

SOME RECOMMENDATIONS BY CAPITAL MARKETS WORKING GROUP

*Prepared by
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Vietnam Business Forum*

1. The Law on Securities should be amended to differentiate its scope of application from that of the Law on Investments

Particularly, the Law on Securities should expressly and clearly stipulate that it governs

- a. Securities-related investments/business lines; and restrictions, conditions and prohibitions in respect of securities-related investments/business lines;
- b. Process and procedures for trading and investments in securities, securities companies, fund managers, public companies and investment funds; and
- c. Foreign ownership limits in securities companies, fund managers, public companies and investment funds.

2. The Law on Securities should be amended to codify foreign ownership limits in the stock markets to create the stability and trust in markets for investors by using the new approaches as follows

- a. Permit up to 100% foreign ownership in securities companies, fund managers [as currently permitted under Decrees 58/2012/ND-CP and 60/2015/ND-CP], in public companies and investment funds unless the **laws** or international agreements **specifically** and **clearly** stipulate a lower threshold;
- b. All securities companies, fund managers, public companies and investment funds **incorporated in Vietnam** are deemed **domestic investors** regardless of the foreign ownership in those companies and funds;

3. To ensure that Vietnam has a healthy and transparent stock market which follows the international practice, the Law on Securities should be amended to

- a. Criminalize activities of manipulations and abuse of markets, including the manipulation of a share price in the stock market which is not based on the market value of the company; and
- b. Give powers to the State Securities Commission, to investigate and lay criminal charges against those offences.

4. Pension Funds

We note that tax incentives applicable to contributions to the funds, which are key factors affecting the success of the voluntary pension funds, are inadequate. We consider that the existing tax policy allowing a maximum tax deduction of VND1 million per month per employee/employer does not provide enough incentives for employees and employers to participate in a voluntary pension scheme.

5. Increase fines for breach of corporate governance rules of public companies

a. In our view, fines for breach of listed companies' corporate governance rules are insufficient. For example, a fine of VND50 mil for breaches of both conflict of interest and related parties transaction rules for a director of a listed company is too light.

b. We recommend that the Government increase fines for breach of corporate governance rules of public companies to the higher of VND100 mil or 10% of the value of the transaction or matter in breach.