the decision of the members' council or the company's owner on addition of securities business operations.

3. Within twenty days after receiving valid dossiers, the State Securities Commission shall grant supplemented establishment and operation licenses. If refusing to grant such a license, the State Securities Commission shall reply the license applicant in writing, clearly stating the reasons therefor.

4. Securities companies granted supplemented establishment and operation licenses shall publish those licenses within the time limit and by the mode specified in Clause 1, Article 66 of this Law.

Article 68.- Changes subject to the State Securities Commission's approval

1. A securities company or a fund management company shall obtain the State Securities Commission's written approval before making the following changes:

a/ Setting up or shutdown of its branches, representative offices or transaction offices;

b/ Change of its name; or relocation of its head office, branch, representative office or transaction office;

c/ Change in the ownership of shares or capital contribution portions accounting for ten percent or more of its contributed charter capital due to transactions, except when its stocks have been listed at the stock exchange or the securities trading center;

d/ Suspension of operation, except when the operation suspension is caused by *force majeure* circumstances.

2. Dossiers and procedures for approval of changes shall comply with the Finance Ministry's regulations.

3. The time limit for approving a change is fifteen days after the State Securities Commission receives a valid dossier. In case of disapproval, the State Securities Commission shall reply in writing, clearly stating the reasons therefor.

Article 69.- Division, separation, merger, consolidation or transformation of securities companies and fund management companies

1. Securities companies and fund management companies that are divided, separated, merged, consolidated or transformed must obtain approval of the State Securities Commission. The time limit for approving the division, separation, merger, consolidation or transformation is thirty days after the State Securities Commission receives a valid dossier. In case of disapproval, the State Securities Commission shall reply in writing, clearly stating the reasons therefor.

2. Dossiers and procedures for approving division, separation, merger, consolidation or transformation shall comply with the Finance Ministry's regulations.

3. Securities companies and fund management companies shall carry out the division, separation, merger, consolidation or transformation in accordance with the Enterprise Law.

4. Companies newly formed from the division, separation, merger, consolidation or transformation shall carry out procedures of application for re-grant of establishment and operation licenses according to the provisions of Article 63 of this Law.

Article 70.- Suspension and revocation of establishment and operation licenses of securities companies or fund management companies

1. A securities company or a fund management company is suspended from operation in the following cases:

a/ Its dossier of application for grant or supplementation of establishment and operation license contains untruthful information;

b/ Upon the expiration of the warning time limit specified in Article 74 of this Law, it still fails to redress the warned situation and has an accumulated loss equal to fifty percent of its charter capital or it no longer satisfies the condition on capital for securities business activities.

c/ It operates for improper purposes or not in accordance with the contents in its establishment and operation license;

d/ It fails to maintain the conditions for grant of establishment and operation license specified in Article 62 of this Law.

2. A securities company or a fund management company has its establishment and operation license revoked in the following cases:

a/ It fails to commence its securities business operation within twelve months after being granted the establishment and operation license;

b/ It fails to redress the situation mentioned at Point b, Clause 1 of this Article within six months after its operation is suspended

c/ It fails to remedy violations specified at Points a, c and d, Clause 1 of this Article within sixty days after its operation is suspended;

d/ It dissolves or goes bankrupt.

3. For the case of revocation of establishment and operation license specified at Point b, Clause 2 of this Article, the State Securities Commission may designate another securities company to complete transactions and contracts of the company whose establishment and operation license is revoked. In this case, the relation of proxy is automatically established between the two companies.

4. When having its establishment and operation license revoked, a securities company or a fund management company shall promptly terminate all operations stated in such license and publish a notice on an online newspaper or a printed newspaper for three consecutive issues. The State Securities Commission shall announce the revocation of establishment and operation licenses of securities companies or fund management companies on its media.

Article 71.- Obligations of securities companies

1. To establish a system for internal control, management of risks and supervision and prevention of interest conflicts within the companies and arising from transactions with related persons.

2. To manage separately securities of each investor, and to separate money and securities of investors from their own money and securities.

3. To sign written contracts with customers for provision of services to the latter; to supply full and truthful information to customers.

4. To prioritize the execution of customers' orders before their own orders.

5. To collect and scrutinize information on customers' financial status, investment purposes and risk-offsetting capability; to ensure that investment recommendations and consultations they provide to customers are suitable with such customers.

6. To comply with the Finance Ministry's regulations on maintenance of liquidity capital.

7. To purchase insurance for professional liability for securities business operations at the companies, or set aside investor protection funds to pay compensations to investors for damage caused by technical failures and mistakes of their staffs.

8. To keep all vouchers and accounts which reflect in detail and truthfully customers' transactions and their transactions.

9. To sell or allow customers to sell securities without securities ownership, and lend securities to customers for sale according to the Finance Ministry's regulations.

10. To comply with the Finance Ministry's regulations on securities business operations.

11. To observe the accounting, auditing and statistical regimes and perform financial obligations as provided for by law.

12. To disclose information according to the provisions of Article 104 of this Law and make reports according to the Finance Ministry's regulations.

Article 72.- Obligations of fund management companies

1. To fulfill the obligations specified in Clauses 1, 3, 4, 5, 6, 7, 9, 10, 11 and 12, Article 71 of this Law.

2. To manage securities investment funds and portfolios according to the provisions of this Law, charters of securities investment funds, contracts signed with investment-entrusting customers and contracts signed with supervisory banks.

3. To determine values of net assets of securities investment funds according to the provisions of Article 88 of this Law, charters of securities investment funds and contracts signed with investment-entrusting customers.

Article 73.- Limitations on securities companies and fund management companies

1. To refrain from making assessments or assuring customers of incomes or profits to be earned from their investments or assuring customers of no loss, except for investment in droplock securities.

2. To refrain from disclosing information on customers, except where such disclosure is consented to by the customers or requested by competent state management agencies.

3. To refrain from taking acts which mislead customers and investors as to securities prices.

4. To refrain from providing loans to customers for buying securities, unless otherwise provided for by the Finance Ministry.

5. Founding shareholders or founding members of a securities company or a fund management company are not allowed to transfer their shares of stock or capital contributions within three years after the grant of establishment and operation licenses, except for transfer to other founding shareholders or founding members of the same company.

Article 74.- Warning

Securities companies and fund management companies are warned if their liquidity capital is reduced to under one hundred and twenty percent of the level specified in Clause 6, Article 71 of this Law. Securities companies and fund management companies shall redress the warned situation within thirty days after the warning is made.

Article 75.- Dissolution and bankruptcy of securities companies and fund management companies

1. The dissolution of securities companies and fund management companies shall comply with the provisions of the Enterprise Law. If a securities company or a fund management company dissolves itself before the expiration of its operation duration, the State Securities Commission's approval is required.
2. The bankruptcy of securities companies or fund management companies must comply with the provisions of law on bankruptcy regarding enterprises operating in the financial or banking domain.

Article 76.- Grant of establishment and operation licenses of foreign-invested securities companies and fund management companies in Vietnam

1. Foreign-invested securities companies and fund management companies in Vietnam which are established in form of joint-ventures, joint-stock companies or companies with 100% foreign capital shall be granted establishment and operation licenses by the State Securities Commission.
2. Conditions for grant of establishment and operation licenses of foreign-invested securities companies and fund management companies in Vietnam shall comply with the provisions of Article 62 of this Law.
3. Dossiers and procedures for grant of establishment and operation licenses of foreign-invested securities companies and fund management companies in Vietnam shall be specified by the Government.

Article 77.- Grant of establishment and operation licenses of Vietnam-based branches of foreign securities companies or fund management companies

1. Conditions for grant of establishment and operation licenses of Vietnam-based branches of foreign securities companies or fund management companies include:
 - a/ Being securities business organizations lawfully operating in foreign countries;
 - b/ The conditions specified in Clause 1, Article 62 of this Law.
2. Dossiers and procedures for grant of establishment and operation licenses of Vietnam-based branches of foreign securities companies or fund management companies shall be specified by the Government.

Article 78.- Vietnam-based representative offices of securities companies or fund management companies

1. Foreign securities companies and fund management companies may set up their own Vietnam-based representative offices after registering operation with the State Securities Commission.
2. A dossier for operation registration of a Vietnam-based representative office of a foreign securities company or fund management company comprises:

- a/ A written registration of operation of the representative office;
- b/ A copy of the operation license of the foreign securities company or fund management company;
- c/ A copy of the Charter of the foreign securities company or fund management company;
- d/ The resume of the person expected to be appointed as the chief representative in Vietnam and the list of staff members working in the representative office (if any).

3. Within seven days after receiving the valid dossiers, the State Securities Commission shall grant certificates of registration of operation of Vietnam-based representative offices of foreign securities companies or fund management companies. If refusing to grant certificates, the State Securities Commission shall reply certificate applicants in writing, clearly stating the reasons therefor.

4. The scope of operation of representative offices covers one, several or all of the following activities:

- a/ Functioning as liaison and market survey offices;
- b/ Proceeding with the formulation of cooperation projects in the domain of securities and securities market in Vietnam;
- c/ Urging and supervising the performance of contracts and agreements already signed between foreign securities companies or fund management companies and Vietnamese economic organizations;
- d/ Urging and supervising the execution of projects funded by foreign securities companies or fund management companies in Vietnam.

5. Representative offices may not conduct securities business operations.

6. Representative offices shall submit to the management and supervision by the State Securities Commission.

Article 79.- Securities business practice certificates

1. Securities business practice certificates are granted to individuals who satisfy the following conditions:

- a/ Having full civil act capacity; neither serving imprisonment sentences nor being banned by court from business practice;
- b/ Possessing university degrees; having professional qualifications in the field of securities and securities market;
- c/ Having passed the examinations organized by the State Securities Commission; for foreigners who possess certificates of professional qualifications in securities market

or who have lawfully practiced securities business in foreign countries, only tests of Vietnam's securities law are required.

2. A dossier of application for a securities business practice certificate comprises:

a/ A written application for a securities business practice certificate;

b/ The applicant's resume certified by the administration of the locality where he/she resides;

c/ Copies of professional diplomas and certificates.

3. For foreigners defined at Point c, Clause 1 of this Article, a dossier of application for a securities business practice certificate comprises:

a/ A written application for a securities business practice certificate;

b/ The applicant's resume certified by a competent authority of the country of his/her nationality, accompanied with a copy of his/her passport;

c/ Copies of professional certificates or documents evidencing his/her lawful securities practice in the foreign country.

4. Within seven days after receiving valid dossiers, the State Securities Commission shall grant securities business practice certificates. If refusing to grant certificates, the State Securities Commission shall reply the applicants in writing, clearly stating the reasons therefor.

5. A securities business practice certificate is valid only when the certificate holder works in a securities company or a fund management company and is notified by that company to the State Securities Commission.

6. Within two days after a securities business practice certificate grantee no longer works for a securities company or a fund management company, that company shall notify such to the State Securities Commission.

Article 80.- Revocation of securities business practice certificates

1. Securities practitioners have their practice certificates revoked in the following cases:

a/ They no longer satisfy the conditions for grant of securities business practice certificates specified at Point a, Clause 1, Article 79 of this Law;

b/ They violate the provisions of Article 9, Clause 1 and Clause 3, Article 81 of this Law;

c/ They have failed to practice securities business for three years in a row.

2. Securities practitioners who have their securities business practice certificates revoked in the cases specified at Point b, Clause 1 of this Article shall not be re-granted those certificates.

Article 81.- Responsibilities of securities practitioners

1. A securities practitioner may not:

a/ Concurrently work for another organization having an ownership relation with the securities company or the fund management company where he/she is working;

b/ Concurrently work for another securities company or fund management company;

c/ Concurrently act as the director or the general director of an organization conducting the public offering of securities or a listing organization.

2. When working for securities companies, securities practitioners are entitled to open securities trading accounts for themselves at the very securities companies.

3. Securities practitioners may not use money and securities on customers' accounts without being entrusted by such customers.

4. Securities practitioners shall attend training courses on securities law, new trading systems and securities types, which are organized by the State Securities Commission, stock exchanges or securities trading centers.

Chapter VII

SECURITIES INVESTMENT FUNDS, SECURITIES INVESTMENT COMPANIES AND SUPERVISORY BANKS

Section I. GENERAL PROVISIONS ON SECURITIES INVESTMENT FUNDS

Article 82.- Types of securities investment funds

1. Securities investment funds include public funds and member funds.

2. Public funds include open-end funds and closed funds.

Article 83.- Establishment of securities investment funds

1. The establishment and public offering of fund certificates of public funds shall be conducted by fund management companies according to the provisions of Article 90 of this Law and registered with the State Securities Commission.

2. The establishment of member funds shall be conducted by fund management companies according to the provisions of Article 95 of this Law and reported to the State Securities Commission.

Article 84.- Rights and obligations of investors participating in securities investment funds

1. Investors have the following rights:

- a/ To enjoy benefits from investment activities of securities investment funds in proportion to their capital contributions;
- b/ To enjoy benefits and assets lawfully divided from the liquidated assets of securities investment funds;
- c/ To request fund management companies or supervisory banks to buy back open-end fund certificates;
- d/ To initiate lawsuits against fund management companies, supervisory banks or related organizations which infringe upon their legitimate rights and interests;
- e/ To exercise their rights through the investors' congress;
- f/ To transfer fund certificates according to charters of securities investment funds;
- g/ Other rights specified in charters of securities investment funds.

2. Investors have the following obligations:

- a/ To abide by decisions of the investors' congress;
- b/ To pay in full money amounts for purchase of fund certificates;
- c/ Other obligations specified in charters of securities investment funds.

Article 85.- Investors' congress of securities investment funds

1. The investors' congress of a securities investment fund, which is attended by all investors, is the highest decision-making body of that securities investment fund.

2. The investors' congress of a securities investment fund has the following rights and duties:

- a/ To elect, dismiss or remove from office the chairman and members of the Representative Committee of that securities investment fund;
- b/ To decide on remuneration and operation expenditure of the Representative Committee of that securities investment fund;
- c/ To change rates of charges to be paid to the fund management company and the supervisory bank;
- d/ To examine and handle violations by the fund management company, the supervisory bank and the fund's Representative Committee, which cause damage to the securities investment fund;

e/ To decide on amendments and/or supplements to the Charter of the securities investment fund and the supervision contract; to decide on the listing of closed fund certificates;

f/ To decide on basic changes in investment policies, profit distribution plans and investment objectives of the securities investment fund, and the dissolution of the securities investment fund;

g/ To decide on change of the fund management company or the supervisory bank;

h/ To request the fund management company or the supervisory bank to present books or transaction documents at the investors' congress;

i/ To adopt annual reports on financial status, assets and operation of the securities investment fund;

j/ To approve the selection of accredited audit organizations to audit annual financial statements of the securities investment fund;

k/ The rights and duties specified in the Charter of the securities investment fund.

3. The investors' congress of securities investment funds is annually or extraordinarily held to consider and decide on matters falling under the competence of the investors' congress. The holding and proceeding mode of the investors' congress and adoption of its decisions shall comply with the Finance Ministry's regulations and the charters of securities investment funds.

Article 86.- Charters of securities investment funds

1. The Charter of a securities investment fund shall be drafted by the fund management company and adopted by the investors' congress.

2. The Charter of a securities investment fund must have the following principal contents:

a/ The names of the securities investment fund, the fund management company and the supervisory bank;

b/ The date of establishment of the securities investment fund;

c/ The operation objectives, investment domains and operation duration of the securities investment fund;

d/ The contributed capital and provisions on increase of capital of the securities investment fund;

e/ Rights and obligations of the fund management company and the supervisory bank; cases of change of the fund management company or the supervisory bank; provisions on authorization for the fund management company to sign supervision contracts with supervisory banks;

f/ Provisions on the securities investment fund's Representative Committee and investors' congress;

g/ Investment limitations of the securities investment fund;

h/ Provisions on registration of ownership of fund certificates and archive of the fund's register of investors;

i/ Provisions on selection of the supervisory bank; selection and change of accredited audit organizations;

j/ Provisions on transfer, distribution and buyback of open-end fund certificates; provisions on listing of close fund certificates;

k/ Assorted expenses and incomes of the securities investment fund; charge rates and bonus levels applicable to the fund management company and the supervisory bank; cases and methods of dividing incomes of the securities investment fund to investors;

l/ The method of determining the net assets value of the securities investment fund and that of each fund certificate;

m/ Provisions on settlement of interest conflicts;

n/ Provisions on reporting regime;

o/ Provisions on dissolution of the securities investment fund;

p/ The commitments of the supervisory bank and the fund management company to fulfill their obligations toward the securities investment fund and investors, and to abide by the charter of the securities investment fund;

q/ The mode of amending and supplementing the Charter of the securities investment fund.

3. The model charter of securities investment funds shall be provided for by the Finance Ministry.

Article 87.- Dissolution of securities investment funds

1. A securities investment fund is dissolved in the following cases:

a/ The operation duration stated in its charter expires;

b/ The investors' congress decides to dissolve it before the expiration of the operation duration stated in its Charter.

2. At least three months before the planned date of dissolution, the fund's Representative Committee shall convene the investors' congress to adopt the plan on dissolution of the securities investment fund.

3. The fund management company and the supervisory bank shall complete the liquidation and division of the fund's assets to the investors under the plan adopted by the investors' congress.

4. The proceeds from the liquidation of the securities investment fund's assets and assets remaining after its dissolution must be settled in the following order:

a/ To fulfill financial obligations toward the State;

b/ To pay amounts payable to the fund management company and the supervisory bank, other payables and expenses for dissolution of the securities investment fund;

c/ To be divided to investors in proportion to their capital contributions to the fund.

5. Within five days after the completion of the dissolution of the securities investment fund, the fund management company and the supervisory bank shall report to the State Securities Commission on the result of the dissolution of the securities investment fund.

Article 88.- Determination of net asset value of securities investment funds

1. The determination of the net asset value of a securities investment fund shall be conducted by the fund management company and certified by the supervisory bank.

2. The determination of the net asset value of a securities investment fund must adhere to the following principles:

a/ For securities listed at the Stock Exchange or the Securities Trading Center, their prices are determined to be the closing prices or the average price of the trading day preceding the date of valuation;

b/ For assets other than securities specified at Point a of this Clause, the determination of their value must be based on the procedures and method of asset valuation clearly stated in the Charter of the securities investment fund. The procedures and method of valuation must be explicit and rational for uniform application, certified by the supervisory bank and approved by the fund's Representative Committee or investors' congress. Parties taking part in the asset valuation must be independent from the fund management company and the supervisory bank or the depository bank;

c/ Monetary assets include dividends and interests calculated according to their booked values at the time of valuation.

3. The net asset value of the securities investment fund must be periodically and publicly notified according to Article 105 of this Law.

Article 89.- Reports on securities investment funds

1. The fund management company shall periodically or extraordinarily report to the State Securities Commission on the investment portfolio, investment activities and financial status of the securities investment fund.

2. The Finance Ministry shall specify the regime of reporting on securities investment funds.

Section 2. PUBLIC FUNDS AND MEMBER FUNDS

Article 90.- Mobilization of capital for establishment of public funds

1. The mobilization of capital of a public fund shall be conducted by the fund management company within ninety days after the certificate of public offering of fund certificates takes effect. A public fund is established when at least one hundred investors, excluding professional securities investors, buy fund certificates and the total value of sold fund certificates reaches at least VND 50 billion.

2. Total capital amount contributed by investors must be frozen at a separate account controlled by the supervisory bank and must not be used until the capital mobilization completes. The fund management company shall report to the State Securities Commission on capital mobilization results certified by the supervisory bank within ten days after the completion of the capital mobilization.

3. When the public fund's capital mobilization fails to satisfy the condition specified in Clause 1 of this Article, the fund management company shall refund all contributed amounts to investors within fifteen days after the completion of the capital mobilization. The fund management company shall bear all expenses and fulfill financial obligations arising from the capital mobilization.

Article 91.- The Representative Committee of the public fund

1. The Representative Committee of the public fund represents the benefits of investors and is elected by the investors' congress. The rights and obligations of the Representative Committee of the public fund shall be provided in the securities investment fund Charter.

2. Decisions of the Representative Committee of the public fund are adopted by voting at its meetings, gathering its members' written opinions or by other modes prescribed in the securities investment fund charter. Each member of the Representative Committee of the public fund has one vote.

3. The Representative Committee of the public fund consists of between three and eleven members, of which at least two-thirds are independent members who are not affiliated persons of the fund management company and the supervisory bank.

4. Term of office, criteria, number, appointment, dismissal, removal from office and addition of members of the fund's Representative Committee, the chairman of the fund's Representative Committee, conditions and mode of meeting and adoption of decisions of the fund's Representative Committee shall be provided in the securities investment fund Charter.

Article 92.- Limitations on public funds

1. The fund management company may not use the capital and assets of the securities investment fund for the following activities:

a/ Investing in fund certificates of the very public fund or another investment fund;

b/ Investing in securities of an issuing organization in excess of fifteen percent of the total value of outstanding securities of such organization;

c/ Investing more than twenty percent of the total asset value of the fund in outstanding securities of an issuing organization;

d/ Investing more than ten percent of the total asset value of a closed fund in real estate; investing capital of an open-end fund in real estate;

e/ Investing more than thirty percent of the total asset value of the public fund in companies of the same group which have ownership interrelations;

f/ Providing loans or guarantees for any loans.

2. The fund management company may not borrow loans to finance activities of the public fund, except for short-term loans to pay necessary expenditures of the public fund. The total value of short-term loans of the public fund must not exceed five percent of its net asset value at any time and the maximum loan term is thirty days.

3. Except for the case specified at Point f, Clause 1 of this Article, the investment structure of the public fund may vary but by not more than fifteen percent compared with the investment restrictions specified in Clause 1 of this Article. Variants must result from an increase or decrease in the market value of invested assets and lawful payments of the public fund.

4. The fund management company is obliged to report to the State Securities Commission and disclose information on the above-said variants. Within three months after such a variant arises, the fund management company shall readjust the investment portfolio to assure the investment limits specified in Clause 1 of this Article.

Article 93.- Open-end funds

1. For the redemption from investors and resale or additional issuance of an open-end fund's certificates within its maximum paid-in capital by the fund management company or the supervisory bank on the fund's behalf, a decision of the investors' congress is not required.

2. The frequency and specific time of redemption of open-end fund certificates shall be provided in detail in the fund Charter.

3. The fund management company is not required to redeem open-end fund certificates on the fund's behalf upon the occurrence of one of the following events:

a/ It is unable to redeem open-end fund certificates as requested due to *force majeure* circumstance;

b/ It is unable to determine the net asset value of the open-end fund on the date of fixing redemption prices of open-end fund certificates due to the fact that the Stock Exchange or the Securities Trading Center decides to stop securities transactions in the fund's portfolio;

c/ Other events specified by the fund's charter.

4. The fund management company shall report to the State Securities Commission within twenty four hours after the occurrence of any of the events specified in Clause 3 of this Article and continue the redemption of open-end fund certificates after such event terminates.

5. The Finance Ministry shall specify the issuance and redemption of open-end fund certificates.

Article 94.- Closed funds

1. The increase of the capital of a closed fund must be approved by the State Securities Commission and satisfy the following conditions:

a/ The fund's Charter provides for the increase of its capital;

b/ The fund's profit in the year preceding the year of request for capital increase is in positive figures;

c/ The fund management company has not been sanctioned for administrative violations in securities activities and securities market within two years up to the time of request for capital increase;

d/ The plan on additional issuance of closed fund certificates is adopted by the investors' congress.

2. Closed fund certificates are issued to the fund's existing investors only by means of distribution of the right to buy transferrable closed fund certificates.

3. Dossiers and procedures for requesting the increase of capital of closed funds shall be specified by the Finance Ministry.

Article 95.- Establishment of member funds

1. A member fund is established by capital-contributing members on the basis of a capital contribution contract and the fund's charter.

2. The establishment of a member fund must satisfy the following conditions:

a/ The fund's minimum contributed capital is VND 50 billion;

b/ There are at most thirty capital-contributing members being legal persons;

c/ The fund is managed by a fund management company;

d/ The fund's assets are deposited at a depository bank independent from the fund management company.

Section 3. SECURITIES INVESTMENT COMPANIES

Article 96.- Securities investment companies

1. Securities investment companies shall be organized in the form of joint-stock companies in accordance with the Enterprise Law to invest in securities.

2. The State Securities Commission shall grant establishment and operation licenses of securities investment companies. Such a license concurrently serves as a business registration certificate.

Article 97.- Establishment and operation of securities investment companies

1. Conditions for grant of establishment and operation license of a securities investment company include:

a/ It has a minimum capital of VND 50 billion;

b/ Its director or general director and management staffs possess securities practice certificates in case the securities investment company manage its own investment capital.

2. Securities investment companies shall comply with the following regulations:

a/ The investment limitations specified in Article 92 of this Law;

b/ The provisions on asset valuation and reporting regime in Articles 88 and 89 of this Law;

c/ The obligations of public companies specified in Clause 2, Article 27 of this Law;

d/ Money and assets of a securities investment company must be wholly deposited at a supervisory bank.

3. The Government shall specify the establishment, organization and operation of securities investment companies.

Section 4. SUPERVISORY BANKS

Article 98.- Supervisory banks

1. Supervisory banks are commercial banks having certificates of registration of securities depository activities and the function of providing depository services and supervising the management of public funds and securities investment companies.

2. A supervisory bank has the following obligations:

a/ To perform the obligations specified in Clause 3, Article 47 of this Law;

b/ To keep in depository assets of public funds or securities investment companies; to manage assets of public funds or securities investment companies independently from its own assets.

c/ To supervise and ensure that the fund management companies manage the public funds, the directors or general directors of securities investment companies manage the company assets in compliance with this Law and the charters of securities investment funds or securities investment companies;

d/ To conduct revenue and expenditure, payment, and money and securities transfer activities related to operation of public funds or securities investment companies upon lawful requests of the fund management companies or directors or general directors of securities investment companies;

e/ To certify reports made by the fund management companies or securities investment companies on public funds or securities investment companies;

f/ To supervise the observance of the reporting and information disclosure regime by the fund management companies or securities investment companies in accordance with this Law;

g/ To report to the State Securities Commission on detected violations of law or charters of securities investment funds or securities investment companies committed by the fund management companies, securities investment companies or concerned organizations or individuals;

h/ To coordinate with fund management companies or securities investment companies in periodically comparing accounting books, financial statements and trading activities of public funds or securities investment companies;

i/ Other obligations specified in charters of securities investment funds or securities investment companies.

Article 99.- Limitations on supervisory banks

1. Supervisory banks, members of Boards of Directors, executive officers and staff members of supervisory banks personally supervising the operation of public funds and preserving fund assets of supervisory banks must not be affiliated persons of, or persons having the ownership, borrowing or lending relations with, fund management companies or securities investment companies or vice versa.

2. Supervisory banks, members of Boards of Directors, executive officers and staff members of supervisory banks personally supervising and preserving assets of public funds or securities investment companies must not be trading partners in transactions of buying or selling assets of public funds or securities investment companies.

Chapter VIII

DISCLOSURE OF INFORMATION

Article 100.- Information disclosure subjects and modes

1. Issuing organizations, listing organizations, public companies, securities companies, fund management companies, securities investment companies, stock exchanges and securities trading centers are obliged to disclose information in a sufficient, accurate and timely manner in accordance with this Law.
2. When disclosing information, the subjects specified in Clause 1 of this Article shall concurrently report to the State Securities Commission on disclosed information contents.
3. The disclosure of information shall be conducted by directors or general directors or their authorized persons.
4. Information is disclosed on the mass media, publications of organizations or companies and communication media of the Stock Exchange or the Securities Trading Center.
5. The Finance Ministry shall specify the information contents to be disclosed and the modes of information disclosure by subjects specified in Clause 1 of this Article.

Article 101.- Disclosure of information of public companies

1. Within ten days after having their annual financial statements audited, public companies shall disclose periodical information on such annual financial statements according to the provisions of Clauses 1 and 2, Article 16 of this Law.
2. A public company shall disclose extraordinary information within twenty four hours after the occurrence of one of the following events:
 - a/ Its bank account is frozen or is permitted to resume after a freezing period;
 - b/ It temporarily ceases its business operation;
 - c/ It has its business registration certificate or its establishment and operation license or its operation license revoked;
 - d/ Its shareholders' general assembly's decisions as specified in Article 104 of the Enterprise Law are adopted;
 - e/ Its Board of Directors makes decisions on redemption of its own stocks or resale of bought stocks, on the date of exercise of the right to buy stocks by owners of warranted bonds or the date of conversion of convertible bonds into stocks, and decisions related to the offering according to the provisions of Clause 2, Article 108 of the Enterprise Law;
 - f/ There are decisions to initiate lawsuits against members of its Board of Directors, director or general director, deputy director or deputy general director, or chief accountant; there are court judgments or rulings concerning its operation; there are conclusions of tax offices on its violations of the tax law.
3. A public company shall disclose extraordinary information within seventy two hours after the occurrence of one of the following events:

a/ It decides to borrow a loan or issue bonds valued at thirty percent or more of its actual capital;

b/ Its Board of Directors makes decisions on its development strategy, medium-term development plans and annual business plans; or decisions on alteration of applied accounting method;

c/ It is notified by the court of the acceptance of its application for opening of business bankruptcy procedures.

4. A public company shall disclose information at the request of the State Securities Commission when one of the following events occurs:

a/ There appears information related to it, which severely affects the legitimate benefits of investors;

b/ There appears information related to it, which greatly impacts securities prices and needs to be verified.

Article 102.- Disclosure of information of issuing organizations which conduct public offering of bonds

1. Issuing organizations that conduct public offering of bonds shall disclose periodical information according to the provisions of Clause 1, Article 101 of this Law.

2. Issuing organizations that conduct public offering of bonds shall disclose extraordinary information within seventy two hours after the occurrence of any event specified at Points a, b and c, Clause 2, and Clause 3 of Article 101 of this Law.

Article 103.- Disclosure of information of listing organizations

1. Apart from the obligation to disclose information specified in Article 101 of this Law, a listing organization shall also:

a/ Disclose information within twenty four hours after an asset loss valued at 10% of its own capital or more;

b/ Disclose information on a quarterly financial statement within five days after the completion of that statement;

c/ Disclose information according to regulations of the Stock Exchange or the Securities Trading Center.

2. When disclosing information, a listing organization shall concurrently report to the Stock Exchange or the Securities Trading Center on the disclosed information contents.

Article 104.- Disclosure of information of securities companies, fund management companies

1. Within ten days after having its annual financial statement audited, a securities company or a fund management company shall disclose periodical information on that annual financial statement.

2. Within twenty four hours after the occurrence of any of the following events, a securities company or a fund management company shall report it to the Stock Exchange or the Securities Trading Center so that the latter can disclose information according to the provisions of Clause 2, Article 107 of this Law:

a/ A decision on prosecution against a member of the Board of Directors or the Members' Council, the director or general director, a deputy director or deputy general director, or the chief accountant;

b/ The shareholders' general assembly or the Members' Council adopts a contract on merger with another company;

c/ The company suffers a loss equal to 10% of its asset value or more;

d/ The company changes a member of the Board of Directors or the Members' Council, the director or general director, a deputy director or deputy general director; the company appoints or dismisses the executive officer of the securities investment fund;

e/ The company experiences important changes in its business operation.

3. A securities company shall disclose at its head office, branches and order-receiving agents information on changes related to the addresses of its head office, branches and order-receiving agents; contents relevant to modes of trading, placing orders and paying deposits for trading, time for payment, trading fee, services provided and a list of securities practitioners of the company.

4. When requested by the State Securities Commission, a securities company or a fund management company shall disclose information related to it, which severely affects legitimate benefits of investors.

Article 105.- Disclosure information on public funds

1. A fund management company shall disclose periodical information on a public fund's annual asset report within ten days after that asset report is audited.

2. A fund management company shall disclose the following periodical information on a public fund:

a/ Weekly, monthly, quarterly and annual changes in net assets of the public fund;

b/ Assets of the public fund in every month, quarter and year;

c/ Monthly, quarterly and annual situation and results of investment activities of the public fund.

3. Within twenty four hours after the occurrence of any of the following events in a public fund, the fund management company shall report it to the Stock Exchange or the Securities Trading Center so that the latter can disclose information according to the provisions of Clause 2, Article 107 of this Law:

- a/ Adoption of a decision of the investors' congress;
- b/ Issuance of a decision on offering of the public fund's certificates;
- c/ Issuance of a decision on change of investment capital of the public fund;
- d/ Withdrawal of the certificate of public offering of the public fund's certificates;
- e/ Termination or cancellation of a public offering of the public fund's certificates.

4. When requested by the State Securities Commission, a fund management company shall disclose information on a public fund upon the occurrence of any of the following events:

- a/ A rumor that affects the offering and price of the public fund's certificates;
- b/ An abnormal fluctuation of price and trading volume of the public fund's certificates.

Article 106.- Disclosure of information of securities investment companies

1. Securities investment companies that conduct public offering of stocks shall disclose information according to the provisions of Article 101 and Clause 2, Article 105 of this Law.
2. Securities investment companies whose stocks are listed at the Stock Exchange or the Securities Trading Center shall disclose information according to the provisions of Article 103 of this Law.

Article 107.- Disclosure of information of the Stock Exchange or the Securities Trading Center

The Stock Exchange or the Securities Trading Center shall disclose the following information:

1. Information on securities trading at that Stock Exchange or Securities Trading Center;
2. Information on organizations listed at that Stock Exchange or Securities Trading Center; information on securities companies, fund management companies, securities investment funds, securities investment companies;
3. Information on supervision of activities of the securities market.

Chapter IX

INSPECTION, AND HANDLING OF VIOLATIONS

Section 1. INSPECTION

Article 108.- Securities inspectorate

1. The securities inspectorate is a specialized inspectorate in the domain of securities and securities market.
2. The securities inspectorate is composed of the chief inspector, the deputy chief inspector and inspectors.
3. The securities inspectorate shall submit to the professional direction of the Finance Ministry's inspectorate in accordance with the inspection law and this Law.

Article 109.- Subjects and scope of inspection

1. Subjects of inspection include:
 - a/ Organizations conducting public offering of securities;
 - b/ Public companies;
 - c/ Organizations listing securities;
 - d/ Stock Exchanges and Securities Trading Centers;
 - e/ Securities depository centers, depository members;
 - f/ Securities companies, fund management companies, securities investment companies, supervisory banks; Vietnam-based branches and representative offices of foreign securities companies or fund management companies;
 - g/ Securities practitioners;
 - h/ Organizations and individuals participating in investment and conducting activities on the securities market;
 - i/ Other organizations and individuals involved in securities activities and securities market.
2. Scope of inspection covers:
 - a/ Public offering of securities;
 - b/ Securities listing;
 - c/ Securities trading;
 - d/ Securities business and investment, provision of securities and securities market services;

e/ Information disclosure;

f/ Other activities related to securities and securities market.

Article 110.- Forms of inspection

1. Inspections under programs or plans approved by the Chairman of the State Securities Commission.

2. Extraordinary inspections shall be conducted upon detection of signs of violation of the law on securities and securities market by organizations or individuals participating in investment and conducting activities on the securities market; according to the requirements of the settlement of complaints and denunciations, or under assignment by the Chairman of the State Securities Commission.

Article 111.- Competence and grounds for issuance of inspection decisions

1. A securities inspection is conducted only under an inspection decision of a competent person defined in Clause 2 of this Article.

2. The chief securities inspector shall issue inspection decisions and set up inspection teams. When necessary, the Chairman of the State Securities Commission shall issue inspection decisions and set up inspection teams.

An inspection team is composed of a head and members.

3. The issuance of an inspection decision must be based on one of the following grounds:

a/ An inspection plan or program approved by the Chairman of the State Securities Commission;

b/ Request of the Chairman of the State Securities Commission;

c/ Detection of signs of a violation of the law on securities and securities market.

Article 112.- Contents of inspection decisions

1. An inspection decision must contain the following details:

a/ Legal grounds for inspection;

b/ Inspection subject, content, scope and task;

c/ Inspection duration;

d/ Head and members of the inspection team.

2. Within three days after an inspection decision is signed, it must be sent to the subject of inspection, except for extraordinary inspection.

3. An inspection decision must be notified within fifteen days after it is issued. The notification of inspection decisions must be in writing.

Article 113.- Inspection duration

1. An inspection shall not exceed thirty days counting from the date of notification of the inspection decision to the date of conclusion of the inspection at the inspected place.

2. When necessary, the inspection decision issuer may extend the inspection duration, for only once. The extended duration shall not exceed the duration specified in Clause 1 of this Article.

Article 114.- Rights and obligations of inspected subjects

1. Rights of inspected subjects:

a/ To explain matters relevant to the inspection contents;

b/ To reserve their opinions in written records of inspection;

c/ To refuse to supply information or documents classified as state secrets according to provisions of law, and information or documents irrelevant to inspection contents;

d/ To lodge complaints with the inspection decision issuer about decisions and acts of the head or members of the inspection team in the course of inspection when they have grounds to deem those decisions or acts are illegal; to lodge complaints with the Chairman of the State Securities Commission about inspection conclusions or inspection handling decisions when they have grounds to believe that those conclusions or decisions are illegal. Pending the settlement, the complainants shall still abide by the inspection conclusions and handling decisions;

e/ To claim damages in accordance with law;

f/ Inspected subjects being individuals are entitled to denounce violations committed by the chief inspector, heads and members of inspection teams.

2. Obligations of inspected subjects:

a/ To abide by inspection decisions;

b/ To supply promptly, adequately and accurately information, documents or electronic data relevant to inspection contents at the request of inspectors and to take responsibility for the adequacy, accuracy and truthfulness of supplied information, documents or electronic data.

c/ To satisfy requests, and abide by inspection conclusions and handling decisions of inspectors and competent state agencies;

d/ To sign written records of inspection.

Article 115.- Tasks and powers of inspection decision issuers

1. An inspection decision issuer has the following tasks and powers:

a/ To direct and supervise the strict observance of inspection contents and duration stated in the inspection decision by the inspection team;

b/ To request the inspected subject to supply information, documents or electronic data, to report in writing or to explain matters relevant to inspection contents; to request organizations or individuals possessing information or documents relevant to inspection contents to supply such information or documents;

c/ To solicit the assessment of matters relevant to inspection contents;

d/ To request competent persons to seal up or temporarily seize documents, vouchers, securities and electronic data relevant to acts of violating the law on securities and securities market when he/she finds it necessary to promptly prevent those acts or to verify circumstances to serve as proofs supporting the inspection decision;

e/ To request competent persons to freeze monetary accounts, securities accounts as well as mortgaged or pledged assets related to the violations of the law on securities and securities market when he/she finds it necessary to verify circumstances to serve as grounds for violation handling decisions or to promptly prevent acts of dispersing money, securities or mortgaged or pledged assets related to the violations of the law on securities and securities market.

f/ To suspend or propose competent persons to suspend certain activities when he/she deems that those activities cause serious damage to the State's interests, legitimate rights and interests of organizations or individuals participating in the market;

g/ To issue a handling decision according to his/her competence or propose a competent person to handle the violation; to inspect and urge the execution of the inspection-handling decision;

h/ To settle complaints and denunciations related to responsibilities of the chief inspector, the head and members of inspection team;

i/ To make a conclusion on inspection contents;

j/ To transfer the dossier of the law violation to an investigation agency within five days after he/she detects signs of a crime.

2. While performing the tasks or exercising the powers specified in Clause 1 of this Article, the inspection decision issuer shall be held responsible before law for all his/her decisions.

Article 116.- Tasks and powers of heads and members of inspection teams

1. Tasks and powers of an inspection team's head:

a/ To organize and direct members of the inspection team to strictly comply with contents, subject and duration stated in the inspection decision;

b/ To request the inspected subject to supply information, documents or electronic data, to report in writing or explain matters relevant to inspection contents;

c/ To issue a decision on sealing or temporary seizure of documents, vouchers, securities or electronic data relevant to violations of the law on securities and securities market when he/she has grounds to believe that those documents, vouchers, securities or electronic data may be dispersed, hidden or destroyed unless they are promptly sealed up or temporarily seized. Within twenty four hours after issuing a decision, the head of the inspection team shall report that decision to and obtain a written approval from the securities chief inspector. If the securities chief inspector disapproves the decision, the head of the inspection team shall immediately cancel the decision on sealing or temporary seizure and return sealed or temporarily seized documents, vouchers, securities or electronic data;

d/ To report to the inspection decision issuer on inspection results and take responsibility for the accuracy, truthfulness and objectivity of his/her report;

e/ To make a written record of inspection;

f/ While performing the tasks or exercising the powers specified in Clause 1 of this Article, the head of the inspection team shall be held responsible before law for all his/her decisions.

2. Tasks and powers of members of an inspection team:

a/ To perform tasks assigned by the head of the inspection team;

b/ To request the inspected subject to supply information, documents, to report in writing or explain matters relevant to inspection contents; to request agencies, organizations or individuals possessing information or documents relevant to inspection contents to supply those information or documents;

c/ To propose the handling of matters relevant to inspection contents;

d/ To report on performance of their assigned tasks to the head of the inspection team, and take responsibility before law and the head of the inspection team for the accuracy, truthfulness and objectiveness of their reports.

Article 117.- Inspection conclusions

1. Within fifteen days after receiving a report on inspection results, an inspection decision issuer shall make an inspection conclusion in writing. The inspection conclusion must have the following contents:

a/ Assessment of the observance of policies and law and the performance of tasks by the inspected subject;

b/ Conclusions on inspection contents;

c/ Clear determination of the nature, severity and causes of violations (if any), as well as responsibilities of agencies, organizations or individuals committing the violations;

d/ Handling measures already applied according to his/her competence; proposed handling measures.

2. In the course of inspection, the inspection decision issuer may request the head and members of the inspection team to report; or request the inspected subject to explain and further clarify necessary matters in service of making of an inspection conclusion.

3. Inspection conclusions shall be sent to the Chairman of the State Securities Commission and inspected subjects. Inspection conclusions made by the Chairman of the State Securities Commission shall be sent to the Finance Minister.

4. Within fifteen days after an inspection conclusion is made by the Securities Chief Inspector, the Chairman of the State Securities Commission shall examine that inspection conclusion; handle organization or individual committing the violation of the law on securities and securities market; apply measures according to his/her competence or propose the Finance Ministry to apply remedies or measures to improve mechanisms, policies or law.

Section 2. HANDLING OF VIOLATIONS

Article 118.- Principles for handling of violations

1. Organizations and individuals that commit acts of violating the provisions of this Law and other laws concerning securities activities and securities market shall, depending on the nature and severity of their violations, be disciplined, administratively sanctioned or examined for penal liability. If causing damage, they shall pay compensation therefor in accordance with law.

2. Persons who abuse their positions or powers to impede securities activities or operation of securities market; commit harassment for bribes or cause troubles to organizations or individuals participating in the securities market; fail to promptly respond to the request of organizations or individuals according to regulations; or fail to perform other official duties prescribed by law shall, depending on the nature and severity of their violations, be disciplined or examined for penal liability.

3. The sanctioning of administrative violations shall comply with this Law and the law on handling of administrative violations.

Article 119.- Forms of sanctioning of administrative violations

1. Organizations and individuals that commit violations of the provisions of this Law shall be subject to one of the following principal sanctioning forms:

a/ Caution;

b/ Fine.

2. Depending on the nature and severity of their violations, organizations and individuals may be subject to one or several additional sanctioning forms, including suspension of operation; revocation of licenses or certificates related to securities and securities market or securities practice certificates; confiscation of all amounts generated from the commission of violations and the volume of securities used for commission of violations.

3. Apart from the sanctioning forms specified in Clauses 1 and 2 of this Article, violating organizations and individuals shall also be subject to different remedies, including forcible compliance with law; forcible cancellation or correction of misleading or untruthful information; forcible recovery of issued securities and refund of deposits or securities purchase amounts to investors.

Article 120.- Competence to sanction administrative violations

1. The Securities Chief Inspector has the following rights:

a/ To serve cautions;

b/ To impose fines.

2. The Chairman of the State Securities Commission has the following rights:

a/ To serve cautions;

b/ To impose fines;

c/ To apply the additional sanctioning forms and remedies specified in Clauses 2 and 3, Article 119 of this Law.

3. The Government shall specify the sanctioning competence and level for each act of violation in securities and securities market activities specified in Articles 121 thru 130 of this Law.

Article 121.- Handling of violations of provisions on public offering of securities

1. Issuing organizations, directors or general directors, chief accountants and other affiliated persons of issuing organizations, issuance-underwriting organizations, issuance consultancy organizations, accredited audit organizations, persons signing audit reports, organizations and individuals certifying dossiers of registration of public offering of securities, that commit forgery in preparing dossiers of registration of public offering of securities, shall be cautioned, fined or examined for penal liability according to the provisions of law. An issuing organization committing such a violation shall have its certificate of public offering of securities withdrawn, refund the mobilized amount plus the demand deposit interest, and pay a fine equal to between one and five percent of the total illegally mobilized amount.

2. Issuing organizations, directors or general directors, chief accountants and other affiliated persons of issuing organizations, issuance-underwriting organizations, and issuance consultancy organizations, that intentionally disclose misleading information or hide the truth, or use information outside prospectuses to survey the market or

distribute securities not in accordance with contents of offering registrations regarding type of securities, issuance duration and minimum volume as specified, or notify the securities issuance on mass media not with specified contents and beyond the set time limit shall be cautioned or fined, or have the public offering of securities suspended or cancelled, or be examined for penal liability according to the provisions of law. Issuance-underwriting organizations that underwrite securities of a total value exceeding the level specified by law shall be cautioned, fined or suspended from issuance underwriting operation.

3. An issuing organization that conducts the public offering of securities without a certificate of public offering of securities shall be suspended from public offering of securities, have its illegal revenue confiscated and be imposed a fine equal to between one and five times the illegal revenue.

Article 122.- Handling of violations of provisions on public companies

1. Companies defined at Point c, Clause 1, Article 25 of this Law that fail to submit dossiers of public companies to the State Securities Commission within ninety days after they become public companies shall be cautioned or fined and compelled to strictly comply with the provisions of law on public companies.

2. Public companies that fail to comply with the provisions on corporate governance shall be cautioned and compelled to strictly comply with those provisions.

Article 123.- Handling of violations of provisions on securities listing

1. Listing organizations, directors or general directors, deputy directors or deputy general directors, chief accountants and other affiliated persons of listing organizations, listing consultancy organizations, accredited audit organizations, persons signing audit reports, organizations and individuals certifying listing dossiers, that commit forgery in preparing listing dossiers, thus causing serious misunderstanding, shall be cautioned, fined, delisted or examined for penal liability in accordance with law.

2. Listing organizations that fail to fully comply with the provisions on duration, contents and means of disclosure of information on listing shall be cautioned, fined and compelled to strictly comply with the provisions of law on listing.

Article 124.- Handling of violations of provisions on organization of securities trading markets

1. Organizations and individuals that organize securities trading markets in contravention of this Law shall have their operation stopped, their illegal incomes confiscated and be fined between one and five times their illegal incomes or be examined for penal liability according to the provisions of law. If they have no illegal incomes, they shall only be fined.

2. Stock Exchanges, Securities Trading Centers, members of Boards of Directors or Control Boards, directors, deputy directors and staff members of Stock Exchanges or Securities Trading Centers, that violate provisions on listing, members, trading,

supervision and disclosure of information, shall be cautioned, fined or examined for penal liability in accordance with law.

Article 125.- Handling of violations of provisions on securities trading activities and securities practice certificates

1. Securities companies, fund management companies, securities investment companies, Vietnam-based branches of foreign securities companies or foreign fund management companies, that conduct securities trading activities without licenses or lend, lease or transfer their licenses, conduct trading activities in domains not stated in their licenses or with invalid licenses, erase or modify their licenses, or effect changes related to securities and securities market without approval of the State Securities Commission, shall be cautioned or fined, have their illegal incomes confiscated, their operation stopped, or their establishment and operation licenses or certificates of operation registration of representative offices withdrawn.

2. Securities companies that fail to strictly comply with the provisions of this Law on management of monetary assets and securities of customers; fail to maintain the prescribed liquidity level; invest or contribute capital in excess of the prescribed level; act against order of investors; or fail to keep confidential information on customers shall be cautioned or fined, have their operation stopped or their establishment and operation licenses withdrawn.

3. Securities companies and their securities practitioners that abuse their positions, powers or duties to lend money or securities on accounts of their customers; pledge or use money or securities on accounts of their customers without the latter's entrustment shall be cautioned or fined, have their illegal incomes confiscated, or be examined for penal liability in accordance with law.

4. In the course of fund management, if fund management companies and their securities practitioners fail to separate the management of each fund or fail to comply with the charters of the securities investment funds and to protect legitimate rights and interests of investors, fail to perform the internal control according to regulations, use capital and assets of the securities investment funds to invest or purchase assets of other investment funds; violate provisions on capital contribution, share holding, lending or borrowing applicable to fund management companies and vice versa shall be cautioned, fined and compelled to strictly comply with legal provisions on management of securities investment funds.

5. Securities practitioners who concurrently work for, and contribute capital to, two or more securities companies; securities practitioners of fund management companies who concurrently act as directors or general directors or shareholders owning more than five percent of voting stocks of an organization publicly offering securities; and securities dealers who lend or lease their securities practice certificates, or erase or modify securities practice certificates shall be fined and have their securities practice certificates withdrawn.

Article 126.- Handling of violations of provisions on securities trading

1. Persons who know well inside information or possess inside information and purchase or sell securities, disclose that information or propose others to purchase or sell securities shall be fined, have illegal incomes confiscated, or be examined for penal liability in accordance with law.

2. Organizations or individuals that are banned by law from stock trading but rename themselves or borrow others' names to directly or indirectly hold, purchase or sell stocks shall have the volume of stocks used in violation and their illegal incomes confiscated and be fined. Officials and civil servants who commit such a violation shall be disciplined in accordance with law.

3. Organizations or individuals that violate provisions on prohibited acts to manipulate securities prices, make sham securities prices or conduct sham securities transactions shall be fined, have their illegal incomes confiscated, or be examined for penal liability in accordance with law.

4. Professional staffs of Stock Exchanges, Securities Trading Centers and securities companies who intentionally supply forged documents, forge, falsify or destroy transaction documents to deceive or entice customers into selling or purchasing securities shall be fined, have their securities practice certificates withdrawn, or be examined for penal liability in accordance with law.

5. Organizations or individuals that fabricate and spread untruthful information, thus seriously affecting the securities market or manipulating the securities trading market, shall be fined or examined for penal liability in accordance with law.

6. Organizations or individuals that make public bids without sending bid registrations to the State Securities Commission; fail to make public bids according to regulations or make modifications or adjustments to bid registrations without reporting thereon according to regulations; fail to apply conditions for public bids to all shareholders of public companies; refuse to purchase stocks from any shareholders under announced conditions; or fail to make public bids within the set time limit shall be fined and compelled to strictly comply with the provisions of law on public bids.

Article 127.- Handling of violations of provisions on securities registration, depository, clearing and payment, and supervisory banks

1. Organizations conducting securities registration, depository, clearing and payment and their staffs that violate provisions on time limit for certification of data or securities transfer; modify or forge vouchers in payment; violate the regime of securities preservation, regime of securities registration, depository, clearing and payment or regime of keeping secret of depository accounts of customers; or fail to supply promptly and sufficiently the list of securities holders to issuing organizations shall be cautioned, fined or examined for penal liability in accordance with law.

2. Supervisory banks and their staffs that preserve assets of securities investment funds in contravention of those funds' charters; fail to separate assets of securities investment funds from other assets; or fail to separate assets of an investment fund from those of another fund shall be fined, suspended from operation or have their certificates of registration of securities depository activities withdrawn.

Article 128.- Handling of violations of provisions on information disclosure

Issuing organizations, public companies, listing organizations, securities companies, fund management companies and securities investment companies that fail to disclose information in a sufficient, prompt and timely manner and on proper media as specified; disclose untruthful information or disclose secret data or documents; or fail to disclose information according to the provisions of this Law shall be cautioned, fined or compelled to strictly comply with the provisions of law on information disclosure.

Article 129.- Handling of violations of provisions on reporting

Stock Exchanges, Securities Trading Centers, securities depository centers, public companies, securities companies, fund management companies, securities investment companies and supervisory banks that insufficiently report on specified contents; fail to report within the specified time limit or with specified forms; terminate their operation without reporting to the State Securities Commission or obtain no approval of reported operation termination from the State Securities Commission; or fail to report or fail to promptly report on occurrence of unexpected events which might seriously affect their financial capability and securities trading and service activities shall be cautioned or fined and compelled to strictly comply with the provisions of law on reporting regime.

Article 130.- Handling of acts of obstructing inspection

Issuing organizations, listing organizations, securities companies, fund management companies, securities investment companies, supervisory banks, stock exchanges, securities trading centers, securities depository centers, depository members and other organizations and individuals involved in securities activities and securities market, that commit acts of delaying, shirking or acting against inspection; fail to sufficiently and promptly supply information, documents or electronic data at the request of inspection teams and inspectors, thus obstructing inspection activities; or use violence against or intimidate members of inspection teams who are on inspection duty shall be cautioned, fined or examined for penal liability in accordance with law.

Chapter X

SETTLEMENT OF DISPUTES, COMPLAINTS AND DENUNCIATIONS AND
PAYMENT OF DAMAGES

Article 131.- Settlement of disputes

1. Disputes arising in securities activities and securities market in Vietnam may be settled through negotiation or conciliation, or resorted to arbitration or court for settlement in accordance with law.
2. Competence and procedures for settling disputes arising in securities activities and securities market at arbitration or court shall comply with the provisions of law.

Article 132.- Payment of damages

1. Organizations or individuals that suffer from damage or losses caused by acts of violating this Law and other relevant laws are entitled to initiate independently or in coordination with other damaged organizations or individuals lawsuits to claim damages from damage-causing organizations or individuals.

2. The determination of the damage or loss value and procedures for payment of damages shall comply with the provisions of law.

Article 133.- Complaints, denunciations and lawsuits

1. Individuals are entitled to lodge complaints or denunciations, or to initiate lawsuits; organizations are entitled to lodge complaints or to initiate lawsuits according to the provisions of law. The lodging of complaints and denunciations, the initiation of lawsuits, the settlement of complaints and denunciations and the handling of lawsuits in securities activities and securities market shall comply with this Law and other relevant laws.

2. Within the time limit for lodging complaints or denunciations or for initiating lawsuits, concerned organizations or individuals shall still execute administrative decisions of the State Securities Commission. As soon as decisions on settlement of complaints or denunciations are issued by competent state agencies in charge of securities and securities market or court rulings or judgments take legal effect, they shall execute those decisions, rulings or judgments.

3. The State Securities Commission shall accept written complaints and denunciations of organizations and individuals, which fall under its settling competence. When receiving complaints or denunciations falling beyond its settling competence, it shall promptly forward them to competent agencies, organizations or individuals for settlement and notify such in writing to complainants or denouncers.

4. The time limit for settlement of denunciations is sixty days after written denunciations are accepted. For complicated cases, that time limit may be extended but must not exceed ninety days after written denunciations are accepted.

5. The time limit for settlement of first-time complaints is thirty days and that for settlement of second-time complaints is forty five days after written complaints are accepted. For complicated cases, those time limits may be extended but must not exceed sixty days after written complaints are accepted.

6. Within thirty days after the expiration of the time limit for settlement of a first-time complaint specified in Clause 5 of this Article or after the receipt of the State Securities Commission Chairman's decision on settlement of first-time complaint, a complainant whose complaint is left unsettled or who disagrees with that decision on settlement of first-time complaint is entitled to lodge his/her complaint with the Finance Minister or initiate an administrative lawsuit at a court in accordance with law.

7. Within thirty days after the expiration of the time limit for settlement of a second-time complaint specified in Clause 5 of this Article or after the receipt of the Finance Minister's decision on complaint settlement, a complainant whose complaint is left

unsettled or who disagrees with that decision on complaint settlement is entitled to initiate an administrative lawsuit at a court in accordance with law.

Chapter XI

IMPLEMENTATION PROVISIONS

Article 134.- Application of the Securities Law to organizations engaged in securities activities and securities market before the effective date of this Law

1. Organizations that have registered for public issuance of securities, listed or registered for trading; securities investment funds that have registered for setting up and operation and satisfied the requirements specified by this Law are not required to carry out procedures for re-registration.

2. Securities companies and fund management companies that have been established and operating under securities trading and service licenses and satisfied the requirements specified by this Law are not required to carry out procedures to apply for re-grant of establishment and operation licenses.

3. Representative offices of foreign securities companies or fund management companies that have commenced their operation under permits for setting up representative offices not granted by the State Securities Commission before the effective date of this Law shall carry out procedures for re-registration with the State Securities Commission.

4. Securities companies that are performing the professional operation of managing portfolios shall carry out procedures for renewal of their establishment and operation licenses within one year after the effective date of this Law.

5. Securities trading centers that have been established under the Prime Minister's Decision 127/1998/QD-TTg of July 11, 1998, shall carry out procedures for conversion into Stock Exchanges or Securities Trading Centers as defined in this Law within eighteen months after the effective date of this Law.

6. Securities depository centers that have been established under the Prime Minister's Decision 189/2005/QD-TTg of July 20, 2005, shall carry out procedures for conversion into securities depository centers as defined in this Law within eighteen months after the effective date of this Law.

Article 135.- Implementation effect

This Law takes effect on January 1, 2007.

Article 136.- Implementation guidance

The Government shall detail and guide the implementation of this Law.

This Law was passed on June 29, 2006, by the XIth National Assembly of the Socialist Republic of Vietnam at its 9th session.

Chairman of the National Assembly

NGUYEN PHU TRONG